

**NLG(18)321**

|   |   |
|---|---|
| DATE OF MEETING   | 28 August 2018  |
| REPORT FOR  | Trust Board of Directors – Public   |
| REPORT FROM   | Marcus Hassall, Director of Finance   |
| CONTACT OFFICER   | Marcus Hassall, Director of Finance   |
| SUBJECT   | Audit, Risk & Governance Committee – Minutes May 2018   |
| BACKGROUND DOCUMENT (IF ANY)  | -   |
| PURPOSE OF THE REPORT:  | For Information   |
| EXECUTIVE SUMMARY (PLEASE INCLUDE: A SUMMARY OF THE REPORT, KEY POINTS & / OR ANY RISKS WHICH NEED TO BE BROUGHT TO THE ATTENTION OF THE TRUST BOARD AND ANY MITIGATING ACTIONS, WHERE APPROPRIATE) | Minutes of the Audit, Risk & Governance Committee held on 17 May 2018 and approved at its meeting on 26 July 2018 |
| TRUST BOARD ACTION REQUIRED   | The Board is asked to note the report   |

## MINUTES

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

DATE: **17 May 2018**

PRESENT: DPOW Stanley Shreeve Non-Executive Director (Chair)  
Tony Bramley Non-Executive Director  
SGH Linda Jackson Non-Executive Director

IN ATTENDANCE:  
DPOW

Sally Stevenson Assistant Director of Finance – Compliance & Counter Fraud  
Nicola Parker Assistant Director of Finance – Planning & Control  
Jeremy Daws Head of Quality Assurance  
Clare Partridge Internal Audit (KPMG)  
David Cousins External Audit (PWC)  
Anne Barker Finance Directorate Administration Manager / PA to DoF

SGH Marcus Hassall Director of Finance  
Ian Looker External Audit (PWC)  
Wendy Booth Director of Governance & Assurance and Trust Secretary

**Item 1**  
**05/18** **Apologies for absence**

There were no apologies of absence received.

**Item 2**  
**05/18** **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**  
**05/18** **Minutes of the previous meeting**

The minutes from the last meeting of the Audit, Risk and Governance Committee held on 19 April 2018 were agreed as a true record.

**Item 4**  
**05/18** **Review of Action Log**

This item had been deferred to the next full meeting.

**Item 5**  
**05/18** **Matters Arising**

7.8 – Quarterly BAF & Strategic Risk Register – At the last meeting the Committee challenged the proposal to reduce the Mortality Risk score and Tony Bramley agreed to report this back to the Quality & Safety Committee (Q&S). Tony Bramley advised that due to the CQC inspection taking place at the same time, the Q&S Committee did not have time to discuss this item and therefore it had been deferred to the next Q&S meeting in June.

**Action:** Tony Bramley

Prior to the discussions commencing on the items on the agenda, Stan Shreeve, Chair wanted to place on record recognition of the efforts of Nicola Parker and the whole Finance Team and the Auditors in producing the annual accounts in a timely manner given the tight timetable as well as the CQC inspection taking priority over the production of some of the crucial reports required to finalise the accounts.

**Item 6  
05/18**

**Final Account Issues**

6.1 Audited Annual Accounts

The draft annual accounts had been previously reviewed in detail by the Committee at its meeting in April 2018. Nicola Parker explained there were only a few changes made to the final accounts from those already reviewed by the Committee. However, she added that the day after the April ARG Committee discussion the Trust were advised of the award of £2.286m STF funding from NHSI which had to be incorporated into the accounts before they were submitted to the Auditors.

Following Nicola Parker's update the changes were approved by the Committee members on behalf of the Trust Board for submission to NHSI as necessary.

6.2 2017/18 External Audit Report / Management Letter of Representation

David Cousins presented the report and highlighted key areas to note. David Cousins confirmed that the accounts were completed in a timely manner with no issues/errors found, and that the quality of work by the Finance team had been good. Particular areas of focus for External Audit included provisions, which was raised as an issue the previous year but again was satisfied with the reasoning; Goods received accruals was also considered in detail and again David Cousins was satisfied with the reasoning behind it. Nicola Parker added that the No PO No Payment Policy should address this.

David Cousins went on to highlight the property valuation which had increased this year but he had looked at factors behind the increase and was not expecting any contentious issues to be raised.

David Cousins highlighted that they were still awaiting the Remuneration Committee report and Wendy Booth confirmed that she understood from Jayne Adamson, Director of People and Organisational Development, that completion was expected the following day. Wendy Booth stated that this sign off by the CEO would be delayed for some year-end documents. Nicola Parker stated that the accounts would still be signed off by the CEO the following day as planned.

Ian Looker confirmed that External Audit would not be issuing a qualified opinion but would be issuing a modified opinion in relation to going concern and VFM.

Following discussion the Committee received and noted the report.

6.3 External Assurance report on Trust Quality Report

Ian Looker presented the report and stated that they were still performing consistency checks. In terms of the indicators reviewed he highlighted key areas to note including issues in relation to the 4-hour A&E target specifically the point at which the clock is stopped and no supporting documentation; the validation process for changing A&E breaches to non-breaches could not be validated due to lack of documentation; and the 18 week RTT indicator showed discrepancies with certain patient pathway information where data dropped out of the system for a while with the potential for error in calculating the indicator. Stan Shreeve, Chair queried how and why a patient would "drop out of the system". Ian Looker stated that the patient is still in the flow but unable to see them on the system.

In terms of local indicators, specifically VTE, these are not included within the limited assurance report but were included for management information. There were three errors noted within sample testing. Tony Bramley confirmed that this will be taken through the Quality & Safety Committee. It was also confirmed by Linda Jackson that the A&E and 18 week issues will be discussed at the Finance & Performance Committee.

Following the review of the report and subsequent discussion the Committee noted the report.

#### 6.4 IA Annual Report Head of Internal Audit Opinion (HoIAO).

Clare Partridge presented the report and highlighted key issues to note. The 2017/18 Head of Internal Audit Opinion gave a rating of “*partial assurance with improvements required*” on the overall adequacy and effectiveness of the organisations framework of governance, risk management and controls.

Stan Shreeve, Chair stated that there were no surprises as the reviews undertaken by Internal Audit are risk based, although it was noted that the Sustainability and Carter (Part 1) review received no assurance but recovered by the time Part 2 was undertaken, receiving a rating of “*Partial assurance with improvements required*”. Tony Bramley queried whether the assurance rating for part 2 of the review put part 1 to bed and Clare Partridge confirmed that was the case.

Clare Partridge explained that the first phase was undertaken to review the Trust’s position against the recommendations raised by Carter, resulting in a number of high and medium recommendations made. Part 2 was undertaken where progress was noted against the recommendations.

Wendy Booth stated that the piece of work to review Divisional Clinical and Quality Governance arrangements had been deferred until after the CQC visit, but would be speaking to Sue Cordon at KPMG this week to agree a start date as soon as possible.

Following a brief discussion the Annual Report and Head of Internal Audit Opinion was noted by the Committee.

#### 6.5 Annual Governance Statement – final version

Wendy Booth presented the report which was the final draft of the Annual Governance Statement subject to any further final comments received from the Auditors.

It was noted that reference needs to be made to the DoH debt within the AGS in the Finance and Sustainability Section. Nicola Parker noted that the figures still needed amending on page 14. The Committee requested that once the final changes had been made that Wendy Booth circulate to the ARG members via email for ratification. Wendy Booth also advised that the final version would be presented to the May Trust Board.

**Action:** Wendy Booth

#### **Item 7 Internal Audit 05/18**

##### 7.1 Internal Audit Progress Report

There was no further update to be made.

2.40pm *Ian Looker left the meeting*

##### 7.2 Referral to Treatment (RTT) Review

The Referral to Treatment Report was presented to the ARG Committee with a rating of “*partial assurance with improvements required*”. This report had been brought to the ARG Committee due to the partial assurance rating, however it was noted that the report did not have the management response included and these would be finalised once the new Chief Operating Officer (COO) commenced with the Trust at the end of May 2018. The report was however required to support the Head of Internal Audit Opinion which is crucial to the submission of the Annual Accounts, hence why it was presented to the Committee without the usual agreed management actions.

Clare Partridge stated that it was really not good, even in comparison with other Trusts. Stan Shreeve, Chair stated that he would like to invite the new Chief Operating Office, Shaun Stacey, to attend the next ARG Committee meeting in July to update on the position and management actions, etc. Wendy Booth stated that she thought Pam Clipson, Director of Strategy and Planning, should also be asked to attend.

Stan Shreeve, Chair also commented that he was surprised at the assurance rating given to the review given the significant issues identified, and Tony Bramley agreed with this.

Following the discussion the Referral to Treatment report was noted.

#### 7.3 Sustainability and Carter Review (part 2)

No discussion.

#### 7.4 Governance Arrangements

Clare Partridge presented the report which had been given an overall assurance level of “*partial assurance with improvements required*”. The report highlighted that the Trust’s revised meeting structure had only recently been implemented and therefore the Internal Auditors were unable to determine on the effectiveness; how embedded the new structure is; or implementation of previous recommendations. Therefore the review did not raise any formal recommendations at this stage due to the recent implementation of the structure and the ongoing work on the recommendations in the Well-Led review.

Following the brief discussion the Governance Arrangements Report was noted by the Committee.

#### 8.1 Audit, Risk & Governance committee Annual Report 2017/18

The Committee reviewed and approved the Audit, Risk and Governance Annual Report 2017/18 which presented the Committee’s key work during the past year.

The report was taken as read and the ARG Committee noted the contents of the report and approved it being submitted to the Trust Board and the Council of Governors for information.

**Action:** Sally Stevenson

#### **Item 9 05/18**

##### **Any other Business**

There was no other business raised.

#### **Item 10 05/18**

##### **Matters for Escalation to the Trust Board**

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

- Audited Annual Accounts 2017/18
- 2017/18 External Audit Report / Management Letter of Representation
- External Auditors Report on the Trust’s Quality Report 2017/18
- Annual Governance Statement

#### **Item 11 05/18**

##### **Matters to highlight to other Sub-Committees**

The following was noted:

- Quality & Safety Committee - The Trust Quality Report in terms of the local indicator “*inpatients who have had a VTE risk assessment carried out*”
- Finance & Performance Committee –18 weeks and A&E

#### **Item 12 05/18**

##### **Date, Time and Venue of next Meeting**

**Thursday , 26 July 2018, Cedar Room, T&D, DPOW**