

Meeting:	Trust Board
Date:	16 th April 2008

Title:	Finance Report – Appendix 2 - Audit Committee Minutes
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Executive Summary:	Attached are draft minutes of the audit committee meetings held on 1 st February and on 20 th March 2008.
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Action:	For information
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Report from:	Trish Donovan, Deputy Director of Finance
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Sponsor:	Richard Martin, Director of Finance
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Financial Validation	Name of finance officer
Lead: Director of Finance	

Compliance with statute, directions, policy, guidance	Reference:
Lead: All directors	

Compliance with Healthcare Commission Core/Developmental Standards	Reference:
Lead: Director of Nursing & Clinical Development	

Compliance with Auditors' Local Evaluation standards (ALE)	Reference:
Lead: Director of Finance	

Evidence for self-certification under the Monitor compliance regime	Compliance framework reference:
Lead: All directors	

Draft Minutes of the Audit Committee Meeting

1st February 2008
Level 5 Meeting Room,
Highgate Wing

Present

Anna Merrick	Chair
Dee Henry	Non Executive Director

In attendance

Richard Martin	Director of Finance
Trish Donovan	Deputy Director of Finance
Philip Johnstone	Audit Commission
Keith Hosea	Audit Commission
Nick Atkinson	ParkHill Audit Agency
Suki Pooni	Counter Fraud Service (Parkhill)
Nigel Sedgwick	Local Counter Fraud Service (Parkhill)

Apologies

Maria Duggan	Non Executive Director
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1. Introductions and apologies for absence

- 1.1 Apologies as noted above.
- 1.2 Noted this is AM's first Audit Committee

2. Minutes of June meeting

Agreed

3. Matters Arising

- 3.1 ALE document from KH - to be re-distributed to members
- 3.2 Ext Audit Plan – ongoing discussions with RM
- 3.3 Re IFRS - capacity of Finance Dept raised by AM – RM clarified external advice being sought, requirements remain unclear until advice issued by Treasury

4. Minutes of Assurance Committee meetings

- 4.1 Noted

5. Terms of Reference & Membership

- 5.1 It was noted that the committee should meet 4 times per year – meetings to be timetabled for remainder of the year.
- 5.2 NA agreed to share details from other organisations in terms of meeting agendas/content for comparison
- 5.3 The following revisions were agreed to the wording of the ToR document – these mainly relate to clarifications and terminology that is relevant for Foundation trusts
 - ◆ Item 1, page 1, first bullet point – replace “the NHS” with “Foundation Trusts”
 - ◆ Table in item 2, page 1
 - Replace Internal Auditors with LCFS for the item relating to counter fraud ;
 - Replace “compendium of Financial Policies & Procedures” with “Standing Financial Instructions and Reservation & Delegation of powers”
 - Add regular report on SLA position / NHS Balances

- ◆ Amend wording re the appointment of Auditors to “to make recommendation to the Council of Governors on the appointment of External Auditors for the Foundation Trust”
- ◆ Page 3 – reword section on monitoring compliance against the Trust’s Compendium of Financial Policies & Procedures” to “Standing Financial Instructions and Reservation & Delegation of powers” and include “ensure these are consistent with the Foundation Trust Constitution
- ◆ Replace “Trust Fraud Investigations” with “LCFS findings”
- ◆ Update the table at Appendix A
- ◆ Replace Appendix B (Risk Management Committee Structure) with an updated version

6. Internal Audit Report

6.1 NA presented the report, which was positive. NA explained that there had been a move to substantial assurance being given for all recent reports and that the Trust was ensuring that recommendations were being implemented.

6.2 The report was noted.

6.3 NA commented on other areas that he is involved with, which include

- ◆ that he (with TD) sits on the ESR project board
- ◆ meeting with E&Y re the due diligence exercise for the FT application
- ◆ meeting with Monitor

6.4 It was noted that 1 high priority recommendation had been raised this year in relation to confirming & documenting arrangements in respect of the Fixed Asset Register

6.5 AM noted that some recommendations had been re-iterated – NA confirmed that priority items are being implemented

6.6 RM noted the position re HPC and reported that there is an ongoing dispute with them – NA confirmed that the Trust was not getting value for money and agreed this was the correct approach

7. LCFS Progress Report

7.1 The report was presented by NS.

7.2 Training and publicity undertaken was outlined.

7.3 There was 1 new potential case reported this morning, via a whistleblower – this is to be investigated and relates to possible timesheet duplication.

7.4 In terms of current cases

- ◆ working whilst sick is ongoing – NS commented that information was awaited from HR in order to progress this. It was noted that RM/TD would raise this if timescales were an issue – NS needs to let them know.
- ◆ Payroll fraud case – limited information from the bank, this is now being passed to the police

7.5 It was noted that the Trust scored a 3 for the compound Indicators exercise (which is good)

8. External Audit Progress Update

- 8.1 KH presented the progress report, summarising work since the last meeting
- ◆ It was noted that the audit of Charitable funds was completed in January, with an unqualified opinion.
 - ◆ The review of 2007/08 is due to commence next week and this will place reliance on the work of Internal Audit.
 - ◆ In terms of ALE, evidence is being compiled for the first 3 areas
 - ◆ The report called “a prescription for partnership” is to be circulated by KH
- 8.2 PJ presented the Annual Audit letter, noting that this had already gone to Trust Board, following initial discussions with the CEO and DoF. This was a positive letter and issues noted were technical rather than anything of major concern. PJ confirmed the opinion that the Trust is well run and has robust systems
- 8.3 It was noted that the deadline for NHS Annual Accounts this year is 23 June and the timetable for Foundation Trusts is likely to be approx 2 weeks earlier. PJ thinks the Trust can deliver to the required timescales.
- 8.4 PJ expressed the view that it had been a particularly challenging year last year and that the high degree of support & responsiveness from RM, TD & teams across the Trust made the audit easier.
- 8.5 RM checked whether any issues were anticipated for this year’s closure of accounts – PJ clarified that nothing was anticipated. AM noted that this was pleasing
- 8.6 RM asked PJ whether the additional investment needed to aim for a level 4 ALE score was worthwhile - PJ clarified that a score of 4 would be needed in Financial Management, Financial Standing and Value for Money in order to score a 4 overall and that significant additional investment is generally needed
It was noted that the scoring system changes for Foundation Trust
- 8.7 DH noted the reduced score for the financial reporting element, within the overall improved score – PJ explained this was in relation to the revisions required to the draft accounts in terms of the technical accounting for the PFI and was due to the value of the transaction
- 8.8 Final reports on the Transformation process and on PbR were noted – interim reports had been presented at the June meeting.

9. Annual Review of Integrated Governance Documents

- 9.1 RM presented the paper, summarising the annual review for 2007/08.
- 9.2 It was noted that Standing Orders are being replaced by a revised set, suitable for Foundation Trusts, which have been agreed by the Board with the FT constitution.
- 9.3 The current SFIs and Reservation & Delegation of powers now need to be further reviewed to ensure consistency with the constitution, in preparation for 2008/09. The current set are included in the papers and comments are invited.
- 9.4 The position in terms of future changes to Standing Orders and the potential need to agree these with Monitor was noted.

10. Tender Waiver Report

The latest report was noted, it was agreed that this will be amended to show relevant tendering limits in future

11. Write off of Bad Debt

- 11.1 TD presented to proposed write off of bad debt, which totalled approx £46k.

11.2 This was discussed in terms of both overseas visitors and private patient debts.

11.3 Both PJ and NA confirmed that this is low value
The committee agreed this for write off

12. Issues to Communicate to Assurance Committee

None

13. A.O.B

None

14. Date of Next Meeting

Agreed there will be 4 meetings p.a. – dates to be scheduled.

Draft Minutes of the Audit Committee Meeting

20th March 2008
N19 Meeting Room,

Present

Anna Merrick
Robert Aitken

Chair
Non Executive Director

In attendance

Richard Martin
Trish Donovan
Nick Atkinson

Director of Finance
Deputy Director of Finance
ParkHill Audit Agency

1. Agenda

It was agreed that the agenda was restricted to urgent business, namely :

- ◆ Re-appointment of Internal Auditors
- ◆ Annual review of the Trust's Integrated Governance Document
- ◆ A.O.B.

2. Appointment of Internal Audit

RM summarised the current contractual position. ***The committee agreed*** that the current contract with Parkhill should be extended for 1 year. It was noted that the contract runs for the financial rather than calendar year and fees are based on the plan with an annual uplift.

3. Annual Review of Integrate Governance Document

TD presented a report summarising the current position and documentation. ***The committee agreed*** that, in light of the delay in the Trust's FT application, the existing set should remain in place. It was noted that these have been reviewed within the finance department plus independently by Parkhill consultancy and remain fit for purpose, subject to the amendments described in the report (tendering limits and tender waiver documentation) being actioned.

It was noted that these documents are being re-written, as described in the report, to ensure they are appropriate for the Foundation Trust regime. An updated set for this purpose will be brought to the June meeting.

4. A.O.B

4.1 Audit & Assurance Committees

- ◆ AM raised the relationship and flow of information / documentation between the Assurance and Audit Committees. This was discussed in some detail and it was noted that the committee structure is currently being considered by the Board
- ◆ RA expressed that the NEDs are reviewing the best way of aligning information and making it transparent.
- ◆ NA outlined the national position in terms of best practice and suggested that Monitor's self assessment tool might be looked at, in addition NA agreed to provide

examples of what works in other organisations. In addition NA informed the committee that the Head of Internal Audit opinion was about to be issued (for 2007/08) and clarified the assurances that feed the SIC (Statement of Internal Control).

- ◆ ***The Committee commissioned a piece of work*** from Internal Audit to produce a work-plan looking forward at self-certification processes. NA indicated that he would include time for discussion with the NED chair of the Audit committee and NED chair of the Assurance committee. It was agreed that some of the contingency element of the current year's plan should be used for this piece of work.

4.2 Annual Report from the Audit Committee

AM raised the requirement to produce an annual report. It was agreed that this would be better timed once the accounts and ALE processes are complete and noted that in the meantime minutes of the committee, detailing work throughout the year are routinely sent to Trust Board.

4.3 Draft Audit Plans

The draft Internal Audit plans were approved, subject to management agreeing the detailed content, so that NA can ensure work is commenced. It was agreed that AM & RA would send any comments, which will be reflected in the final version, to be brought to the next meeting.

5. Date of Next Meeting

The next meeting is scheduled for 20th June at 2pm.