

---

## The Whittington Hospital NHS Trust Audit Committee

---

~ DRAFT ~

### Minutes of the Audit Committee Meeting

Wednesday 21<sup>st</sup> June 2006

Redevelopment Meeting Room, Level 2,  
Highgate Wing

---

#### Present

Peter Farmer	Chairman
Maria Duggan	Non Executive Director

#### In attendance

Susan Sorensen	Director of Finance
Trish Donovan	Deputy Director of Finance
Philip Johnstone	Audit Commission
Keith Hosea	Audit Commission
Nick Atkinson	ParkHill Audit Agency
Suki Pooni	Local Counter Fraud Service (Parkhill)
Zenda Kiff	Local Counter Fraud Service (Parkhill)

#### Apologies

David Sloman	Chief Executive
Dee Henry	Non Executive Director

#### 1. Introductions and apologies for absence

1.1 Apologies as noted above.

#### 2. Minutes of meeting held on 9<sup>TH</sup> November 2005

2.1 Agreed, subject to minor typing error on page 2, as an accurate record

#### 3. Matters Arising

3.2 It was clarified that the list of outstanding internal audit recommendations has been received by the Trust and agreed that SS/TD will bring an update in terms of an action plan to the next meeting. It was also noted that a monthly meeting has now been established and this will incorporate a quarterly update of outstanding recommendations.

**Action SS/TD**

3.3 Integrated Governance. NA to circulate the summary of the handbook (prepared by an audit colleague) and the presentation given to the Trust Board, earlier in the day.

**Action NA**

PF reported back on the Trust Board Seminar earlier in the day and it was noted that the Board agreed to maintain the current structure and review it again in a year.

7.27 It was noted that a detailed response to the recommendations in the Capital procurement report had now been received and the position would be updated.

**Action NA**

In terms of procurement procedures, John Baglivi (Head of Procurement) is meeting Edward Harrower (Parkhill) to ensure consistency with the Trust's SO's & SFIs as part of the work to update Trust procedures.

9.2 SS and SP met and this is picked up on the agenda

12.2 Noted cash management information is being developed. **Action SS/TD**

15.1 Agreed, current position re contract has been resolved (contract renewed), noted this should be discussed at the next committee as we are now entering the third year. **Action PF**

No other matters arising

#### **4. Minutes of Assurance Committee meetings**

4.1 Minutes of the above Committee meeting of 19<sup>th</sup> April 2006 were noted as an accurate record.

#### **5. Audit Committee Terms of Reference**

5.1 SS presented revisions to the ToR. It was noted that a further revision was needed, namely to show the requirement to report on NHS Debt in the table of information provision. The revised ToR were agreed and a copy will be appended with the minutes of this meeting for inclusion in papers to the Trust Board. .

#### **6. Internal Audit**

6.1 Progress Report

6.1.1 NA presented the progress report for 2005/06. A typing error was noted on page 6, where the overall assurance should show substantial for the financial ledger audit. The only recommendation to be flagged up was the timing of control account reconciliations

6.1.2 In terms of the Debtors review, it was noted that work is underway on procedures including ensuring that invoices are raised within required timescales and progress in terms of debt collection be logged on the system.

6.1.3 Limited assurance overall had been given for the payroll audit, however it was noted that this was against one specific control and that a more comprehensive SLA is now being developed.

NA reported that he had attended the shared service board meeting and was pleased that the Trust is taking forward the issues identified.

It was noted that the service is provided at a fully absorbed cost and that a price increase is currently being negotiated.

MD requested a copy of the SLA, or a summary of it once complete.

**Action SS/TD**

6.1.4 It was noted that charitable funds expenditure is not always committed via the EROS system and that some previous recommendations remained outstanding.

## 6.2 ALE

In terms of ALE it was noted that there is not a report from Internal Audit but clarified that their role was to assist the Trust in compiling the required information.

## 6.3 Follow Up Report

It was noted that a higher % of recommendations were being re-iterated compared to other organisations, however a substantial number of these were in areas where there has recently been a change in management / staff.

MD registered concern at the number of outstanding recommendations and queried the Trust's approach / capacity to deal with this level of issues. SS confirmed that this will be included in the Director of Finance's objectives for this year and that an action plan will be developed with an update to be brought to the next meeting (as noted at 3.2 above). It was also noted that many of the recommendations are outside the finance department, however the finance department will lead on taking the overall issue forward.

A specific progress report on the Medical Physics SLA recommendation was requested for the next meeting, as this was due in January.

**Action SS/TD**

## 6.4 Annual Report

The report was noted as generally a positive overall opinion.

A couple of typing errors were noted, namely :

- ◆ Page 6 the overall opinion was missing it's last sentence, however this is repeated correctly in Appendix 1 on page 20.
- ◆ Executive Overview, page 7, point 4.4 should read "all but three areas".

It was agreed that the Head of Internal Audit letter should be included in papers to the Trust Board.

## 6.5 Audit Needs Assessment

NA presented the assessment and clarified that it had been built up through discussion with officers and knowledge of the organisation and current issues.

Appendices 3 & 4 detail the proposed reviews. PF queried the role of Internal Audit in "Preparation for Foundation Trust Status" (item 14 on page 20, Appendix 4) NA clarified this would be around adding value in terms of financial information going to the Board and possibly on HR/Workforce information.

It was noted that SS and NA would go through the final version and it may be possible to hold a few days contingency for wider issues. **Action SS/NA**

## 7. Local Counter Fraud Service

7.1 SP presented the draft plan for comment. It was noted that SP needs to meet with SS to refine the details and bring a draft SLA to the committee, including fees. (£360 per day). **Action SP**

7.2 ZK presented the progress report. It was noted that new posters have been distributed and an awareness survey was being issued to all staff. In terms of the report, it was noted that there are 3 open cases. ZK clarified that once an investigation is complete, details are passed to HR for appropriate action and this is separate to any criminal investigation.

***NA, SP and ZK left the meeting.***

## **8. External Audit**

### **8.1 Progress Report**

KH presented the progress report.

It was noted that financial information has been requested on Agenda for Change and that this is work in progress.

KH gave an overview of the Acute Hospitals Portfolio.

The full spotcheck report was tabled, a summary had already been included, any comments on the report should be sent to KH.

### **8.2 ALE Update**

PJ presented the update against the 3 areas completed and confirmed that for each of these, the Trust had scored 2. The overall comparative position for London was discussed and on the 4 point scale, no Trust scored 4, very few scored 3 and some Trust's going forward with FT applications were scored 2.

The chairman expressed disappointment that the Trust had only scored 2, which is described as "only at minimum requirements - adequate performance" as feedback from other sources, including the recent FT Diagnostics process, indicated that performance was very strong compared to other organisations across London.

The scoring methodology was discussed in detail. A score of 1 was considered a fail (inadequate performance) and a score in the range of 2-4 a pass. It was clarified that although it is described as adequate, a 2 is a good score, however it was also noted that the framework is such that there is not much flexibility to distinguish between organisations scoring 2 and a range of performance can fall into this category. It was further clarified that to move from a 2 to a 3 (described as consistently above minimum requirements – performing well) you must meet all the level 3 criteria – the areas the Trust needs to improve on are highlighted in the draft report.

It was queried whether the score could be re-visited and PJ confirmed that re-considering the score may be a possibility, should the Trust provide additional evidence demonstrating that it met specified criteria.

It was also noted that the assessment on 2 further areas is yet to be completed, namely Financial Reporting and Financial Standing and a final report on all five areas will be issued in September.

Any further developments will be reported back to future meetings of the Audit Committee.

## **9. Annual Accounts**

9.1 SS presented the Director of Finance's report on the Annual Accounts, which included a response to the points raised in the original draft "Annual Governance Report from the District Auditor" which had been included in papers for the meeting. An updated governance report was tabled at the meeting with changes highlighted. It was noted that no material matters were raised (materiality being in excess of £1m). There is a new category "non trivial" (values below materiality £1.2m but above trivial £120k) and two items were being noted. These were :

- ◆ Ward stock of drugs
- ◆ PDC value

PJ confirmed that there was no requirement to make changes to the accounts but these items should be considered for the future and further clarified that it was unclear whether the PDC items would result in a change, as further clarification would be needed from the DH. PJ further clarified that these were considered minor items.

The committee decided that no adjustment would be made to the accounts in respect of these items, unless SS advised otherwise on having the opportunity to consider the PDC item.

9.2 The report from SS was noted, including points about the break-even duty and RAB. It was clarified that written confirmation has been requested from the SHA detailing the agreement on the break-even duty.

9.3 It was noted that Directors' remuneration is now shown in the annual report not the notes to the accounts.

9.4 PJ expressed gratitude on behalf of the audit team to Trust staff for their co-operation during the audit.

9.5 It was agreed that chairman's action could be taken in terms of adopting the accounts, should any amendments be required.

## **10. Draft Standing Orders, Reservations and Delegation of Powers and Standing Financial Instructions**

10.1 SS presented the updated draft, with changes highlighted. These were agreed.

## **11. Tender Waiver Report**

11.1 The current report was noted

## **12. Cash Management in the NHS – NHS Debt**

12.1 The Committee noted the schedule of NHS debts greater than £5,000 and more than six months old as at the end of the financial year. It was confirmed that the largest item (for £194k) had now been paid.

## **13. A.O.B.**

none

## **14. Date of Next Meeting**

The next meeting will be held on 9<sup>th</sup> November at 9am.