

**NLG(18)076**

DATE OF MEETING	27 February 2018
REPORT FOR	Trust Board of Directors – Public
REPORT FROM	Marcus Hassall, Director of Finance
CONTACT OFFICER	Sally Stevenson, Assistant Director of Finance, Compliance & Counter Fraud
SUBJECT	Audit Committee Minutes
BACKGROUND DOCUMENT (IF ANY)	-
PURPOSE OF THE PAPER:	For Information
EXECUTIVE SUMMARY (PLEASE INCLUDE A BRIEF SUMMARY OF THE PAPER, KEY POINTS & ANY RISK ISSUES AND MITIGATING ACTIONS WHERE APPROPRIATE)	Minutes of the Audit Committee held on 14 December 2017 and approved at its meeting on 8 February 2018.
HAVE STAFF SIDE BEEN CONSULTED ON THE PROPOSALS?	N/A
HAVE THE RELEVANT SERVICE USERS/CARERS BEEN CONSULTED ON THE PROPOSALS?	N/A
ARE THERE ANY FINANCIAL CONSEQUENCES ARISING FROM THE RECOMMENDATIONS?	N/A
IF YES, HAVE THESE BEEN AGREED WITH THE RELEVANT BUDGET HOLDER AND DIRECTOR OF FINANCE, AND HAVE ANY FUNDING ISSUES BEEN RESOLVED?	N/A
ARE THERE ANY LEGAL IMPLICATIONS ARISING FROM THIS PAPER THAT THE BOARD NEED TO BE MADE AWARE OF?	N/A
WHERE RELEVANT, HAS PROPER CONSIDERATION BEEN GIVEN TO THE NHS CONSTITUTION IN ANY DECISIONS OR ACTIONS PROPOSED?	N/A
WHERE RELEVANT, HAS PROPER CONSIDERATION BEEN GIVEN TO SUSTAINABILITY IMPLICATIONS (QUALITY & FINANCIAL) & CLIMATE CHANGE?	N/A
THE PROPOSALS OR ARRANGEMENTS OUTLINED IN THIS PAPER SUPPORT THE ACHIEVEMENT OF THE TRUST OBJECTIVE(S)	N/A
THE PROPOSAL OR ARRANGEMENTS OUTLINED IN THIS PAPER ENDORSE COMPLIANCE WITH THE REGULATORY OR GOVERNANCE REQUIREMENTS LISTED	N/A
THE PROPOSALS OR ARRANGEMENTS OUTLINED IN THIS PAPER TAKE ACCOUNT OF REQUIREMENTS IN RESPECT OF EQUALITY & DIVERSITY	N/A
ACTION REQUIRED BY THE BOARD	The Board is asked to note the report.

## MINUTES

MEETING: Northern Lincolnshire and Goole NHS Foundation Trust **Audit, Risk and Governance Committee**

DATE: **14 December 2017**

PRESENT: Stanley Shreeve Non-Executive Director (Chair)  
Linda Jackson Non-Executive Director

IN ATTENDANCE: Marcus Hassall Director of Finance  
Wendy Booth Director of Governance & Assurance and Trust Secretary  
Sally Stevenson Assistant Director of Finance – Compliance & Counter Fraud  
Nicki Foley Local Counter Fraud Specialist  
Damien McBratney Interim Head of Procurement

Ian Looker External Audit (PWC)  
Clare Partridge Internal Audit (KPMG)  
Jakira Motala Internal Audit (KPMG)  
Jeremy Daws Head of Quality Assurance  
Bill Parkinson Head of Fire, Health & Safety  
Kathryn Helley Deputy Director of Improvement  
James Lacey-Hatton IT Network & Telecommunications Manager (for item 7.1)  
Anne Barker Finance Directorate Administration Manager / PA to DoF

**Item 1**  
**12/17** **Apologies for absence**

Apologies for absence were received from Tony Bramley (NED); and Adam Morton (PWC)

**Item 2**  
**12/17** **Declarations of Interests**

The Chairman asked the members of the Audit, Risk and Governance Committee for their "Declaration of Interests" of which there were none.

**Item 3**  
**12/17** **Minutes of the previous meeting**

The minutes from the last meeting of the Audit, Risk and Governance Committee held on 12 October 2017 were agreed as a true record.

**Item 5**  
**12/17** **Matters Arising**

- 5.1 Listening into Action (LiA) – This item was deferred to the next meeting on 8 February when Kay Farquharson will be given a 20 minute slot to present.

*The next item was taken out of sequence*

**Item 7 12/17 Risk and Governance – Policies for Approval**

7.1 Mobile Phone Policy

Stan Shreeve, Chair welcomed James Lacey-Hatton IT Network and Communications Manager to the meeting.

James presented the policy which is key to managing the Trust's 678 mobile phones. James advised the Committee that costs have been reducing in this area due to tariff prices coming down over the years. James highlighted the process of requesting, transferring and returning mobile phones had been made clearer within the policy in order to help users understand their responsibilities. Also included is a new section in connection with the use of mobile phones by patients, visitors and staff whilst on Trust premises.

The aim of the policy is to ensure appropriate allocation of the mobiles to the right people to help control costs and also to ensure users and managers are clear of their use and responsibility. James highlighted specifically that when people leave the Trust sometimes correct procedures are not followed in returning the mobiles to IT for them to re-allocate, and this included those staff who went on maternity leave or were on long term sickness absence.

Jeremy Daws highlighted that there had been a social media incident recently and considered the need for a reference to the Trust's Social Media Policy in the Mobile Phone Policy. It was agreed that Jeremy and James would speak outside of the meeting in order to agree some additional narrative around this.

**Action:** Jeremy Daws / James Lacey-Hatton

Stan Shreeve, Chair referred to section 15.4 of the policy, in particular the reference to staff not using their phones whilst in public places which he felt was not clear, noting that it was referred to differently elsewhere in the report. James agreed to revisit and check for consistency and provide additional clarity as necessary.

The Committee approved the policy, subject to the above comments/amendments being made.

Stan Shreeve, Chair thanked James for attending and James left the meeting.

*The next item was also taken out of sequence from the agenda.*

#### 6.1 Update on Improving Together Programme

Kathryn Helley, Deputy Director of Improvement attended the meeting to present a brief update to the Committee in relation to the development of the Improving Together Programme and the Improvement Team.

The report also included; the progress on the development of the Improvement Team, including timescales for recruitment; a list of the work streams; and the meeting arrangements for where the individual work streams are reported to.

Kathryn explained that from January 2018 oversight meetings of the main areas will all be taking place on the same day to avoid repetition and are scheduled for the 2<sup>nd</sup> and 4<sup>th</sup> Wednesday of the month.

Stan Shreeve, Chair commented that this was good and this helps to have everything linking together and felt it was a really good paper and provides the assurance required. He suggested it would be helpful to circulate a copy to all NEDs, which he agreed to do.

**Action:** Stan Shreeve

Linda Jackson raised a query on the Improvement Team recruitment process and whether the objective was to fill all posts substantively rather than rely on interim agency. Kathryn confirmed that this was the objective and that substantive recruitment interviews were commencing in early January 2018. Marcus Hassall commented that as the programme evolves it may be necessary to look to have more external expertise in some areas, possibly through secondment opportunities. Linda added that the interims should only be in place if agreed at the beginning of the recruitment process and not just default to using interims to fill gaps.

Kathryn was asked if there had been any barriers that had caused problems for her and her team and she commented that it had not been too bad although winter pressures / OPEL 3 levels had caused some delays with the work tracking log which is a risk. Stan Shreeve commented that he had attended Kathryn's recent team huddle.

It was also noted that an update will be given to the Trust Board in January 2018, including details of any posts recruited to.

Stan Shreeve, Chair thanked Kathryn for attending and she left the meeting.

### 3.1 Action Log

The action log was reviewed and noted.

### 5.2 Overdue Controlled Documents – Medicine Group

Pete Bowker, Associate Chief Operating Officer had provided a paper to the Committee but due to the Trust being on Opel 3 alert he was unable to attend to present and sent his apologies to the Committee prior to the start of the meeting.

### 5.3 Patient Flow Report – Assurance on issues being addressed

A paper had been provided to the Committee by Richard Sunley, Deputy CEO/Director of Operations but there was no attendance from Ops to present the report, therefore the contents were briefly discussed by the Committee.

Stan Shreeve, Chair commented that he felt it was a major step forward on both sites in moving towards “0 LOS” as a consequence of the development of medical ambulatory care particularly on the DPOW site.

Marcus Hassall commented that clearly some progress has been made and one of the key issues is to ensure that it is embedded, particularly in terms of transfer of patients; noting that to ensure sustainable improvement, winter pressure funding is key. Improvement at SGH was also noted although this had a better base level. It was acknowledged that this issue was discussed at the previous day’s Finance and Performance Committee meeting and therefore following the brief discussion the paper was noted by the ARG Committee.

### 5.4 Freedom to Speak up Guardian – Gap Analysis

Wendy Booth gave a brief verbal update to the Committee explaining that the report from the National Office was still awaited; once this is received it will be worked through in conjunction with the CQC report in terms of the speaking out issue in order to bring back to this Committee for a further update, as well as being sent to the Trust Board.

Stan Shreeve, Chair commented that the team seem to be making some progress and working proactively. Wendy agreed although noted that there had recently been two Associates resignations from the team and therefore expressions of interest were being sought.

## **Item 6 Risk and Governance – Items for Discussion**

**12/17**

### 6.2 E&Y Review of Risk Register report

Wendy Booth presented the report which provided the outcome of the review of the Trust’s Risk Register by Directorate and Group.

A comprehensive review of both the Corporate Directorate and Clinical Group Risk Registers was undertaken by E&Y in August 2017 and raised that the risk register is not being used as intended and not used to capture the Trust’s risks. Stan Shreeve, Chair noted that a piece of work is required around awareness of the risk register and the Board Assurance Framework (BAF) and will require associated training but agreement needs to be reached on who will support the Trust with that training.

Sally Stevenson highlighted some concerns to the Committee regarding the accuracy of the comments made by E&Y in relation to the Finance risk register items. Stan Shreeve, Chair noted these concerns but felt that overall it was a useful report.

Clare Partridge, KPMG, asked whether or not the Well Led report had been received yet and Wendy Booth confirmed that it had been received and discussed at the Trust Board and consideration is also required on what support is required for that.

6.3 Annual Review of Risk Management Strategy – This item was deferred pending the Good Governance Institute (GGI) review outcome.

6.4 Quarterly Board Assurance Framework (BAF) and Strategic Risk Register

Jeremy Daws, Head of Quality Assurance presented the latest iteration of the BAF and Strategic Risk Register (SRR). It was noted that the full report will come to this Committee with the detailed assurance framework outlining the current controls, assurances and gaps in assurance taken to the appropriate sub-committees.

There were a number of additions to the document since September which were listed for ease of reference including greater detail regarding the source of assurance; and a target date by which the target risk rating is to be delivered. The Trust's highest strategic risks were listed and it was noted that Capacity and Demand and the development of the Digital Strategy risks had reduced and therefore had been removed from the highest strategic risks.

Jeremy commented that most of the focus to date had been on the strategic risks but there was now a move to greater focus on directorate risks.

Jeremy noted that target risk rating data is included although not all have been populated at this stage. Stan Shreeve, Chair asked how the target risks were decided, and Jeremy stated that he met with the Lead Director to discuss and agree this using the 5x5 matrix. Stan considered the potential for the target risk to increase and Wendy confirmed to Stan's query that if the target goes the other way this will be picked up in confirm and challenge meetings.

Stan Shreeve, Chair referred to the risks aligned to the ARG Committee and the Committee briefly discussed the risks which related to Water Safety and Information Governance.

Wendy commented that it had been agreed at Trust Board that only the front section of the report (pages 1 to 9) will be taken to Trust Board in future and not the detail. Each risk has a supporting schedule which the Board does not need but is required for the "owners" of the risks. Wendy further commented that both the GGI and East Lancs had given their views on the document and what it should look like. Claire Partridge, KPMG and Ian Looker, PWC both agreed that it was a comprehensive document. Ian Looker further commented that the Trust should use it and see how it works for them.

Linda Jackson commented that the report was useful as it is in giving the detail for assurance purposes. Linda added that everyone has told us their views on the document, but it is now up to the Trust to decide what is good for the Trust and go with it.

Following an animated discussion the Committee noted:

- The key points on Page 4 of the document
- Approved the recommendations made from the December edition of the BAF, noting the development work still planned
- The Trust's highest risk rated strategic risks and the movement since the last quarterly BAF report
- The strengthening arrangements since the October's BAF including the three assurance levels.

Stan Shreeve, Chair commented that it will provoke more informed discussion around the Trust's risk appetite and it was agreed that this should be added to the highlight report.

**Action:** Stan Shreeve / Sally Stevenson

## 6.5 Quarterly Document Control Report

The quarterly document control report had been provided by Jonathan Darley, Trust Document Controller and Jeremy Daws presented and highlighted key issues to note.

Jeremy highlighted that there had been a small deterioration in the position, as the overdue documents had increased by four which meant there were now 128 overdue documents, with a further 55 documents about to come out of date over the next three months. Jeremy also highlighted that as requested by the Committee, a "league table" was now included in the report. It was agreed that Richard Sunley, Director of Ops (or a nominee) should be invited to attend the next meeting to update the Committee on plans to address the overdue documents in Ops which currently stand at 23.

**Action:** Sally Stevenson to invite Richard Sunley to the meeting

Wendy Booth noted that the CQC are due a visit to the Trust and some of those documents will be requested.

It was noted that the number of overdue documents in the People & Organisational Effectiveness Directorate had not changed since they attended the meeting in October 2017 and still stood at 22, therefore no improvement had yet been seen. Stan Shreeve, Chair commented that the Committee want assurance that progress is being made and the Director of P&OE should be asked to provide an update to the Committee.

**Action:** Jeremy Daws

To be added to the highlight report to the Trust Board that a written report from Medicine was received but no attendance at the meeting due to operational pressures (Opel 3). Also to include that Ops were to be invited to the next meeting.

**Action:** Sally Stevenson / Stan Shreeve

## Item 8 12/17

### Internal Audit

#### 8.1 Internal Audit Progress Report

Clare Partridge began by informing the Committee that although the progress report was looking fairly red this was to be expected, as the areas under review were ones that the Trust had asked KPMG to look at.

Jakira Motala then presented the Internal Audit Progress Report including a verbal update on changes to the 2017/18 plan, highlighting that the review of Workforce Planning and Agency Staffing is to be deferred to 2018/19 at the request of the Director of P&OE who felt that this was not the right time; the Committee asked that this was scheduled for early in 2018/19 however.

There were a number of reviews currently underway including Estates Premises Assurance Model; Data Quality; Influence and Departmental Culture; Decision Making and Due Diligence; and SFIs and SOD anticipated to be reported to the next ARG Committee meeting. Clare Partridge commented that the scope and allocation of days for the Data Quality was under discussion as it was understood that NHSI were in discussions with the Trust over some coding work. Marcus Hassall confirmed this to be the case.

Wendy Booth stated that the Governance Arrangements review and Risk Management / BAF review due in Q4 would not give the Trust what it needed right now and felt that it would be better to have these reviews further down track

Clare Partridge advised the Committee that she was fairly comfortable with the overall position of reviews/outstanding work for 2017/18.

Jakira Motala then went on to discuss the executive summaries for each of the concluded reviews contained within the progress report.

## 8.2 Strategic Planning and VVFM (Part 2) Report

Jakira Motala highlighted the key issues to note from this review. Jakira commented that the overall assurance level for this review was “*partial assurance with improvements required*” and highlighted some of the findings including: that there appears to be little ownership of the strategic plan by key officers at the Trust; there appears to be little linkage between operational plans and the Trust’s strategic plan; the recently refreshed reporting structure remains unclear to staff and therefore unclear how the Trust Strategy links to their day-to-day operational role; and high turnover of staff at both operational and senior officer level over the past 18 months has meant focus to operational level without a view of the impact on the wider long term Trust Strategy.

Stan Shreeve, Chair queried the term “key officers” and asked Jakira to define these. Jakira confirmed that this is mainly executive directors and the level directly below. Stan then queried what period the findings related to and Jakira advised that it was from July/August 2017. Stan noted this was a time when there were a number of changes to the Exec Directors and also a refresh of the strategic direction, but it was acknowledged that the message should be taken to the management tier below Exec level. Clare Partridge commented that the timing of the review meant that there was now much clearer direction, to which Stan commented that he would hope things have improved now.

Wendy Booth commented that if this same review was conducted now it would be a slightly different position but acknowledged there is still work to do i.e. structures in Ops and to conclude the work on the meeting structures, etc. in order to clarify and simplify. Linda Jackson commented that there were so many things pulling the Exec team members out of the organisation coupled with the level of meetings. Stan Shreeve commented that the Scheme of Delegation re-write was a good example. Marcus Hassall commented that Peter Reading has set out a clear, tactical stabilisation objective and the structure going forward needs to work.

Following review the Committee noted the report.

## 8.3 Maternity Clinical Review Report

Jakira Motala presented the key issues from this report which had been given an assurance level of “*partial assurance with improvements required*”. It was highlighted there were a number of areas identified for improvement including: inconsistencies across the sites in the completion of Safer Surgery documentation and the WHO checklists; compliance with the K2 Cardiotocography (CTG) training identified only 66% of appropriate staff had completed; senior staff appeared to be unaware of the Trust’s process for managing risk registers and the lack of formal discussions in appropriate meetings; staff reluctance to embrace changes that have been introduced to improve quality and mitigate risks, particularly at SGH; and further development is required to embed the use of the Obstetric Early Warning Scores (OEWS) and escalation of the deteriorating patient.

Clare Partridge noted that this review was undertaken by Sue Cordon and whilst it was clear that the Trust has taken some action it demonstrated there are still some critical issues still to be dealt with.

Stan Shreeve, Chair commented that this was an excellent report and did a really good job of recognising progress but also highlighting issues. It was also noted that the findings are consistent with what the CQC are saying to us.

Linda Jackson queried when this review was done and Jakira Motala confirmed that it was September/October. Linda commented that given this review was done in September/October we are still hearing that not all staff are on board with what we as a Trust are trying to do which was disappointing. She felt however, that now a new Head of Midwifery, Dotty Watkins, is in place and working with Tara Filby that hopefully things will move on.

Following review the Committee noted the report.

#### 8.4 Retention

Jakira Motala presented the key issues from this report which had been given an assurance level of “*partial assurance with improvements required*”. It was noted that the finalisation of the Trust’s Retention Strategy had been deliberately delayed due to the Trust joining the NHS Improvement cohort for work on retention. The delay is to ensure appropriate inclusion of the output from this work and avoid multiple iterations to the Strategy.

It was noted that a new Deputy of P&OE had been appointed and was due to commence with the Trust in the New Year, so work should be moving forward. Clare Partridge commented that there will always be reasons for delays in moving work forward which Linda Jackson agreed. Linda commented that it was disappointing and frustrating, but added that they were close to getting something next week. Wendy Booth advised the Committee that there was a presentation due at the Board the following week.

Following review the Committee noted the report.

#### 8.5 Sustainability and Carter Review Report

Jakira Motala presented the key issues from the report which was Part 1 of 2, which was completed in November 2017 and focussed on reviewing the Trust’s position against the recommendations raised by Lord Carter; Part 2 will commence in February 2018 and will involve testing the effectiveness of key controls relating to the management, monitoring and reporting of the 2018/19 planning process.

The assurance level for Part 1 was “*no assurance*” and it was noted that in October 2016 it was agreed to initiate the process of executing Lord Carter’s recommendations with the Director of Clinical & Quality Assurance assigned as the Executive Lead to take the recommendations forward. The plan had not been progressed due to changes in roles and responsibilities at Exec level. Clare Partridge stated that there was very little to look at during the audit, in terms of governance, reporting, KPI’s and how embedded it was. Marcus Hassall commented that the Trust did pick up the ball, but had put it down again.

Linda Jackson commented that this is on the agenda of the Finance and Performance Committee now, the PMO is resourced and Marcus Hassall is now the Exec Lead and therefore she is sure that it will move forward in tandem with Obi’s support. Marcus commented that there is a process but this needs driving forward and Carter recommendations needs to be a large part of what we as a Trust are delivering in the next year. Stan Shreeve, Chair commented on the need for high level ownership at CEO level, with the implementation lead being the DoF.

The recommendations in the report were noted and it was felt that this should be led by CEO/Trust Chair but it needs further discussion and it was agreed that this report gave the basis for that discussion. It was also suggested that a Board briefing may be the appropriate way forward. Marcus to discuss further with Obi Hassan/CEO and update at the next meeting. It was also agreed to add to the highlight report to the Trust Board.

**Action:** Stan Shreeve / Sally Stevenson (Highlight Report)  
Marcus Hassall (update to the next meeting)

Following review and discussion the Committee noted the Internal Audit Progress Report.

#### 8.6 Technical Audit Update

The Technical Update is a summary of current information relevant to the health sector and can be used as a checklist for the Committee members and officers in terms of current issues. Clare Partridge highlighted in particular - Page 12 regarding consolidated pay increase for very senior managers which should be no more than 1%; and the changes to pension tax thresholds and the impact for staff (Page 7) which would require some comms to staff being issued.

The Committee noted the report.

## 8.7 IA Recommendations Follow-Up – Status Report and Consolidated Report of Outstanding Action

Sally Stevenson presented the routine report and highlighted that ten recommendations had been closed down since the last meeting, two of which were graded as “high”. There were a number of responses that had been received since this report was compiled so it is anticipated there will be more to close down as a result.

Stan Shreeve, Chair noted that it had been agreed that a consolidated list of older outstanding internal audit recommendations (relating to 14/15 and 15/16) would be prepared and submitted to the Chief Executive for consideration. Wendy Booth noted that the recommendations in the Waiting List Review had been implemented by Jackie France although the recommendations from the external investigation review report were still outstanding, and it was agreed that Jackie should be asked to attend the next meeting to update the Committee to provide an update.

**Action:** Sally Stevenson

It was agreed that the consolidated list of the outstanding recommendations from 2014/15 and 2015/16 would be updated for any recent developments and submitted to Peter Reading, Chief Executive.

**Action:** Sally Stevenson

## Item 9 12/17

### External Audit

#### 9.1 External Audit Plan 2017/18 and Associated Fees

Ian Looker advised the Committee that Richard Thomas had changed roles within PwC and would no longer work on the Trust’s account; this role had been taken by Adam Morton who was unfortunately not able to be at this meeting.

Ian Looker presented the report highlighting key issues to note including that the scope of work for the year end audit of the Trust’s financial statements remains as in previous years. He stated that the ongoing intervention from NHSI is clearly a concern and it is anticipated that this will not change significantly in the coming year. Ian commented that it was difficult to see the Going Concern report being any different this year.

Ian added that the Trust needs to maintain the confidence of NHSI (given the Trust’s deficit position and not hitting its control total) and a number of assumptions have to be made in the reporting although it is difficult to know how to report that acknowledging there are pressures all around the system. Marcus Hassall stated that there were already four distinct performance lines upon which the Trust was being judged - break even; its control total; financial recovery plan target for the year; and the FRP target adjusted for the risk level tacitly accepted by NHSI.

Ian Looker stated that although the Trust’s financial position was not good, they (as the External Auditor) had never had concerns about the numbers at NLAG.

Ian Looker added that in respect of the capital programme there is an extra dimension this year with the building works going on.

Ian also highlighted specifically the two subsidiary organisations of the Trust i.e. Charitable Funds and WebV and their respective governance structures. Marcus commented that there is now better grip and control over WebV and intellectual property rights may not be applicable this year as WebV is being run as a starter company. Ian felt however that close scrutiny would be required as such issues have a habit of going wrong.

In terms of the Quality Accounts, Ian Looker stated that they did not know at this stage which indicators would be looked at specifically yet.

Ian confirmed that the Audit fees will be the same as the previous year.

Item 10 Finance and Procurement – Items for Discussion  
12/17

10.1 Review of Waiving of Standing Orders and Procurement Update

Damien McBratney, Interim Head of Procurement presented the report and highlighted key issues to note including the Collaboration work plan with York/Lincoln which is a joint work plan with an overall savings target to be achieved through review of suppliers or use of similar products or retendering. Damien also highlighted the orthopaedics savings plan agreed to be a joint tender with York Hospitals for Trauma products and also to access an existing joint collaborative contract with elective implants. A risk of successful clinical engagement in a timely manner was highlighted as a potential risk. However, this was the first formal tender as a joint tender and Damien stated that they were looking for substantial savings from this contract.

Damien had also attached to the report a proposal to form a Best Value Group for clinicians and nurses to get support on matters relating to consumables purchasing and clinical practice change involving medical consumables and equipment. Suggested membership of the group was included within the report but to date there had been a limited number of people volunteering. It was felt however that attendance should be from staff who have the authority to make decisions. It was agreed that who attends this group and how it reports is key to its success. Stan Shreeve, Chair, posed the question of who would chair this group.

It was also suggested that if there were issues in getting the right people to be involved with this group, particularly from Ops, this should be escalated to the Chief Executive.

The report also included details of the waiving of Standing Orders since the last meeting and noted there were three occasions when non-compliance with Standing Orders had occurred. Damien stated that he felt that these were down to poor planning and a “panic approach”. Stan Shreeve, Chair stated that details of contracts coming up for renewal must be in the contracts system, which should act as an aide memoire for better planning. Marcus Hassall responded to this by stating that the central contracts register was not where it needs to be in order to act as the aide memoire.

Damien McBratney also commented on a particular issue where there was no engagement in the procurement process at Director level. Stan Shreeve, Chair commented that in such situations the Procurement team should escalate this as necessary.

Stan Shreeve, Chair also asked that anecdotal comments given as examples of non-compliance, etc by Damien during the meeting need to be detailed in the Procurement report in future so that they can be taken to the Board etc. as appropriate.

**Action:** Damien McBratney

The Committee requested a position statement on the development of the contracts register for the next meeting.

The Committee also requested details of the frequency with which renewables came up which the Procurement team did not know about.

The Committee also requested details of the defined escalation procedure when people fail to engage with the Procurement team about contracts.

**Action:** Damien McBratney

Linda Jackson referred to the Carter recommendations and it was felt that as an organisation we do not know how to get engagement and co-ordinate the right people involved, adding that there was a need for a plan to clarify how we get things done. Stan Shreeve, Chair agreed and stated that this was an opportunity for TMB to prove its worth as an effective engine room for everything good that is going to come.

It was acknowledged however that the Ops structures is still not finalised and therefore difficult to know who has what responsibility and if they are the appropriate people to be involved with the group.

It was stated that TMB will be key in implementing Carter recommendations and grip and control throughout the organisation.

On a positive note, Marcus Hassall was highlighted to the Committee that in a recent benchmarking exercise the NLAG Procurement team were 24<sup>th</sup> in the national league table, which was an excellent achievement.

11.30am Damien McBratney left the meeting.

#### 10.2 Review of Balance Sheet Significant Variances

Marcus Hassall presented the report highlighting key issues to note including the control of non pay, with work outstanding to expand and tighten control of stock levels; and the levels of debtors. In terms of the two social enterprise organisations with material outstanding balances, Marcus stated that he planned to meet with their DoFs to resolve non-payment issues. Linda Jackson commented whether there should be CEO to CEO escalation and Marcus confirmed yes, that would happen before the Trust resorted to legal proceedings where necessary. Clare Partridge advised that KPMG had a team which could potentially look at this on behalf of the Trust, using some days out of contingency as necessary. Marcus agreed to consider this.

Marcus also highlighted vacancies in the contracting team. Ian Looker commented on the issue of creditor management in terms of cash drawdowns and creditor levels increasing. Marcus Hassall commented that the Trust continued to receive liquidity support as necessary from the DH.

The section in Debtors referred to as “others” had more than doubled over the quarter, and Stan Shreeve, Chair asked for an analysis of the figures.

**Action:** Marcus Hassall

*Post Meeting Note: The figures shown in the table for “other” are broken down by ‘invoiced’, ‘accruals’, and ‘total’ – the figures shown are just for the quarter to September 2017 and do not show the previous quarter.*

Stan Shreeve, Chair suggested taking items 11.1; 11.2; and 11.3 as a single item.

#### Item 11 Finance and Procurement – Policies for Approval / Comment (cont’d) 12/17

Stan Shreeve, Chair recognised the amount of work that had gone in to producing the principal documentation.

It was felt that the SFI document was reasonably complete but without clarity on the structure for the organisation it was difficult to finalise the SoD and therefore the SFIs.

The draft “Policy on a Page” document was discussed and Marcus commented that it did a good job of bringing the key aspects of the two documents together in summary form. Linda Jackson commented however that she felt that it was too “corporate speak” and didn’t really work for her. A discussion ensued on the aim of the document and it was determined that it was not really a Policy on a Page that was needed but a short condensed user guide reflecting the tables shown on five separate pages in the draft SoD. Both Sally and Marcus felt it was difficult to write the user guide document until both the SOD and SFI documents were finalised. Following discussion it was agreed that Sally and Marcus would amend the Policy on a Page document and turn it into a user guide from the current SOD and SFIs and it would be taken to the Trust Board in January.

**Action:** Sally Stevenson / Marcus Hassall

Noting that the current SOD and SFIs were due to expire on 31.12.17, the Committee agreed to extend the current SOD and SFIs until the end of March 2018.

Item 12  
12/17

Items for Information / To Note

See items at Appendix A

Quarterly Fire Action Plan Update

- 18.2 Bill Parkinson referred to the Quarterly Fire Action Plan Update report and raised an issue regarding the Coronation Block at SGH. The building is non-compliant for in-patient services and whilst interim measures are being implemented the Fire Brigade are continually asking for timescales when the work will be complete otherwise enforcement action will be taken.

Linda Jackson referred to the current service reconfiguration and stressed that this needs to be linked to the plans that Pam Clipson, Director of Strategy and Planning is working on are to be discussed at the January 2018 Trust Board.

It was agreed that a further update to the ARG Committee in March when the next quarterly report is due.

**Action:** Bill Parkinson

It was also agreed to add this matter to the Highlight Report to the Trust Board.

**Action:** Stan Shreeve / Sally Stevenson

The Committee noted the remainder of the reports provided for information.

Item 13  
12/17

### Counter Fraud – PRIVATE AGENDA ITEM

- 13.1 Routine Progress Report

Nicki Foley attended the meeting to present the Local Counter Fraud Specialist (LCFS) progress report and highlighted key issues to note *including:*

- the go live of the newly formed Special Health Authority – the NHS Counter Fraud Authority (NHS CFA); which was formally launched on 1 November 2017 to replace NHS Protect; Nicki highlighted some concerns as to the relationship between the NHS CFA and LCFSs but advised that these concerns would be kept under review.
- The changes made to the Trust's Local Counter Fraud, Bribery and Corruption Policy and Response Plan now includes the appropriate name changes in relation to the NHS CFA and was issued on 14 November 2017;
- A circular on the revised legal test for dishonesty was attached to the report for information.
- The launch of a Facebook page which will run alongside the CFP team's existing Twitter page, and will hopefully reach more staff within the three collaborative Trusts;
- Edition 11 of the CFP teams newsletter 'Fraud Through the Looking Glass' was released and included focus on Fraud Awareness Month (FAM), this was also attached to the progress report for information.

Nicki advised that four new referrals had been received since the last ARG Committee and the progress report also gave a status update on the eight ongoing referrals, including the agency timesheet fraud case with the national investigation service of NHS Protect (now the NHS CFA) and the forthcoming trial in April 2018.

Following the update the Committee received and noted the report.

**Item 14  
12/17**                    **Any other Business**

14.1 There was no other business raised.

At this point the Internal and External Audit representatives and the LCFS left the meeting to allow for a private discussion around the forthcoming tender process for the Trust's internal audit service.

14.2 Internal Audit Contract – Tender Process

The Internal Audit Contract – Tender Process paper had been provided to the Committee setting out the timetable for the procurement of the Internal Audit Service and also to agree the evaluation panel members. It was agreed the evaluation panel would include:

- Marcus Hassall – Director of Finance
- Stan Shreeve – Chair of Audit, Risk and Governance Committee
- Tony Bramley – NED and ARG Committee member
- Wendy Booth – Director of Governance and Assurance / Trust Secretary

**Item 15  
12/17**                    **Matters for Escalation to the Trust Board – Public or Private**

The following items were agreed to be highlighted to the Trust Board:

Public;

- BAF and Strategic Risk Register
- Document Control – Medicine paper and Ops invited to next meeting
- Internal Audit Reports – partial assurance rating and no assurance rating – Carter
- Waivers and non-compliance issues
- Contracts Register

Private:

- Coronation Block Fire Safety

**Item 16  
12/17**                    **Matters to Highlight to other Sub-Committee**

There were no items raised.

**Item 17**                    **Date, Time and Venue of Next Meeting:**

**Thursday, 8 February 2018 - 9.30am Oak Room, DPOW**

**Reminder: Internal Audit Planning workshop and ARG Committee Annual Self-Assessment Review – Thursday, 11 January 2018 – 1.00pm, Oak Room, DPOW**