POOLE HOSPITAL NHS FOUNDATION TRUST

AUDIT & GOVERNANCE COMMITTEE

Part 1 Minutes of the meeting held on Thursday 13 November 2008 in the Board Room of Poole Hospital NHS Foundation Trust.

Present:  Mrs Jean Lang (Chairman)
           Mrs Elizabeth Hall, Non-Executive Director
           Mr John Knowles, Non-Executive Director
           Dame Yvonne Moores, Non-Executive Director
           Mr Guy Spencer, Non-Executive Director

In Attendance:  Mr Noel Arnott, Internal Audit
                Mr Michael Beswick, Company Secretary
                Mr Patrick Jarvis, Audit Commission
                Mr Steve Plant, Counter Fraud Service
                Mr Mark Stabb, Internal Audit
                Mr David Taylor, Director of Finance
                Mr Robert Talbot, Medical Director (for item 113/08)

A&G 101/08 Apologies for Absence

Apologies for absence were received from Mr Charles Cunningham, Mr Andrew Goodwin and Martin Smits.

A&G 102/08 Minutes of the Meeting held on 11 September 2008 (Paper A)

The minutes were AGREED as an accurate record of the meeting.

A&G 103/08 Matters Arising

81/08 Annual Audit Letter

Review of Pharmacy Services (Paper B)

Mrs Sutherland said the Trust’s executive team had not had any major concerns about pharmacy although there were recruitment problems and capacity issues. She later noted there had been some recent success with recruitment so the position should start to improve. She noted there was to be a presentation on the pharmacy service and governance processes at the December Board Seminar.

Mrs Sutherland noted there was to be a review of all drug related incidents over the past 12 months - this would be subject to external professional validation to give assurance to the Trust. She assured the Committee that pharmacy standards and performance were regularly reviewed through the Quarterly Performance Review process.

Mr Spencer said the paper was a thorough response to the Committee’s concerns about Pharmacy. He expressed concern at the effect on staff of an
external review. Mrs Sutherland said an external review might be slightly disproportionate to the level of the Committee’s original concerns about Pharmacy but would endorse the good practices in the department.

The recommendations were APPROVED.

82/08 Internal Audit Monitoring Report

Mr Smits reported that there were now only two Safety Alerts Broadcasts (SAB) that had not been addressed satisfactorily. He said a new SAB follow-up policy had been approved by the Clinical Governance Committee. In addition, the Risk Management Department had been restructured to identify a post to lead on tracking the SAB process. He welcomed a follow-up audit – this would be brought back to the Committee in due course.

84/08 Counter Fraud Report

Mr Taylor noted that new payroll processes were being introduced as part of the change to new payroll providers – this should help reduce some of the problems identified in the report.

85/08 Audit Follow Up Processes (Paper C)

Mr Taylor noted the paper was a response to the KPMG governance review which had recommended follow-up of all external reports on the Trust. He said that once the process had started it became apparent there were a number of omissions - he said he would bring the Payment by Results audit report and the Compound Indicators review to the next meeting if this was thought to be the right approach.

Mr Spencer noted the importance of including details of evidence of outcome in action plans; the Chairman noted that the Committee had no way of knowing if action had had any effect on problems. Mr Taylor said there needed to be a standard format for action plans including a section on evidence of outcome. He said he would review existing action plans and put them into a standard format.

Mr Jarvis suggested that action plans should emphasise Assurance Framework issues and other control requirements.

In response to a request from Dame Yvonne Moores, Mr Taylor said he would bring a position statement on action plans to the next Committee meeting.

Mrs Sutherland noted that Mrs Tickell would be addressing maternity issues at the November Board Seminar.

93/08 Draft Minutes and Minutes of Executive Committees:
Drug & Therapeutics (June 2008)

It was noted that the issue of unlicensed medicines was covered in paper B on the agenda.
Infection Control (May, June and July 2008)

Mrs Sutherland confirmed the issue of the length of time taken to resolve whether bacteraemias were community or hospital-acquired had been discussed with Bournemouth & Poole PCT. It had been agreed the process should normally be completed within four weeks.

Mrs Sutherland reported that, following discussion with the PCT, a pilot for MRSA screening in the community was to begin.

Mr Taylor reported on the clinical sink replacement programme. He said there were 1150 clinical sinks in total, of which the majority were compliant with standards – all non-compliant sinks would be replaced. Elbow operated sinks were compliant but would gradually also be replaced. Mr Taylor said that 80 sinks in urgent need of replacement had already been replaced at a cost of £60k; he expected that a further £30k might need to be spent over the next 12 months.

A&G 104/08 Risk Register: New Red and Amber Risks (Paper D)

Mrs Sutherland noted there had been five new amber risks added to the Risk Register in September but no new red risks. She said the Maternity Unit lift had been upgraded to a red risk following a lift failure, however, plans were in place to reduce the risk to amber, e.g. training the porters to bring the lift down manually. In addition, it now transpired there had always been a second lift shaft in the building so she and Mr Taylor had agreed £100k to install another lift. Mrs Sutherland noted that the new Maternity Unit would not be operational until 2012 so the extra expense was justified.

The report was NOTED.

A&G 105/08 Risk Register Report (Paper E)

Mrs Sutherland said the report provided an update on the Risk Register and the underlying process for identifying risks. She noted the number of risks had been reduced to 193 as a result of more active management of the Register. A full copy of the Risk Register was available from the Director of Nursing.

Mrs Sutherland noted that management of the Risk Register was actively pursued at the quarterly performance reviews when all Care Groups and directorates were required to confirm that they had reviewed their risks and taken appropriate action.

The report was NOTED.

A&G 106/08 Auditors Local Evaluation (ALE) - Questions from June Report

Mr Taylor noted that as a Foundation Trust, the Trust was not required to undertake ALE. In addition, the Trust no longer required the assurance provided by ALE as it was given a rating by Monitor for use of resources. This left the question of whether the Trust would wish to continue with an ALE assessment. He said he had looked at the last ALE report and found the Trust had made good progress since then, and said he would review the Trust’s position again in 12 months’ time to see if there had been any problems.
Mr Jarvis said the Trust had progressed rapidly up the ALE scale but was right to reflect on those areas that had previously scored low.

The Chairman said ALE had been a valuable process as it had led the Trust to reflect on areas which may otherwise have been overlooked. However, she said that events had since moved on and ALE was not now so appropriate to the Trust. Mr Jarvis noted that the Audit Commission was refreshing ALE and reviewing the areas included in the assessment.

It was agreed THAT Mr Taylor would review the Trust’s position annually against the revised ALE format and provide an oral report to the Committee.

A&G 107/08 Internal Audit Monitoring Report (Paper G)

P/2/08 Mortuary

Mr Stabb said he had met with Mrs Hauschild to discuss the updating of the bedstate. He noted the recent introduction of supernumerary ward sisters to manage the bedstate and said the bedstate system would be regularly reviewed and monitored.

Mr Stabb said he had also discussed the issue of the timeliness of signing death certificates with Mrs Hauschild. He noted the difficulties for ward clerks in chasing up doctors to sign documentation and said the report recommended the centralisation of the system in the General Office although it recognised space constraints. Mrs Sutherland said signing death certificates was a problem every six months with the new intake of junior doctors but she was not sure that centralisation was the best option. Junior doctors needed to be reminded of the importance of death certificates, however, it was a complex issue as compliance with Modernising Medical Careers may mean doctors had gone off shift and were not available to sign death certificates. She said she would wish to seek the Medical Director’s views before any action was taken. Mr Smits noted an ongoing national consultation on the death certification process.

P/5/08 Serious Untoward Incidents (SUIs)

Mr Smits noted the focus of the SUI audit had been the implementation of recommendations - the auditors had noted there were no target dates set for this. He said Mrs Stone had produced an action plan to go with SUI reports. He also noted that it had been agreed to review the timescales for SUIs as it took an average of 6/7 weeks for reports to go to the Board of Directors. He said that to complement SUI reports, a six-monthly exception report would be produced on actions not completed to time.

P/9/08SR Research Funds

Mr Stabb noted some recurrent spending had been identified as inappropriate. Agreed actions included a review of all funds to better distinguish charitable and research funds. Mr Taylor said this had been a really helpful audit and that the Trust had introduced extra control over each item of expenditure. Dame Yvonne Moores noted this had been very timely as the Trust was now a member of the Dorset Research & Development Consortium.
Mr Taylor noted the Trust had had no funds deposited with Icelandic banks.

The report was NOTED.

A&G 108/08 Implementation of Internal Audit Recommendations: Summary Report (Paper H)

Mr Stabb noted there were only two outstanding actions:

i) A Pharmacy review of controlled drug cupboards;
ii) Implementation of “Better Blood Transfusion”: the Trust’s blood transfusion staff were working through the recommendations – the timetable for completion was now May 2009.

Mr Smits noted the review of the Medical Care Group and IT security had raised the issue of routines linked to patient identifiable information. He had met with Mrs Christian to discuss the issues and would be discussing IT security with Mr Ward as some issues related to areas introducing their own IT systems.

Mr Taylor noted the Trust had taken a number of actions to improve IT security:

- He had written to managers to make clear that Mr Ward was responsible for IT security for systems historically managed outside of the IT Department. This had resulted in some issues being addressed such as the use of unencrypted laptops;
- An additional five days had been agreed for an IT audit – Mr Ward was identifying areas for review;
- A register of controls had been established with Mr Taylor having authority to approve these, eg. using PACS in the community. Authorisation would be based on a balance of risk against the needs of the hospital function – Mr Smits would risk assess requests as part of a formal approval process.

Mr Taylor noted that in their recent review of the Trust’s corporate governance, KPMG had said the IT follow up process was good.

The report was NOTED.

A&G 109/08 Trust Assurance Framework 2008/09 (Paper I)

Mrs Sutherland said the report was to assure the Committee that the Trust had an appropriate framework in place. She noted Internal Audit had been content with the framework and that the Committee could be assured there were no gaps in the processes.

The Chairman noted the Finance & Investment Committee was now also a control for financial balance.

Mr Stabb said the framework was an ongoing process and that the Internal Auditors reviewed it regularly with Mr Smits.
The Chairman said the column on gaps in assurance needed to be reworked as she was not sure it answered the question - Mr Smits said he would review this.

Dame Yvonne Moores noted that during the recent Healthcare Commission visit the assessment team had thought the Trust’s Assurance Framework was excellent.

The report was NOTED.

**A&G 110/08 Compound Indicators 2007/08 (Paper J)**

Mr Plant said he had submitted a return on the Trust’s counter fraud performance to the Counter Fraud and Security Management Service (CFSMS). The Trust had been assessed as performing well – the standard for most trusts was 2 whereas the Trust had been rated as 3. He noted that trusts were required to show exceptional and innovative practice to achieve 4.

Mr Plant noted there had only been two areas identified for improvement – fraud awareness and liaison with risk management. He had discussed these with Mr Taylor and agreed a programme of departmental training.

The Chairman thanked Mr Plant for his work.

The report was NOTED.

**A&G 111/08 Quality Control of Foundation Trust Audits (Paper K)**

Mr Taylor noted the Trust’s accounts had been selected for audit by the Quality Assurance Department of the Institute of Chartered Accountants (ICA). Individual feedback had now been received indicating that nothing untoward had been found in the audit.

Mr Jarvis noted that the process was effectively an audit of the auditors. He explained that Monitor employed the ICA to review trust accounts during a three-day audit, and said it appeared that new foundation trusts were usually selected. He noted it was a composite report - paragraphs B1 and B6 related to the Trust.

Mr Taylor reported that he had asked Monitor for the Trust’s individual report - this was circulated to Committee members.

Mr Taylor noted that he was to conduct his annual review of the Internal Audit files within the next two weeks.

The Chairman said it was reassuring that the audit function was itself examined.

The report was NOTED.

**A&G 112/08 Review of Audit & Governance Committee’s Terms of Reference (Paper L)**

The Chairman said she had reviewed the Committee’s Terms of Reference and that they did not need amendment. She noted the proposal that the
Terms of Reference should only be reviewed formally every five years - any changes required in the interim would be requested by the Chairman and brought to the Committee for approval.

Dame Yvonne Moores noted that the Finance & Investment Committee shared the same non-executive directors as the Audit & Governance Committee and asked whether this was appropriate. Mrs Sutherland noted there was more assurance for the Board if the Audit & Governance Committee comprised all the non-executive directors. She also noted the possible problems of ensuring the Committee was quorate if membership was reduced. The Chairman noted that the financial element of the Committee’s work was now relatively small.

Mr Spencer noted that the Finance & Investment Committee had some executive powers. Mr Knowles suggested that the Chairman of the Finance & Investment Committee should not sit on the Audit & Governance Committee – Mr Harvey said this should be reviewed.

The Terms of Reference were CONFIRMED.

It was AGREED to review the Terms of Reference every five years.

A&G 113/08 Annual Research Governance Report (Paper M)

Mr Talbot said the format of the report was a template that the Trust was required to complete - it summarised the Trust’s research activity over the past year. He noted most research arose from oncology – this was an area where the Trust was very active in national and international trials. He noted the Trust had recently signed up to the Dorset Research & Development Consortium and said this would be a strong force for attracting research.

Mr Talbot noted the Trust’s expenditure on cancer research was high but said that income from this was also high.

The report was NOTED.

A&G 114/08 Review of Standing Financial Instructions (Paper N)

Mr Taylor said he and Mr Goodwin had reviewed the Standing Financial Instructions but that it was not necessary to make any amendments.

The report was NOTED.

A&G 115/08 Review of Reservation and Delegation of Powers (Paper O)

Mrs Sutherland noted the scheme for the Reservation and Delegation of Powers had been updated to include new terminology and changes to the Trust’s executive committee structure. She noted that the Workforce Committee had not yet been established as the Terms of Reference had still to be agreed.

The Chairman noted some further amendments. Mr Beswick said he and Mrs Elkin would amend the document for submission to the Board of Directors on 26 November.
The amendments to the scheme for the Reservation and Delegation of Powers were NOTED.

A&G 116/08 Register of Authorisation of Tenders (Paper L)

Mr Taylor noted that no tenders had been authorised since the Audit & Governance meeting on 5 June 2008.

The report was NOTED.

A&G 117/08 Register of Losses and Special Payments (Paper M)

Mr Taylor said the directors had discussed the loss of patient property such as dentures and spectacles. The processes for the management of patient property were being reviewed to try to minimise losses.

Mr Taylor said pharmacy stock losses were being examined to try to reduce the overall level. However, Dame Yvonne Moores noted that a certain amount of loss was inevitable as the Pharmacy was required to hold stocks of some drugs that had a very short shelf life. She noted the Pharmacy tried to minimise loss by offering these drugs to other Trusts.

The report was NOTED.

A&G 118/08 Audit Commission

The Chairman noted the Audit Commission had been involved with the hospital for a long time, in their present guise and previously as the District Audit Service. On behalf of the Committee and the hospital, the Chairman thanked the Audit Commission in general and Mr Jarvis in particular for his involvement over the last two years. She said the Trust was very appreciative of their help and support.

A&G 119/08 Minutes of Hospital Executive Committee: August & September 2008 (Paper R)

The minutes were NOTED.

A&G 120/08 Draft Minutes and Minutes of Executive Committees:

Cancer: August 2008 (Paper S)

The minutes were NOTED.

Clinical Governance (June 2008)

The minutes were NOTED.

Drug & Therapeutics: September 2008 (Paper T)

Mr Spencer noted the high number of apologies for the meeting. Mrs Sutherland said Mr Talbot was to review the Committee’s membership and Terms of Reference.

The minutes were NOTED.
Infection Control: August, September & October 2008 (Paper U)

Mrs Sutherland explained that the “chain gangs” were groups of nurses, usually one per ward, with special interest in particular aspects of health care such as infection control or nutrition. Their role was to encourage action at ward level.

The minutes were NOTED.

Information: September 2008 (Paper V)

Mr Taylor said the issue of collecting items such as smartcards from staff leaving the Trust was important. Mr Knowles asked whether exit interviews were conducted as these were the ideal opportunity for such items to be collected. Mrs Sutherland confirmed that exit interviews were held – some work was being done on the interview format to ensure comprehensiveness.

The minutes were NOTED.

Risk Management & Safety: August & September 2008 (Paper W)

Mr Smits noted the journalist request for information in the September minutes. Mr Taylor said the Trust frequently received requests from journalists for information under the Freedom for Information Act (FOI). Mrs Sutherland said a report was to go to the Board of Directors on FOI requests. The Trust was reviewing its Publication Scheme which it was hoped would pre-empt many requests. Mr Plant noted that Trusts were entitled to charge for the time taken to produce information.

The minutes were NOTED.

Clinical Governance: September 2008

The minutes were tabled as they had not been available for distribution with the other Committee papers. Members were asked to let the Chairman know of any issues arising from the minutes.

A&G 121/08 Any Other Business

There were no matters of any other business.

A&G 122/08 Dates and Times of Next Meetings

- Friday 16 January at 9 am
- Thursday 19 March at 9 am
- Thursday 4 June at 9.30 am
- Thursday 10 September at 9 am
- Thursday 12 November at 9 am

It was noted that the date of the January meeting had been changed to Friday 16 January.