

---

## The Whittington Hospital NHS Trust Audit Committee

---

~ DRAFT ~

### Minutes of the Audit Committee Meeting

Monday 28<sup>th</sup> March 2006

Room 1, Postgraduate Centre  
Holborn Union Building

---

#### Present

Peter Farmer	Chairman
Maria Duggan	Non Executive Director
Dee Henry	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)

#### Apologies

David Sloman  
Philip Ient

---

#### 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 4, as an accurate record

#### 3. Matters Arising

3.1 It was noted that a progress update on capital is included in Internal Audit's report

3.2 A list of outstanding audit recommendations has been requested, NA to ensure this is sent to SS/TD within the next few days.

**Action NA**

3.3 Integrated Governance. It was reported that the full document is available, without an executive summary. It was noted that this was discussed at the Assurance Committee and that Margaret Boltwood is currently preparing a summary for the Trust. NA reported that an audit colleague has also prepared a summary and agreed to circulate that.

**Action NA**

It was also agreed this document needs to be considered at a future Board meeting.

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

4.1 Minutes of the above Committee meetings of 8<sup>th</sup> December 2005 and 3<sup>rd</sup> March 2006 were noted as an accurate record.

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

5.1 PF introduced a paper. The change in relation to the timing of distribution of papers, as agreed at the previous meeting and verbally reported to the Trust Board has now been incorporated.

5.2 It was agreed that the latest version of the Terms of Reference, including this change, will be reviewed at the next meeting.

#### **6. External Audit - Draft Audit Plan 2005/6 and Progress Report**

6.1 KH introduced the draft audit plan, which has previously been discussed with SS, the plan takes account of mandatory requirements and main risks which are summarised in Appendix 1. Fundamental risks identified were in relation to plans to break-even and deliver the required CIP; Consultants Contract; Agenda for Change and Payment by Results. The committee were agreed the draft plan subject to further comments from the CEO.

6.2 MD raised the issue of the current London position and associated risks eg. PCT funding being top sliced and the impact on commissioning. It was agreed there are major issues outside the Trust's control and we should ensure that the Trust is doing the best it possibly can.

6.3 PF raised the issue of overlap between the role of audit, Monitor, the SHA etc. PJ clarified that audit will not cover the same areas where it is possible to rely on work done by others.

6.4 PF requested clarification of the Trust's relative position and PJ confirmed that :

- overall the Trust's position is relatively good but sector (or wider) issues and plans of other large local organisations could have an impact ;
- in terms of the annual statutory accounts there are good procedures in place, although the Trust may be vulnerable in terms of the current level of resource in the finance department ;
- there are good relationships between the Trust and audit however information is not always provided as quickly as it is requested (possibly a reflection of the current resource issue)

6.5 PF requested clarification of the fee quote as it has increased by 7.5%. PJ clarified that this is in line with guidance on fee setting. It was noted that as an FT the audit fee would be lower.

6.6 In terms of the progress report, it was noted that reasonable progress is being made in all areas:

- systems work for the annual accounts is nearing completion and reliance is being placed on the work of internal audit ;
- Agenda for Change and E-Booking audits are in progress

- A spot check report was issued to Trust staff for comment
- Focus was drawn to page 5 “Health Concordat” and PF requested comments. SS confirmed she has recently completed an e-questionnaire, and although overall it’s very positive, further co-ordination is needed as lots of time is currently spent producing information and responding to self-assessments rather than implementing recommendations.
- Re PFI - It was clarified that a financial model is awaited from the Trust’s PFI partners, not from the Trust
- Acute Hospitals Portfolio follow-up – waiting for response from the Trust – generally a positive report. SS confirmed this has been chased up internally and will be closed off once responses received.

## **7. Internal Audit Progress Report**

- 7.1 NA introduced the report and confirmed that an audit needs report will be undertaken (as per private meeting) and that there are a few audit days remaining in the current year.
- 7.2 Key issues in the report were highlighted:
- 7.2.1 Financial Reporting & Budgetary Control – improvement potential around budget virement procedures and clarity of explanation of variances
- 7.2.2 Treasury Management – the increasing importance of cash management was noted and the need to update procedures and possibly tighten security; It was noted that some previous recommendations had not been implemented; SS reported that Edward Harrower (Parkhill consultancy) has been retained to review procedures and that cash-flow forecasting is subject to review internally incorporating a change in personnel and a review of procedures
- 7.2.3 Non Pay Expenditure – noted that compliance with procedures (page 13) was of concern; it was not always possible to trace the audit trail when testing and that previous recommendations remained outstanding in this area
- 7.2.4 PbR – overall substantial assurance, but included limited assurance on the final point around the timing of information for billing and the follow-up of debtors; the recommendations were all accepted by the Trust
- 7.2.5 Bank & Agency – substantial assurance but key issues identified including one ward identified that wasn’t keeping a local record of temporary staff used (potential for fraud) and paperwork in the temporary staffing office was flagged as a concern – although all required documentation was eventually provided.

MD registered surprise that it had been possible to register 2 staff without CRB checks.

SS updated on electronic booking for the temporary staffing office and the proposed interface with the payroll system. It was noted that previous recommendations in this area had largely been implemented.

The North Middlesex Hospital do not currently appear to be pursuing the provision of a temporary staffing service by the Whittington as was under discussion some months ago.

7.2.6 It was noted that Internal Control and the Board Assurance Framework was discussed in detail at the Assurance Committee.

7.2.7 Follow Up of previous Audits (page 34) was discussed.

MD requested a detailed review of areas that were previously given limited assurance

Capital schemes – it was noted that the revised procurement policy is to be finalised, a draft was presented to the Finance & Performance Committee and it was agreed that this procedure needs to be checked to ensure consistency with SFIs & SOs and that a summary needs to be added.

**Action SS / PI**

It was noted that the recommendation on raising variation forms for variances above £5k or 5% was agreed by the Capital Monitoring Committee, however these remained outstanding for 3 significant items tested. It was agreed that this needs to be followed up and a briefing note should be provided to the committee.

**Action PI**

## **8. ALE Update**

8.1 Latest guidance as included in documents noted

8.2 Audit Progress – some documentary evidence in support of the Trust's submission is awaited from the Trust – mainly on financial management and internal controls. It was noted that this is needed this week. **Action SS/TD**

8.3 PJ clarified that scores will not be finalised until August, but draft scores will be issued before then.

8.4 In terms of planning for next year it was agreed that setting up information in advance would be useful and suggested that Internal Audit could help as they already receive lots of the required documentation for other purposes.

## **9. Local Counter Fraud Service Progress Report**

9.1 SP presented the report which was noted, key points were:

- good attendance at the counter fraud stand
- two training sessions had been delivered
- noted counter fraud is not currently part of the Trust's induction programme
- two investigations are ongoing

9.2 The 2006/07 workplan has been submitted, indicating approximately 100 days. It was agreed that SS would discuss this with SP as this seems high given that the Trust has less than 3,000 staff. **Action SS**

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

10.1 It was noted that model documentation is being reviewed, for the Trust, by Edward Harrower.

10.2 SS highlighted areas where the Trust appears to differ including :

- some terminology (officer / member)
- composition of Trust Board
- limits for decisions reserved for the Board
- need to add tender waivers to remit of audit committee
- need to add details of other Trust committees

10.3 A high level list of delegated authority is included, a detailed scheme of delegation for officers now needs to be drawn up.

10.4 SS presented a proposed summary of the terms of reference of the Assurance Committee (which had been discussed and agreed with Margaret Boltwood), for inclusion and requested confirmation that this was acceptable. DH informed the committee that she would like to refer to the complete terms of reference document before confirming the summary. It was agreed that DH should check and inform SS should any amendment be required. **Action DH**

10.4 Agreed documents should go to the May Trust Board meeting and any comments should be sent to SS before then - NA to check whether there are any outstanding recommendations that relate to these documents **Action SS**

**Action NA**

10.5 Item 13.1.2 relates to setting budgets before the start of a financial year and it was recognised that this is not possible in the current climate (tariff, SLA timetables etc), however as an interim arrangement an approach for setting initial 2006/07 budgets was agreed at the March Trust Board, so that operational managers have an agreed opening budget.

10.6 Notes the nominated non-executive for security management (page 60) is Pat Gordon. SP agreed to send appropriate information and forms for completion.

## **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.

12.2 It was noted that a trail between this and the information available at the Finance & Performance Committee would be useful. This will be explored as part of the ongoing development of financial information / reporting.

**Action SS/TD**

## **13. Recommendation for write off of bad debts**

13.1 The schedule of non NHS debts, considered irrecoverable, was agreed for write off.

#### **14. Audit Committee Annual Report to the Board**

14.1 The report was agreed including agreement that chairman's action be taken should any amendments be required; any comments to be notified to PF in the next few days.

#### **15. Renewal of Internal Audit Contract**

15.1 It was unclear as to whether there was another year to run on this contract. It was agreed if the contract end date is 31/03/2006, an extension will be applied. NA to clarify with John Baglivi and inform SS and PF. **Action NA**

#### **16. A.O.B.**

16.1 The timetable for production of the 2005/06 annual accounts was discussed, it was agreed that the draft accounts should be presented to the May Trust Board meeting with a recommendation that authority be delegated to the Audit Committee for agreement of any changes in order to meet the required timescale (accounts to be submitted to DH by 8<sup>th</sup> July). The final accounts would then be formally presented to the July Trust Board meeting.

#### **17 Private meeting with Auditors**

17.1 The following note, from the Chairman of the Audit Committee, has been added to the minutes

*The Committee met with the Auditors privately without Executive attendees. Both Internal and External Auditor representatives indicated that they had no significant issues which they felt required raising in private. They each indicated also that they felt that the contact and relationship was in place to facilitate a direct approach to the Audit Committee and Chair as and when any such issues did arise.*

*Particularly for the Internal Audit team, it was felt that additional liaison arrangements could usefully be put in place with the Finance Department to ensure efficient working and progress. This has suffered a little recently given the intense workload being experienced by that team and the staffing changes.*

*The External Auditors noted their view that the functioning of the Department would need to change slightly in achieving Foundation Trust status and skills such as financial modelling and analysis may need to be enhanced.*

*The Committee members had no issues they wished to raise in a private meeting with the Auditors.*

*It was agreed that this meeting would be held at least annually.*

#### **18. Date of next meeting.**

The next meeting will be held on 21<sup>st</sup> June at 12.30 (following the Trust Board seminar) in the Redevelopment Meeting Room, Level 2 Highgate Wing.

It was agreed that dates for future meetings should be set at the June meeting.