

TRUST BOARD
29th May 2014

TITLE	Audit Committee minutes.
EXECUTIVE SUMMARY	<p>The attached are minutes of the Audit Committee meeting held on 19th March 2014.</p> <p>The main points considered were: -</p> <ul style="list-style-type: none"> • Internal audit – received an update on the seven completed internal audit reports and progress with the implementation of recommendations; • Internal audit and LCFS – approved work plans for 2014/15;and • Annual Report and Accounts – (i) reviewed and approved changes to the Trust’s accounting policies and (ii) reviewed a paper on an impairment review for 2013/14.
BOARD ASSURANCE (Risk) / IMPLICATIONS	The Board is assured by the scrutiny provided by the Audit Committee on matters of risk.
LINK TO STRATEGIC OBJECTIVE / BAF STAKEHOLDER / PATIENT IMPACT AND VIEWS	<p>Audit Committee remit covers all objectives.</p> <p>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.</p>
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 and receive the minutes of the Audit Committee meeting held on 19 th March 2014.
Submitted by:	Terry Price, Non-Executive Director/Audit Committee Chair
Date:	21 st May 2014
Decision:	For Receiving

Minutes of the Audit Committee Meeting held on 19th March 2014

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

1. Introductions and Apologies for Absence

Apologies are as listed above.

2. Minutes of Previous Meeting

Minutes of the Meeting held on 22nd January 2014

The minutes of the meeting held on 22nd January 2014 were approved subject to one change. Clive Goodwin's appointment to the Committee hadn't been approved by the Trust Board prior to that meeting therefore he shouldn't be shown as having given his apologies.

3. Matters Arising

3.1 Actions List

The Committee reviewed the Actions List and noted that five items were now complete and one was not yet due. Philip Johnstone advised the Committee that the remaining item in relation to the split of work for the quality indicators between internal and external audit was in progress. The Head of Corporate Affairs informed the Committee that the Council of Governors had chosen Pressure Ulcers as the third indicator.

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 seven audits detailed in (ii) below. Fieldwork for the Information Governance review has been completed and the Medical Rostering and Locums review and Network Management review are both in progress.

(ii) Summaries of final reports issued for the following completed audits:

a) Transcription Services

This report concluded that there was substantial assurance in this area. In total seven recommendations had been made of which six were medium level and one was low level.

b) Budgetary Control

This report concluded that there was substantial assurance in this area. One recommendation had been made which was medium level.

c) Financial Ledger

This report concluded that there was substantial assurance in this area and no recommendations had been made.

d) Overseas Visitors

This report concluded that there was substantial assurance in this area. In total five recommendations had been made of which four were medium level and one was low level.

e) CQC Compliance Process

This report concluded that there was substantial assurance in this area. In total four recommendations had been made of which two were medium level and two were low level.

f) Income and Debtors

This report concluded that there was substantial assurance in this area. In total five recommendations had been made of which one was medium level and four were low level.

g) Service Line Reporting

This report concluded that there was substantial assurance in this area. In total two recommendations had been made, both of which were medium level. One of the recommendations which related to setting up a steering committee or similar had not been agreed and the Committee confirmed their agreement with the Director of Finance and Information's response.

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

- of the 23 recommendations outstanding from 2011/12, 1 is no longer applicable, 15 have now been evidenced and the latest position of the remaining 7 was:

- 4 implemented;
- 2 work in progress; and
- 1 not yet due.

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

- 1 no longer applicable; and
- 48 implemented (of which 45 evidenced so far).

Dakshita Takodra confirmed that a database in relation to 2013/14 audits would be added to future reports.

(iv) Draft Head of Internal Audit Opinion – Paul Grady presented this part of the report (Appendix 1) and advised the Committee that the overall opinion was expected to be significant assurance.

Jim Gollan asked about TIAA's quality control measures. Paul Grady advised the Committee that audit reports go through three stages, from initial preparation by the lead auditor to a quality review by their manager and ultimately are reviewed by Paul himself. TIAA also operate a fourth level in the form of a peer review whereby Paul's counterparts would review a sample (10 to 20%) of his portfolio. In addition TIAA hold ISO 9001:2008 certification in relation to quality. A further level of assurance is provided by external audit review of work completed.

At a later point in the meeting Paul Grady informed the Committee that the overall opinion in each audit report is built on a series of sub-evaluations which are not currently shown and that he would be happy to show these in future progress reports. The Committee agreed with this suggestion.

DT

The Committee noted the Internal Audit Progress report.

4.2 Internal Audit Plan 2014/15

Dakshita Takodra presented the draft Internal Audit Plan for 2014/15 highlighting the changes to the Internal Audit Strategic Plan shown in Annex B on page eleven.

The Head of Corporate Affairs commented on the proposed plan to replace the e-Prescribing review with an Informatics Review possibly in relation to 18 week waits and suggested that there may be other areas of data quality more in need of review. It was agreed that the Head of Corporate Affairs and the Director of Finance and Information would discuss this further outside of the meeting.

The Director of Finance and Information informed the Committee that there were no plans for Internal Audit to review Document Management because of other assurance work taking place namely work with Royal Surrey and also the Government Gateway Assessment. Terry Price asked if, once this assessment had taken place, a schedule of actions and progress therewith could be brought back to the Audit Committee.

SM

Terry Price recommended that the Committee approve the plan but acknowledge that it is flexible.

The Committee approved the Internal Audit Plan for 2014/15.

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 closed and all recommended matches had been reviewed in liaison with Human Resources and Finance.

It has now been confirmed that NHS Protect will carry out their focussed assessment on 28th May 2014 and cover the areas of Prevent and Deter and Hold to Account.

The Committee noted the report.

5.2 LCFS Work Plan 2014/15

Wendy Jefferies presented the LCFS Work Plan 2014/15 which showed the planned split of the agreed 90 days as follows but advised that there is flexibility within this:

Strategic Governance – 15 days;
Inform and Involve – 25 days;
Prevent and Deter – 20 days; and
Hold to Account – 30 days.

The Committee approved the LCFS work plan for 2014/15.

6. External Audit

6.1 External Audit Report – Progress Report

Philip Johnstone presented KPMG's External Audit Progress Report which updated the Committee with work performed since the January 2014 Audit Committee meeting. This included completing the interim audit from which no issues had arisen.

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

The Committee noted the report.

6.2 Follow up of External Audit Recommendations

The Deputy Director of Finance presented a report of progress against External Audit recommendations which showed that two of the five outstanding recommendations had been implemented. Two of the remaining recommendations related to the Quality Report and were partially implemented – one was due for completion by the end of April but clarification was requested on the second as to where the Trust's Policy for the Reporting and Management of Incidents would be ratified. The remaining incomplete recommendation in relation to inventory control would be complete by the next meeting.

The Committee noted the report.

7. PbR Audit Recommendation Follow-Up

The Deputy Director of Finance presented a report of progress against the PbR Audit recommendations which showed that the one remaining item was still not implemented. The Director of Finance and Information updated the Committee on the current status of the high number of vacancies in the clinical coding team and the plans in place to try and attract new team members to the Trust.

The Committee noted the report and agreed to defer the next review of this item for six months.

PD

8. Bad Debt Write Off 2013/14

The Deputy Director of Finance presented a report of debts proposed for write off and informed the Committee that it excluded a large percentage of overseas visitor debt which had recently been referred to an External Debt Recovery Agency.

The Committee approved the write off of bad debts with a gross value of £13,201.73.

9. Annual Report and Accounts and Quality Account 2013/14

9.1 Annual Accounts Update including Accounting Policies

The Deputy Director of Finance presented a report advising the Committee on changes to the Annual Accounts for 2013/14 incorporating a review of the NHS Foundation Trust Annual Reporting Manual 2013/14 and a review of accounting policies.

The Committee noted the report and approved the proposed changes to accounting policies for 2013/14.

9.2 Impairment Review

The Deputy Director of Finance presented a report on the impairment review of non-current assets for 2013/14 which concluded that the only impairment that might be necessary was in respect of the Ashford Outpatients Upgrade.

The Committee approved the report.

9.3 Annual Governance Statement

The Deputy Director of Finance presented a paper on the proposed format for the Annual Governance Statement based on Monitor's latest model. This would require minor changes to the statement in 2013/14.

The Committee noted the report.

9.4 Quality Account Indicators

This item was covered under agenda items 3.1 and 6.1.

10. Integrated Governance

10.1 Trust Risk Register

The Deputy Director of Finance presented a report on the Trust Risk Register as at 11th February 2014 which had been presented to the February IGAC meeting.

The Committee noted the report.

10.2 IGAC Feedback

There was no feedback for the Audit Committee from IGAC.

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

The following items were noted:

Trust Board

- There were no items to feedback to the Trust Board.

IGAC

- The final CQC Compliance Process internal audit report; and
- The 2014/15 Internal Audit Plan once signed off.

11. Item for Information / Noting

11.1 Schedule of Business 2013/14

The Deputy Director of Finance presented a report on the Schedule of Business 2013/14 and highlighted that the Terms of Reference review had been moved back to July 2014.

The Committee noted the report.

12. Any Other Business

There were no items of any other business.

13. Date and Time of Next Meeting

Wednesday 21st May 2014, at 11.00am in Room 2 Chertsey House, St. Peter's Hospital.