

TRUST BOARD
27th March 2014

TITLE	Audit Committee Minutes
EXECUTIVE SUMMARY	<p>The attached are minutes of the Audit Committee meeting held on 22nd January 2014.</p> <p>The main points considered were: -</p> <ul style="list-style-type: none"> • Internal audit – received an update on the six completed internal audit reports and progress with the implementation of recommendations; • LCFS – approved the Fraud and Corruption Policy; • External Audit – approved the plan for the 2013/14 audit; • Charity Report and Accounts – reviewed the 2012/13 report and recommended that the Board approve this; and • Annual Report and Accounts – reviewed and approved the timeline for the preparation of the annual report and accounts for 2013/14. Also agreed to the non-consolidation of the Charity Accounts.
BOARD ASSURANCE (Risk) / IMPLICATIONS	The Board is assured by the scrutiny provided by the Audit Committee on matters of risk.
STAKEHOLDER / PATIENT IMPACT AND VIEWS	Internal and external audit reports and Local Counter Fraud Specialist updates are reviewed at the meetings of the Committee. Recommendations are accepted by the Trust after engagement of the relevant area lead.
EQUALITY AND DIVERSITY ISSUES	None that we are aware of.
LEGAL ISSUES	None that we are aware of.
The Trust Board is asked to:	Note the minutes of the Audit Committee meeting held on 22 nd January 2014.
Submitted by:	Terry Price, Non-Executive Director and Audit Committee Chair
Date:	19 th March 2014
Decision:	For Receiving

Title: Minutes of the Audit Committee Meeting held on 22nd January 2014

PRESENT:	Mr. Terry Price Mr. Jim Gollan	Non-Executive Director and Committee Chair Non-Executive Director
IN ATTENDANCE:	Mr. Simon Marshall Mr. Paul Doyle Mr. George Roe Ms. Dakshita Takodra Mr. Paul Grady Mr. John Lester Ms. Jennifer Garven Ms. Wendy Jefferies Mr. Robin Pritchard	Director of Finance and Information Deputy Director of Finance Head of Corporate Affairs TIAA (Internal Audit) TIAA (Internal Audit) KPMG (External Audit) KPMG (External Audit) Gateway Assure (LCFS) Gateway Assure (LCFS)
SECRETARY:	Mr. Paul Doyle	Deputy Director of Finance
APOLOGIES:	Mr. Philip Johnstone	KPMG (External Audit)

1. Introductions and Apologies for Absence

Apologies are as listed above.

2. Minutes of Previous Meeting
Minutes of the Meeting held on 23rd October 2013

The minutes of the meeting held on 23rd October 2013 were approved.

3. Matters Arising
3.1 Actions List

The Committee reviewed the Actions List and noted that one item was now complete and six items were on the agenda, including the verbal update required from the Director of Finance and Information which would be covered under agenda item 6.2.

It was agreed that the action point regarding expense reporting was discharged.

3.2 Local Security Management Specialist Update

The Committee noted the self-assessment report on LSMS that had been submitted to NHS Protect in 2013. It was agreed that in future this would be routed through the Risk Scrutiny Committee and IGAC before going to the Trust Board.

There were a few queries about the RAG rating, however Wendy Jefferies

reported that NHS Protect had attended a Security Group meeting and had stated that the self-assessment had been one of the best that they had seen.

3.3 Prepayments

The Deputy Director of Finance presented the paper on Prepayments which gave a breakdown the £2.7m of prepayments that the Trust had made at 30th September 2013. Of this the large proportion related to payments under annual contracts (maintenance etc) or instalments (CNST and rates). It was unlikely that a significant element related to payments in advance for goods rather than services.

It was noted that this was reflective of normal commercial practices and agreed that this would continue to be reviewed to ensure value for money. In addition when the next review of Standing Financial Instructions is carried out the section on Prepayments would be updated.

PD

4. Internal Audit

4.1 Internal Audit Report - Progress Report

Dakshita Takodra presented the progress report from TIAA which included the following:

- (i) Internal audit plan status report – Final reports have been issued for the six audits detailed in (ii) below. A draft report has been issued for the Transcription Service IT audit and Financial Ledger, SLR, Budgetary Control and Accounts Receivable audits were in progress.
- (ii) Summaries of final reports issued for the following completed audits:
 - a) Board Assurance Framework
This report concluded that there was substantial assurance in this area. In total two recommendations had been made of which one was medium level and one was low level.
 - b) Treasury Management
This report concluded that there was substantial assurance in this area. In total three recommendations had been made of which one was medium level and two were low level.
 - c) Non-Pay Expenditure
This report concluded that there was substantial assurance in this area. In total one recommendation had been made which was medium level.
 - d) Safeguarding Children & Young People
This report concluded that there was substantial assurance in this area. In total fourteen recommendations had been made of which nine were medium level and five were low level.
 - e) Payroll
This report concluded that there was substantial assurance in this area. In total four recommendations had been made of which three was medium level and one was low level.

f) CIP – Quality Component

This report concluded that there was limited assurance in this area. In total eight recommendations had been made of which five were high level and three were medium level.

Simon Marshall updated the Committee and stated that a paper had gone to the January IGAC meeting addressing the recommendations in this audit report. Terry Price stated that a lot is happening on this in particular the workstream element and using it going forward for 2014/15 CIP's.

(iii) A database of progress with implementing internal audit recommendations:

- of the 23 recommendations outstanding from 2011/12, 1 is no longer applicable, 10 have now been evidenced and the latest position of the remaining 12 was:

- 9 implemented;
- 3 work in progress;

Included in the Work in Progress were 2 in relation to Stock Management and 1 on Estates Sterile Services.

Terry Price updated the Committee on a meeting held with Danny Hariram and Kate Clarke on the Review of Consultant Job Planning recommendations. This had led to the recommendations being shown as completed due the actions currently being taken.

- the latest position of the 49 recommendations in relation to 2012/13 audits was:

- 1 no longer applicable;
- 46 implemented (of which 41 evidenced so far);
- 2 work in progress; and

Jim Gollan asked whether anything had changed since the TIAA merger in terms of location and practices. Paul Grady responded by informing the Committee that a further merger with South Coast Audit had occurred on 1st January 2014 and as a result of that processes would be reviewed with a view to harmonising.

The Committee noted the Internal Audit Progress report.

4.2 Update on Aged Internal Audit Recommendations

The Deputy Director of Finance presented the paper of aged internal audit recommendations. Good progress had been made since the last Committee meeting and now only three such recommendations remained.

5. Local Counter Fraud Specialist (LCFS)

5.1 LCFS Update Report

Wendy Jefferies presented the update report on progress with counter fraud matters which included the following:

- (i) an update against the 2013/14 counter fraud work plan;
- (ii) an update on proactive work; and
- (iii) a summary of referrals.

The National Fraud Initiative work was now all cleared as the two outstanding matches had been completed since the report had been written.

In relation to the referrals a few issues had been identified with regards to payments for car parking and these would be taken forward over the next couple of months.

Jim Gollan asked whether the number of cases identified was in line with what the LCFS expected for a Trust of this size. Wendy Jefferies said that it was a lot to do with awareness and publicity, both of which had improved, but that yes more cases would have been expected.

The Committee noted the report.

5.2 Fraud and Corruption Policy

Wendy Jefferies presented a revised Fraud and Corruption Policy for approval. It was hoped that this policy was easier to follow for staff.

Subject to some changes recommended to section 3.5 the Policy was approved and, once amended, can be published.

WJ/PD

6. External Audit

6.1 External Audit Report – Progress Report

John Lester presented KPMG's External Audit Progress Report which updated the Committee with work performed since the October 2013 Audit Committee meeting. This included concluding the audit of the Charitable Funds, providing a benchmarking report about 2013/14 Monitor plans to the Trust and a planning meeting with the Trust to discuss audit risks for the 2013/14 audit.

The progress report also detailed the work planned for the following period which included the interim audit of the Trust's 2013/14 accounts and planning for the audit of the Quality Report. The report concluded with a number of technical updates.

Terry Price commented that the benchmarking report had been presented to the December Finance Committee meeting.

The Committee noted the report.

6.2 External Audit Plan 2013/14

John Lester presented the external audit plan for 2013/14 with the key audit risks set out on pages 7 and 8. In terms of fee this would be the same as for 2012/13, but did depend on who carried out testing of the quality indicators.

It was agreed that internal audit would carry out this work within their audit plan for the year and KPMG and TIAA would meet to agree the split and timing of work to be carried out. Both parties would ensure that the Deputy

JL/DT

Chief Nurse was kept informed about the split of work between them.

The Committee approved the audit plan for 2013/14.

6.3 Follow up of External Audit Recommendations

The Deputy Director of Finance presented a report of progress against External Audit recommendations which showed that all five outstanding recommendations remained that way. Three had seen good progress since the last meeting, with two not yet due. It was hoped that all five would be cleared by the next meeting.

The Committee noted the report.

7. Charitable Funds Annual Report and Accounts 2012/13

7.1 Charitable Funds ISA260

John Lester presented the highlights from the ISA260 which showed that a clean audit opinion had been declared with changes recommended to the report and accounts having been made. A total of four recommendations, two medium and two low level had been made and accepted.

The Committee noted the ISA260.

7.2 Annual Report and Accounts

The Deputy Director of Finance presented the annual report and accounts and stated that these had already been through the Charitable Funds Committee.

The Head of Corporate Affairs asked that the title of the Director of Workforce be amended in the report.

PD

The Committee agreed to recommend approval of the annual report and accounts to the Trust Board.

7.3 Management Representation Letter

The Committee noted the management representation letter and agreed to recommend its approval to the Trust Board.

8. Annual report and Accounts and Quality Account 2013/14

8.1 Timetable and Process for Production

The Head of Corporate Affairs presented the paper stating that in the main the main dates were broadly similar to last year, and, as last year, a special Trust Board meeting had been set up in late May to approve the annual report etc.

Jim Gollan asked what extra could be done to ensure that the Quality Report element was completed earlier. Terry Price suggested that an extra step be added into the timetable which had a draft Quality Report on the IGAC agenda for April.

GR

Subject to the above change the Committee approved the paper.

8.2 Non-Consolidation of Charitable Fund Accounts

The Deputy Director of Finance presented a paper which proposed the non-consolidation of the Charity accounts with the main Trust accounts on the basis of materiality. It was proposed that the accounting policies be amended to state the grounds for non-consolidation, which additional disclosures in the Related Party note to the accounts. This position would be reviewed annually.

John Lester stated that from KPMG's perspective this was fine, but they would review in detail at the time of their audit.

The Committee approved the non-consolidation of the Charity accounts.

9. Integrated Governance

9.1 IGAC Feedback

Terry Price reported, as in 4.1 above, that the last IGAC meeting had considered the CIP Quality internal audit report.

9.2 Items for Information/Recommendations to IGAC and/or Trust Board

The following items were noted:

Trust Board

- recommended approval of the Charity annual report and accounts and Management Representation Letter; and
- highlight the timetable for the preparation of the annual report and in particular the Quality report.

IGAC

- provide IGAC with a summary of the Safeguarding Young People and Children internal audit report.

PD

10. Item for Information / Noting

10.1 Schedule of Business 2013/14

The Committee noted the Schedule of Business 2013/14 and asked that it be amended to approve the internal audit plan at its March 2014 meeting. Paul Grady also commented that a review is currently being undertaken of the NHS Audit Committee Handbook, therefore the review of the Terms of Reference should be moved back.

PD

10.2 Chairman and Chief Executive Expenses

The Committee noted the report covering quarter 3 2013/14.

11. Any Other Business

There were no items of any other business.

12. Date and Time of Next Meeting

Wednesday 19th March 2014, at 11.00am in Room 2 Chertsey House, St. Peter's Hospital.