Ashford and St. Peter's Hospitals NHS
NHS Foundation Trust

TRUST BOARD
24th November 2011

TITLE	**Draft minutes of the Audit Committee meeting held on 19th October 2011.**
EXECUTIVE SUMMARY	The Audit Committee considered the following key points: - ▪ **Audit Recommendations** – reviewed updates on the implementation of medium and high level recommendations arising from internal and external audit reports; ▪ **Local Counter Fraud Services (LCFS)** – reviewed a number of reports and updates in respect of LCFS and the ongoing proactive work taking place; ▪ **External Audit** – approved the 2011/12 external audit plan and approved the 2010/11 Annual Audit Letter; ▪ **Charitable Funds Report and Accounts** – reviewed and approved the 2010/11 annual report and accounts and draft management letter – these would now be passed to the Trust Board for approval; ▪ **Bad Debts** – approved the write off of bad debts for the six months to 30th September 2011; and ▪ **Tenders** – received updates on the tenders currently taking place for internal audit, LCFS services and external audit.
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	None obtained.
EQUALITY AND DIVERSITY ISSUES	None that I am aware of.
LEGAL ISSUES	None that I am aware of.
The Trust Board is asked to:	Note the draft minutes of the Audit Committee meeting held on 19th October 2011.
Submitted by:	Terry Price, Non-Executive Director/Audit Committee Chair Paul Doyle, Deputy Director of Finance
Date:	16th November 2011
Decision:	For Noting

Ashford and St. Peter's Hospitals NHS
NHS Foundation Trust

TRUST BOARD
24th November 2011

Draft Minutes of the Audit Committee Meeting held on 19th October 2011

Note that these draft minutes will be reviewed and approved at the next Audit Committee meeting.

PRESENT:	Mr. Terry Price	Non-Executive Director and Committee Chair
	Mr. Peter Taylor	Non-Executive Director
	Mr. Jim Gollan	Non-Executive Director
IN ATTENDANCE:	Mr. John Headley	Director of Finance and Information
	Mr. Andrew Liles	Chief Executive
	Ms. Jane Gear	Head of Corporate Affairs
	Mr. Ben Endersby	Chantrey Vellacott DFK (Internal Audit)
	Mr. Mark Kinsella	Chantrey Vellacott DFK (Internal Audit)
	Mr. Carl Watson	Chantrey Vellacott DFK (Internal Audit)
	Mr. Ross Tudor	KPMG (External Audit)
	Mr. Paul Doyle	Deputy Director of Finance
	Ms. Linda Nyika	NHS Graduate Scheme Finance Trainee
	Ms. Donna-Marie Jarrett	Associate Director of Health Informatics (item 3)
SECRETARY:	Ms. Miriam Moore	Head of Financial Services
APOLOGIES:	Ms. Eleanor Richards	KPMG (External Audit)

1. Apologies for Absence

Apologies are as listed above.

2. Minutes of Previous Meetings

2.1 Minutes of the Meeting held on 23rd March 2011

The minutes of the meeting held on 23rd March 2011 were approved.

2.2 Minutes of the Meeting held on 2nd June 2011

The minutes of the meeting held on 2nd June 2011 were approved.

3. Matters Arising – Actions List

The Committee reviewed the Actions List and verbal updates were given as follows:

Meeting date: 23/03/11, item number 4(iv)

The Associate Director of Health Informatics confirmed that a post implementation assessment of the Theatre System project was about to get underway.

Meeting date: 23/03/11, item number 4(v)

The Associate Director of Health Informatics updated the Committee with regard to the Information Governance breach which was first reported to IGAC on 04/08/09 as a Serious Untoward Incident (SUI) and confirmed that following successful completion of all identified actions IGAC had agreed to close the SUI on 21/05/10.

Meeting date 23/03/11, item number 4(viii)

This action is not complete and is therefore carried forward to the next meeting.

Meeting date 23/03/11, item number 4(xi)

The Deputy Director of Finance gave the Committee feedback on the hit rates for the Counter Fraud intranet pages. These showed a noticeable increase in August 2011 and this was due to the inclusion of a "whistle-blowing special" in the Aspire e-bulletin on 11th August 2011.

Meeting date 23/03/11, item number 13(i)

The Deputy Director of Finance confirmed that the wording of risk 1113 (Fraud and Corruption) on the Corporate Risk Register was under review.

Meeting date 02/06/11, item number 2

Mark Kinsella confirmed that this action was complete.

4. Internal Audit

4.1 Internal Audit Progress Report

Mark Kinsella presented the Internal Audit Progress Report drawing attention to the two stage approach agreed to support the Trust's Information Governance Toolkit annual submission for 2011/12.

The Committee noted the report.

4.2 to 4.5 Internal Audit Reports

Terry Price proposed that the following internal audit reports were dealt with by exception and therefore, after introducing each report, invited the Committee to ask questions:

4.2 Internal Audit Report – Business Continuity Review

This report concluded that there was significant assurance in this area. In total fifteen recommendations had been made of which eight were medium level. There were no high level recommendations.

The Committee noted the report.

4.3 Internal Audit Report – Clinical Audit Arrangements

This report concluded that there was significant assurance in this area. In total twenty-two recommendations had been made of which eight were medium level. There were no high level recommendations.

Terry Price informed the Committee that this report had also been considered at IGAC on 8th September 2011.

The Committee noted the report.

4.4 Internal Audit Report – Payroll Probity

This report concluded that there was significant assurance in this area. In total two recommendations had been made both of which were low level.

The Committee noted the report.

4.5 Internal Audit Report – ESR Self-Service Post Implementation Review

This report concluded that there was significant assurance in this area. In total twelve recommendations had been made of which four were medium level. There were no high level recommendations.

The Committee noted the report.

4.6 Internal Audit Annual Report 2010/11

The Committee noted the report.

4.7 Internal Audit Final Plan 2011/12

It was agreed that the Internal Audit Final Plan should be approved earlier in future years. The Deputy Director of Finance and Mark Kinsella agreed to work out a revised timetable to allow the plan to be approved in March. PD/MK

The Committee noted the report.

4.8 LCFS Update Report

Carl Watson presented the update report on progress with counter fraud matters which included the following:

(i) an update on proactive work;
(ii) an update on the Qualitative Assessment Process for 2011/12 – NHS Protect have now confirmed that this will not take place in order to give them opportunity to review and redesign the system; and
(iii) a summary of the nine recent referrals.

Carl Watson also gave a verbal update that, at the date of the meeting, a provisional result for the 2010/11 Qualitative Assessment Process had now been received and the score was a disappointing 2, despite the general feedback being positive.

The Committee noted the report.

4.9 LCFS Report – Pre-Employment Screening

Carl Watson presented the LCFS Fraud Prevention Review on Pre-Employment Screening. In total thirteen recommendations had been made, eleven of which were classified as high or very high level and two as medium level.

It was agreed that these recommendations should be followed up and that HR should provide an update at the next Committee meeting. MM

The Committee noted the report.

4.10 LCFS Report – Information Theft Allegation

Carl Watson presented a draft report on an Information Theft Allegation.

It was agreed that the Associate Director of Health Informatics should report back to the next Committee meeting with an update on the recommendations proposed in this report. DJ

The Chief Executive asked the Director of Finance and Information to look into the matter further and make sure that all issues raised were addressed. JH

The Committee noted the report.

4.11 Follow up of Internal Audit Recommendations

The Deputy Director of Finance took the Committee through the paper on the follow-up of internal audit recommendations. In summary forty-nine recommendations had been added and thirty-one removed; a total of thirty-nine remained outstanding.

The Committee discussed the progress that had been made in implementing older recommendations but noted that there were still ten outstanding recommendations relating to reports finalised in January 2011. Seven of these relate to Finance and the Committee asked for these to be specifically followed up and reported back to the next Committee meeting. MM

The Committee noted the report.

5. External Audit

5.1 Progress Report

Ross Tudor presented KPMG's External Audit Progress Report which updated the Committee with work performed since the June 2011 Audit Committee meeting and also work planned. The report also included Technical Updates on Monitor's recent guidance relevant to the Trust's 2011/12 audit:

(i) New Monitor reports on local accountability;
(ii) An update on the implications of the Alignment Project for Foundation Trusts;

and also some developments for noting:

(i) Health and Social Care Bill and FT failure regime;

(ii) NHS Commissioning Board; and
(iii) KPMG's Quality Report Summary Findings

5.2 2010/11 Annual Audit Letter

The Committee approved the 2010/11 Annual Audit Letter.

5.3 Quality Accounts summary document

Ross Tudor informed the Committee that the key messages from this report were that most Trusts were well placed to achieve clean audit opinions on the two mandatory KPIs but that there was more work to be done in order to achieve the same for the local KPI.

Copies of the document will be circulated by post after the meeting. RT

5.4 Reference Costs Report

Terry Price asked for an update regarding completion of the two recommendations. The Deputy Director of Finance confirmed that the first recommendation relating to management review was complete. The second recommendation would be followed up with the Associate Director of Health Informatics and reported back to the next meeting. PD/DJ

The Committee noted the report.

5.5 2011/12 Audit Plan

Ross Tudor presented KPMG's External Audit Plan for 2011/12 highlighting that the mandated indicators within the 2011/12 Quality Report would this year be subject to audit whilst the local indicator would be subject to a dry-run exercise only.

Ross also drew the Committee's attention to the high risk areas identified for the 2011/12 Financial Statements audit:

(i) Segmental reporting;
(ii) New Annual Reporting Manual (ARM) requirements (including a tighter timetable);
(iii) Historic valuation information;
(iv) Delivery of CIPs (and the relevance to KPMG's going concern opinion); and
(v) Lease accounting.

The Committee approved the Plan.

5.6 Follow up of External Audit Recommendations

The Deputy Director of Finance presented a report of progress against External Audit recommendations which showed five recommendations still to be implemented.

The Committee agreed that recommendations arising from both KPMG's Quality Report and Reference Costs Report should be added to the External Audit Recommendations Follow Up schedules. MM

The Committee noted the report.

6. Audit Commission - PbR Data Assurance Outpatients Audit

The Deputy Director of Finance presented a report of progress against recommendations made in the Audit Commission Payment by Results Data Assurance Framework Audit.

The Committee agreed that the two recommendations were now complete and noted the report.

7. Charitable Funds Annual Report and Accounts to 31st March 2011

7.1 Charitable Funds ISA260

Ross Tudor presented KPMG's ISA260 Audit Highlights Memorandum from their audit of the 2010/11 Charitable Funds Annual Report and Accounts and highlighted that although there were currently some outstanding matters these were not expected to require any amendments other than presentational ones.

The Deputy Director of Finance reminded the Committee that the deadline for submitting these accounts to the Charities Commission was 31st January 2012 and that it was intended to take them to the November 2011 Trust Board meeting. PD/JH

The Committee approved the report.

7.2 Annual Report and Accounts

The Deputy Director of Finance presented the 2010/11 Charitable Funds Annual Report and Accounts to the Committee.

The Committee acknowledged that there was still a need to ensure that funds are spent and not accumulated unnecessarily and agreed that updated spending plans should be taken to a future Finance Committee meeting. PD/MM

The Committee approved the Charitable Funds Annual Report and Accounts to 31st March 2011 subject to any identified presentational changes being corrected.

7.3 Management Representation Letter

The Deputy Director of Finance presented the Management Representation letter which is required to be sent to KPMG, noting that the Charitable Fund accounts are signed off by Neil Thomas on behalf of KPMG, not Ross Tudor.

The Deputy Director of Finance drew the Committee's attention to the fact that points 4 and 5 needed to be either re-worded or removed and that point 13 should be removed.

Subject to the amendments noted above, the Committee approved the Management Representation Letter which would now be presented to the Trust Board for approval. PD

8. Bad Debt Write Off

The Head of Financial Services presented a paper proposing the write off of

bad debts.

The Committee approved the write off of bad debts with a gross value of £7,674.41.

9. Losses and Special Payments

The Head of Financial Services presented a summary of Losses and Special Payments made during the 6 months to 30th September 2011.

The Committee approved the payments.

10. Integrated Governance

10.1 Corporate Risk Register

The Committee noted the Summary of Corporate Risks as at 15th September 2011.

10.2 Minutes of IGAC meetings held on 9th February 2011, 6th April 2011 and 8th June 2011

The Committee noted the minutes of the IGAC meetings held on 9th February 2011, 6th April 2011 and 8th June 2011. Item 13 of the minutes from the meeting held on 9th February 2011 should now be followed up with Heather Caudle, the Trust's newly appointed Associate Director For Quality. MM

Terry Price also gave the Committee a verbal update from the IGAC meeting held on 8th September 2011 which confirmed that:

(i) the Clinical Audit Report and action plan had been considered;
(ii) the Quality Report had also been considered; and
(iii) Information Governance incident reporting was now in place.

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

The following items were noted:

Trust Board:

- Inform the Board of Monitor's proposed visit in December to speak to both the Audit Committee and the IGAC Chairs (see item 13, Any Other Business);
- Recommend the approval of the Charitable Funds Annual Report and Accounts to 31st March 2011; and
- Inform the Board that the Audit Committee have received and approved the 2011/12 External Audit Plan and highlight the key items. TP

IGAC:

- No items for information/recommendation.

11. Item for Information / Noting

11.1 Schedule of Business 2010-12

The Committee noted the report.

11.2 Chairman and Chief Executive Expenses

The Committee noted the report.

12. Internal Audit, LCFS and External Audit Tender Updates

This item was considered after representatives from the interested parties, namely KPMG and Chantrey Vellacott DFK, had left the meeting.

Terry Price and the Director of Finance and Information provided an update as follows:

- Internal Audit – Frimley Park Hospital are taking the lead in this joint tender process and the specification document is already available with tenders requested by mid-December 2011.

- External Audit - There have been two meetings of the group of Governors nominated to lead the tender process for the external audit for 2012/13 onwards. A draft specification has been reviewed and the contract should be out to tender shortly.

- LCFS – Currently a separate tender exercise is being proposed for LCFS.

13. Any Other Business

Terry Price informed the Committee that Monitor had proposed a visit in December to speak to both himself, as Chair of the Audit Committee, and Philip Beesley, Chair of IGAC, in relation to Clinical Risk.

The Committee agreed that this should be brought to the attention of the Board. TP

14. Date and Time of Next Meeting

Wednesday 18th January 2012, at 11.00am in the Level 2 Seminar Room, Departmental Block, St. Peter's Hospital.