Sandwell and West Birmingham Hospitals NHS

NHS Trust

AUDIT & RISK MANAGEMENT COMMITTEE MEETING – MINUTES

Venue: Meeting via WebEx

Date: 4th February, 2020, 15:30-17:00

Members
Mrs L Writtle, Non-Executive Director (Chair)   (LW)
Mr M Laverty, Non-Executive Director   (ML)
Mr H Kang, Non-Executive Director   (HK)
Mr M Hoare, Non-Executive Director   (MH)
Prof K Thomas, Non-Executive Director   (KT)

In Attendance
Mr D Baker, Dir Partnerships & Innovation   (DB)
Mrs D McLannahan, Chief Finance Officer   (DC)
Ms K Dhami, Director of Governance   (KD)
Mr B Vaughan, RSM   (BV)
Mr A Hussain, RSM   (AH)
Mr M Gennard, RSM   (MG)
Mr M Stocks, Grant Thornton   (MS)
Mr Z Francis, Grant Thornton   (ZF)
Mr S Sheppard, Director of Finance   (SS)
Ms S Rudd, Assoc. Dir. Corp Governance   (SR)
Mr C Higgins. Assoc Director of Finance   (CH)
Mr M McGuire, Head of Information   (MM)

Apologies
Cllr W Zaffar, Non-Executive Director   (WZ)

Minutes	Reference
1. Introductions [for the purpose of the audio recording]	**Verbal**
Committee Members provided an introduction for the purpose of the recording.	
2. Apologies for absence	**Verbal**
Apologies were received from Cllr. Waseem Zaffar	
3. Minutes of the previous meeting: 5th November 2020	**AR (02/21) 001**
The minutes were accepted as a true and accurate record of the meeting.	
4. Matters and actions arising from previous meetings	**AR (02/21) 002**
The action log was reviewed and the following updates made: *AR (11/20) 009 - Assign time to discuss the mobilisation of risk management expertise within the Trust to address concerns articulated by the Internal Audit team* – LW and KD to discuss further outside the meeting to ensure concerns are being addressed *AR (11/20) 014 - Draft a set of questions to assess Committee effectiveness at A&R Committee meetings.* LW and KD to discuss further and bring back to next meeting	

Action: KD and LW to provide an update on assessing Committee effectiveness at the next meeting.

DISCUSSION ITEMS

5. SWB risk management framework	AR (02/21) 003

KD presented an overview of the Trust's risk management framework. She reminded the Committee of the approach to RM within the Trust, which was refreshed in 2018/19 after the views cited by the CQC in their last inspection. Typically the focus of the Board/CLE has been in three areas: red rated risks both before and after treatment; high impact/low likelihood risks and areas of the Trust who report no or very few risks. The following comments about the framework were made:

- There is work to do to make the language and approaches of risk management commonly understood across 7,000 employees. It is important that employees know how to voice or raise a risk, and have confidence that action is taken based upon it. The plan is to show through real stories how raising a risk has made a difference to practice or has driven investment.

- At a strategic level, risks have been identified by Board members against the Trust's 2020 Vision. The same identification will occur with the development of our 2025 Ambitions and provide information to support the Strategic Board Assurance Framework. In late 2020 there was a process of refocussing on the purpose of the SBAF, this was to focus down on a smaller number of strategic risks into 6 key areas. The Board in January 2021 agreed an interim SBAF this would allow for refresh and focus on the Boards strategic objectives and also build on the work done by GGI in the Board development session February 2021.

- At an operational level, risks are monitored at ward/department, directorate or group level. Where a risk cannot be managed locally (requiring a supporting business case), has a major impact on service capability or Trust reputation or may result in major litigation, this is presented to the Risk Management Committee where any escalation decisions are made.

- The view was expressed that there were 1101 live risks on the Trust's risk register which seemed a large and unmanageable number.   KD replied that these risks covered the whole organisation at all grading levels, of which 6% were rated red. Taking into account all of the Groups, clinical directorates and corporate areas it was not considered to be a high number of risks. What did require attention and improvement was the regular and consistent review of actions to mitigate the risks.

- The committee wanted to be assured that there was sufficient expertise and capacity in the Trust in relation to risk to support the approach 'Board to Floor'/

Action: KD to provide assurance that sufficient capacity and capability around risk is present in the Trust. Do clinical teams and leaders need development support?

5.1. Ulysses incident reporting system	AR (02/21) 004

KD reported that this paper was being presented as a follow-up to a conversation at the last meeting

where issues about the Safeguard system has been raised, in particular that it was not user friendly and the company, Ulysses, would not be supporting system updates moving forward. KD confirmed that Ulysses had been asked the specific question about future updates and received a response that these would absolutely continue to happen.

KD made the following points:

- The Trust uses the Safeguard, system to log, report and manage risk management processes. This included risks, incidents, complaints, claims and Learning from Excellence.

- More can be done to improve the Ulysses system and its functionality for end users and this is already in progress, together with training packages to include 1:1 support and short 'how to' videos.
- The resource implications for changing from Ulysses are significant. Not only is the cost of a purchasing a new system, such as Datix, high the resources to change and access archived data going forward prohibitive. It is estimated that once procured the transition would take 6 to 12 months.
- Maintaining the current system, but with enhancements and provision of knowledge and training for using it optimally seemed the sensible option in the current climate.

In the ensuing discussion the following comments were made:

- DM said that the paper was not an option appraisal but rather a case for keeping Safeguard. KD commented that this was correct because it was felt to be the right approach to maximise the functionality available from Safeguard before embarking on a significant organisation-wide system change.

- In an open question to the Committee about their experiences of Safeguard and/or Datix, SS said that he was familiar with Datix but it would be good to get the best out of the system currently in place. AH said that he had clients who used both systems but Datix seemed to be the preferred one. He was happy to provide the contact details of another Trust who used Safeguard well because it seemed prudent to learn from others.

It was agreed to take forward the actions set out in the paper to optimise Safeguard and to involve staff in this work, as well as learn from other organisations using Safeguard well. DM volunteered to act as a 'tester'. Should staff concerns remain an option appraisal for a system change would be carried out.

Action: AH to provide KD with the contact details of a Trust who use Safeguard well.

Action: KD to provide an update to the Committee in 6 months. This would include feedback from system users by adopting a 'task and finish' working group.

6. Strategic board assurance framework: 2018-20 closeout	AR (02/21) 005

KD presented a paper that sought to provide a 'closeout' position for 2020/21 in anticipation of a refresh of the SBAF for 2021/23.

The SBAF risks have continued to be discussed by the appropriate Board committee, reviewing controls and progress against actions identified. Reference was made to a table showing the assurance level and risk rating against each of the 19 SBAF risks.   It was acknowledged at the last Committee meeting that COVID-19 and organisational pressures had reduced the frequency of review at Board level. The committee had acknowledged COVID-19 placed pressure on the organisation but it would be expected to receive an SBAF update at least quarterly.

The 'closeout' position will continue to be reviewed to 2020/21 year end with a final position reported to the Board.

The current SBAF risks will inform the proposed new risks for 2021/22, discussed in a separate report for this meeting.

6.1. Strategic board assurance framework: 2021-22 new risks	AR (02/21) 006

KD reminded the Committee that the Board considered at its January meeting the past and future approach to our SBAF.   In advance of revising the Trust's strategic objectives beyond the 2020 Vision produced in 2015, six themes to the SBAF were confirmed. The paper presented updated ARM on work to conclude the agreed way forward. The detail will be visible in the March 2021 Board meeting. Provided was the recommended detail behind the six strategic themes.

The SBAF risks will need refreshing once the work is completed on review of the Trusts Strategic Objectives, this will affect what is within this paper.

KD commented that there had been considerable emphasis on assurance regarding controls as distinct from performance and delivery. Learning from that the focus in Q1 for these risks would have to be concluded work with the relevant Executive Director on the controls assurance, with data feeds where relevant being put in place. The impact of individual risks is relatively unlikely to be mitigated, but the focus of effort will be on tracking and reducing likelihood.

All of the risks on the SBAF will feature on the risk register. The plan was for the two distinct processes, one operational and one strategic to be covered in the Board development event on 12th February.

DM asked how the new risks impact on the existing SBAF risks. KD replied that if the existing SBAF risk remained relevant and of 'limited assurance' status then it may be carried forward. It was noted that the six strategic themes are broad so it would work in terms of risk assignment to a theme.

7. Governance pack	AR (02/21) 007

DM presented the finance governance pack, and pulled out the following highlights:

- Overall the debtor and creditor position had improved considerably during 2020/21 due to the simplicity of block arrangements and cash received in advance to ensure timely payment of suppliers.

- More work was required on the NHSP and CHP debtor and creditor balances and this was now being overseen by NHSI/E due to the complexity and national nature of this issue
- Overseas visitor activity had dropped during COVID-19, and the overseas team in the Governance directorate now had full oversight of the whole process with the exception of raising charges by invoice. The invoicing backlog had been completely cleared.
- Salary overpayments were at lower levels than previous years and high volume areas would be targeted for specific work to improve process compliance and reduce overpayments.
- The number of STWs in the Trust had reduced significantly; going forward the actual STWs would be reported to ARMC for confirm and challenge by the committee members.

ML commended the team for clearing the backlog.

Action: DM to report actual STWs to the Committee for confirm and challenge by members.

8. Key matters of accounting judgement	AR (02/21) 008

DM outlined that compared to previous years, although there were complexities to the 2021 audit, this was relatively less complicated than previous audits by way of technicalities.

The intended focus by GT on accounting estimates was noted following revision of the ISA (UK) 540 accounting standard, and the potential for the annual leave accrual to be material due to the pandemic and the impact on staffs' ability to take annual leave was discussed, which would fall under the scope of this work.

In response to ML on Going Concern review, GT stated that they would be focusing on this with the same rigour as in previous years, with an additional more in depth review of VFM and sustainability and governance as a result of the new NAO Code of Audit Practice. This would culminate in the production of an, "auditor's annual report" which brings together the results of all the auditor's work across the year. This will include a review of sustainability, the Trust's underlying deficit, can the Trust cope with Midland Met, more in depth work around fraud, and income recognition. It would also include a review of the CIP programme, recovery and restoration, governance and bandwidth issues, and service performance.

9. Information governance/DSPT progress update	AR (02/21) 009

KD presented to the Committee the DSPT improvement plan which, subject to effective resourcing, allowed sufficient time to complete the actions and provide evidence in advance of Toolkit submission. The plan is designed to achieve compliance against the mandatory standards by 30th June 2021.

Concern was expressed at the gaps shown in the improvement plan and the areas marked as 'tbc' or work 'on-going'. KD replied that this was a work in progress and focused on ensuring each area has an identified owner, realistic timescales for provision of evidence and achievement of mandatory standards by the next DSPT submission date in June 2021. In cases where evidence provision dates are not yet confirmed, these would be completed over the next two weeks.

To support this work an external Information Governance Consultant has joined the Trust on a fixed term contract to provide additional capacity in the Information Governance team to drive forward the improvement requirements. The Information Governance Group will oversee this work.

RSM will carry out a follow-up audit which will feed into the Head of Audit Opinion and the Annual Governance Statement where last year the CEO called out information governance as a control risk.

The committee were reminded that this area has been a problem for the Trust for the last 3 years, Internal Audit will provide a progress update in 6 weeks' time to LW. The plan needs to focus on capacity to deliver and barriers to achievement. Whilst the next submission date is June 2021 improvement must be seen by May 2021.

Action: KD to present a DSPT Improvement plan which is showing significant improvement at the May 2021 meeting.

10. Data quality update	AR (02/21) 010

DB set out the current DQ issues in the log, and described the process of ownership and resolution of these issues. 32 of the 63 issues on the data quality log require action. There are now no issues unallocated which is positive. Operational pressures recently have stopped much of the progress involving front line staff and the intention is to restart in March, with Informatics continuing to resolve where possible in the background.

The key action is for the lead Executive, through their operational lead, to have a clear and standardised plan for each item they are treating so that the lead Executive and DQ Group can assess progress and understand constraints.

Following a question from DM, DB confirmed that the DQ policy applies to any Trust system, and there is a data quality web address for new issues.

11. Overseas visitors update	AR (02/21) 011

KD reported that the impact of COVID-19 has reduced the number of overseas visitors resulting in reduced activity. The fall in outpatient activity leading to a reduction in referrals has reduced the volume of patients being invoiced compared to the same period in 2019-20.

Although outpatient activity continues for a large number of patients, as these appointments are being held virtually or by telephone, patients are not booking into the kiosks, which is where some overseas charging referrals originate

The new process for the collection of debt has seen a more targeted telephone and letter/email communication with patients for their outstanding debt and is proving successful.

Focus will continue on (a) engagement and training of frontline staff, (b) requesting payment from patients as soon as they are identified as chargeable and (c) further development of the collection process to increase debt collection with referrals to collection agencies/solicitors.

- The Trust is continuing to explore how to capture the information required from patients to assess if they are chargeable, with the plan to continue to utilise virtual and telephone consultations.

- The Trust is in the process of reviewing the existing external debt collection agency and may appoint a new agency to continue the collection process when the Trust has exhausted every avenue internally

EXTERNAL AUDIT

12. External Audit Progress Report and Sector Update	AR (02/21) 012

MS presented his report, much of which had been covered under the previous item (Key matters of accounting judgement). The only additional point for the Committee to note was that the Trust and Auditors were likely to take advantage of the offer of an extended timetable which could take Audit completion to mid-end of June. It was important that we did not fill the time just because it was available and the team would still endeavour to finish as early as possible, but it was recommended that advantage was taken of the opportunity should it be needed.

- Preparation for the 2021 external audit was discussed; although this was a less technical year than previous years, there would be detailed work on accounting estimates, including a large annual leave accrual, also work on CIP programme and MMUH financial assumptions.
- New NAO Code of Audit Practice requires more detailed review of VFM, linked to going concern. This will focus upon the 'Well-led' domains and will be publically reported.
- The Committee noted the intention to apply for an extended audit timetable whether it is eventually used or not.

INTERNAL AUDIT

13. Internal Audit Progress Report	AR (02/21) 013

AH provided an update on progress against the internal audit plan for 2020/21 and summarised the results of RSM's work to date.

Since the last meeting the following seven reports have been issued as finals:

- Data Security Protection Toolkit – follow up;
- Cerner Contract Governance; and
- Creditors;
- Debtors;
- Risk Management;
- Asset Management;
- Cash Management and Treasury

Three further reports have been issued in draft and are awaiting responses from management:

• Human Tissue Authority (HTA) Review;
• General Ledger and Financial Reporting - further testing is being completed; and
• Payroll and Expenses .

Members were directed to the headline findings from the above reports in section 2.

Work had also commenced the following audit assignments:
• Data Quality; and
• Occupational Health and Mental Health and stress-based risk assessments.

Closure of internal audit management actions continued to be tracked and the status of these reported to the PMC. A total of 30 management actions were currently due and outstanding (2 High, 18 Medium, 8 Low and 2 Advisory). LW stressed the need for the Executive to ensure that the actions were closed down by the due dates to ensure timely learning from the control weaknesses identified by the auditors.

14. Counter fraud progress report	AR (02/21) 014

BV presented an update in respect of the counter fraud work undertaken since the last Audit Committee in November 2020. Information was shared on the status of referrals which have been received since 1 April 2020 along with any cases brought forward from the previous year and the resources utilised for reactive work undertaken to date.

BV briefed the committee on Fraud awareness month, Government Functional Standards and the need for the Trust to have a Fraud Champion.

Fraud risks being encountered across RSM's client base were shared for information and learning.

14.1 Single Tender Waiver Benchmark Report	AR (02/21) 015

BV presented the report and highlighted the following:

• The review identified that organisations have very different approaches to the use of waivers.
• The charts provided are designed to allow organisations to compare their use of waivers against different comparators to obtain self-assurance that the level of use is proportionate.
• Although the Trust's budget and headcount are amongst the largest of those who contributed, the number of STWs is the largest. It would be advisable for the Trust to consider the reasons for this volume and be content that the numbers are appropriate and valid.
• SWBH has listed a high proportion of their waiver for sole supplier. Where tenders are not put to an open market it may stifle an open competitive process resulting in the Trust not achieving best value for money.

Action: DM to consider the impact of the Single Tender Waiver Benchmark Report.

OTHER MATTERS

15. Committee Forward Plan	AR (02/21) 015

The forthcoming annual work plan for the Committee was presented. The plan identifies standing agenda items aligned to the 5 Audit and Risk Committee meetings for 2021/22. These items form the standard business of meeting; additional items which arise during the year will be added to the agenda of the next Audit and Risk Committee meeting.

The works plan was approved by the Committee

16. Committee Effectiveness	**Verbal**

KD and LW would propose an approach to reviewing Committee effectiveness at the next meeting.

17. Matters to raise to the Trust Board	**Verbal**

LW suggested the following matters be raised to the Trust Board:

- Advising the Board of the further work on Risk Management systems
- The continued work on refocus of the SBAF
- Data Security and Protection Toolkit focus and improvement plan
- Process of External Audit for final accounts June 2021

18. Any other business	**Verbal**

None discussed.

Details of next meeting	

The next meeting will be held on Thursday 6th May 2021, from 15:30 to 17:00.

Signed ………………………………………………………………………………………….

Print ………………………………………………………………………………………….

Date …………………………………………………………………………………………