Ashford and St. Peter's Hospitals NHS
NHS Trust

TRUST BOARD
25th February 2010

TITLE	Draft minutes of the Audit Committee meetings held on 20th January 2010.
EXECUTIVE SUMMARY	The Audit Committee considered the following key points: - ▪ **Internal Audit Reports** – received reports and reviewed outcomes. In particular received updates on the implementation of recommendations from reports reviewed earlier in the year; ▪ **Local Counter Fraud Specialist (LCFS) Annual Plans** – the Committee noted the ongoing reactive and proactive work of the LCFS; ▪ **External Auditors Plan** – noted and approved the external audit annual plan for 2010/11; ▪ **Audit Commission Reports** – noted two reports from the Audit Commission on the Payment by Results Data Assurance Framework for inpatients and outpatients; and ▪ **Bad Debts** – the Committee approved the write off of bad debts to the value of £71,983.46.
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 known.
LEGAL ISSUES	None known
The Trust Board is asked to:	Note the draft minutes of the Audit Committee meeting held on 20th January 2010.
Submitted by:	Terry Price, Non-Executive Director/Audit Committee Chair Paul Doyle, Deputy Director of Finance
Date:	17th January 2010
Decision:	For Noting

Ashford and St. Peter's Hospitals NHS
NHS Trust

TRUST BOARD
Date: 25th February 2010

Title: Minutes of the Audit Committee Meeting held on 20th January 2010

PRESENT:	Mr. Terry Price	Non-Executive Director and Committee Chair
	Mr. Peter Taylor	Non-Executive Director
	Mr. Norman Critchlow	Non-Executive Director
IN ATTENDANCE:	Mr. John Headley	Director of Finance and Information
	Mr. Andrew Liles	Chief Executive
	Ms. Raj Bhamber	Director of Workforce & OD (item 4(iii))
	Mr. Jeremy Over	Deputy Director of Workforce & OD (item 4(iii))
	Mr. Daniel Codling	KPMG (External Audit)
	Ms. June Awty	KPMG (External Audit)
	Mr. Ben Endersby	Chantrey Vellacott DFK (Internal Audit)
	Mr. John Tapscott	Chantrey Vellacott DFK (Internal Audit)
	Mr. Carl Watson	Chantrey Vellacott DFK (Internal Audit & LCFS)
	Ms. Miriam Moore	Head of Financial Services
	Ms. Jane Gear	Head of Corporate Affairs
SECRETARY:	Mr. Paul Doyle	Deputy Director of Finance
APOLOGIES:	Mr. Greg McIntosh	KPMG (External Audit)
	Mr. Mark Kinsella	Chantrey Vellacott DFK (Internal Audit)
	Mr. Bruce Spottiswoode	Chantrey Vellacott DFK (Internal Audit & LCFS)

1. Apologies

Apologies are as listed above.

2. Minutes of the Meeting held on 21st October 2009

Ben Endersby asked that the minutes of the meeting be amended to show that he presented the internal audit report on Patients Property and Monies (item 4(ii)), not Tracey Kirkpatrick, and that Tracey had presented the report on Clinical Outcomes (item 4(iv)). PD

It was agreed that the Accounting Policies Review referred to at item 11 would be taken to the Finance Committee before the end of the financial year and that it would reflect the policies laid down in the NHS Finance Manual as updated for IFRS. PD

Subject to amendment for these items, the minutes of the meeting held on 21st October 2009 were agreed.

3. Matters Arising

(i) Action Points not on Agenda

The schedule of Action Points was reviewed and an update was provided for the following:

- Re 3(iii), Ben Endersby confirmed that a follow up Business Continuity review was now due; and
- Re 10(i), Corporate Risk Register, the Committee agreed that this would be covered at Agenda item 9.

All other items on the Action Points schedule had either been dealt with or were covered as agenda items.

4. Internal Auditors Report

(i) Internal Audit – Progress Report

Ben Endersby presented the update report in internal audit activity to 14th January 2010. This showed that 113.5 days had been used to date.

Ben Endersby agreed to bring the draft Head of Internal Audit opinion plan to the next meeting together with details of any outstanding audits. BE

The Deputy Director of Finance commented that the Corporation Tax Audit was being delayed by a year.

The Committee discussed the appropriateness of the allocation of ten days to the Runnymede Contract Review and agreed to leave it unchanged.

(ii) Internal Audit Report – Vascular Imaging Service

Ben Endersby presented the report on the review of the Vascular Imaging Service contract which concluded that the Trust operated a limited system of control in this area. A total of twelve recommendations had been made, eight of which were scored as high.

The Committee discussed the report and expressed concern about the issues raised, particularly with regard to conflict of interest and procurement. It was noted that all action points were due to be completed by 26th March 2010 and it was agreed that the Chief Operating Officer be invited to the next meeting to provide an update. PD

The Committee noted the report.

(iii) Internal Audit Report – Workforce Intelligence Reporting

Ben Endersby presented the report on Workforce Intelligence Reporting which concluded that the Trust operated a significant system of control in this area. A total of twelve recommendations had been made, five of which were scored as high.

With input from the Director of Workforce & OD and the Deputy Director of Workforce & OD the Committee discussed the recommendations in general and it was agreed that it was a positive report overall and extremely useful, summing up key areas of focus already identified.

Terry Price asked about the planned timescale for taking the self-service project plan to the Board and the Director of Workforce & OD confirmed that this would be taken to Trust Executive Committee on 12th February 2010.

The Committee noted the report.

(iv) Internal Audit Report – Payroll

Ben Endersby presented the report on Payroll and Third Party Assurance which concluded that the Trust operated a significant system of control in this area. A total of eight recommendations had been made, two of which were scored as high.

The Committee discussed the report and expressed concern about the issues raised in point 2.5 in relation to the process for dealing with leavers. It was agreed that the Director of Workforce & OD be invited to the next meeting to present details of the proposed new process. PD

The Committee noted the report.

v) IT Helpdesk & IT Support

John Tapscott presented the report on the review of the IT Helpdesk & IT Support which concluded that the Trust operated a significant system of control in this area. A total of seven recommendations had been made, none of which were scored as high.

The Committee noted the report.

(vi) Internal Audit Report – General Ledger

Ben Endersby presented the report on General Ledger which concluded that the Trust operated a full system of control in this area, with no recommendations.

The Committee asked that the Finance Team members involved be congratulated. MM

The Committee noted the report.

(vii) Internal Audit Report – Accounts Payable

Ben Endersby presented the report on Accounts Payable which concluded that the Trust operated a significant system of control in this area. A total of nine recommendations had been made, none of which were scored as high.

The Committee discussed the report and expressed concern about the ongoing issues with regard to SBS workflows. It was recognised that the frustrations felt by the Trust are common to other organisations using SBS.

The Committee noted the report.

(viii) LCFS Update Report

Carl Watson presented the update report on progress with counter fraud matters. This included: -

- Reactive work – new referrals and current investigations;
- Proactive work – a presentation will be made to Human Resource managers on 26th January 2010 and the LCFS continues to present to new starters as part of the Trust's Induction Course. The fraud awareness week previously planned for December 2009 did not take place but is likely to take place in February 2010;
- Staff Survey 2009/10 – the results were presented to and discussed by the Committee who asked that the findings be converted into an action list for review at the next meeting. Specific concerns over passwords were discussed but it was agreed that these would be addressed via the IM&T Policy recommended as a result of the IT Helpdesk and Support internal audit (see 4(iv) above); JH
- Proposed proactive work – the LCFS intends to commence a proactive exercise within the Trust in the area of Transport. It was noted that this was in line with CFSMS guidelines and not in response to any specific issue.

The Committee noted the report.

(ix) 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 the number of medium and high level recommendations that remained outstanding on the considered reports totalled forty seven, of which eighteen were high level.

The summary recommendation sheet now shows separately the recommendations for the Theatre Systems review (eighteen) and the Business Continuity review (four). As discussed previously these will not be cleared until later in 2010 once the projects have been completed.

The Deputy Director of Finance updated the Committee on the latest status of the Theatre Systems project. The Tender Board would be meeting on 28th January 2010 to complete the final scoring exercise and agree upon the successful contractor, who will be notified of the decision on 1st February 2010. Once the contractor has been selected a four to eight month lead time is expected.

John Tapiscott advised the Committee that the Business Continuity follow-up review was likely to take place in February. The Committee asked that in the event that the outstanding Business Continuity recommendations are not completed by the date of the next meeting, then an update would be required at the meeting.

A further eleven recommendations relate to the review of Patients Property and Monies, the majority of which are dependent upon ratification of the Patient's Property Policy and the Committee asked for clarification as to when and by whom this was due to take place.

It was agreed that these recommendations would be followed up through a separate meeting involving Terry Price, the Director of Finance and Information and the relevant managers. This would be arranged for March. PD

5. External Auditors Report

(i) Annual Audit Plan

June Awty presented the external Annual Audit Plan and gave an overview of the division of the audit between Use of Resources and Financial Statements.

The Use of Resources work is divided between nationally mandated work (ALE, PbR and NFI) and locally determined work (Sustainability Management and Estates and Capital Planning Strategy). Specific reference was made to the proposed "lighter touch" approach to the Auditor's Local Evaluation (ALE) which is summarised at agenda item 6.

Daniel Codling gave an overview of the work proposed on the Trust's Financial Statements and summarised the key risk areas of:

- Asset valuation;
- IFRS embedding; and
- Q4 PbR income estimates.

The Committee discussed the timeline shown at page 12 of the Annual Audit Plan and requested that a draft of the Annual Audit Letter be brought to the July 2010 Audit Committee meeting. JA

Terry Price asked when reports relating the areas identified within the Use of Resources will be made available to the Committee and June Awty confirmed that this would be by July 2010 at the latest.

The Committee approved the plan.

(ii) Follow up of External Audit Recommendations

The Deputy Director of Finance apologised for the absence of this report and committed to issuing it within the next three weeks. The Committee agreed that this would be circulated to the Non-Executive Directors on the Committee and the Director of Finance and Information. PD

6. ALE Update

The Deputy Director of Finance updated the Committee on progress to date with ALE. There had been further work within the Trust on identifying appropriate owners for the assurances within each Key Line of Enquiry (KLoE) and there is now a drive to get all assurances updated by the end of January.

As the next Audit Committee meeting is not due to take place until April 2010, the Committee asked that a detailed update on progress with ALE be taken to the Finance Committee in March 2010. PD

The Committee noted the report.

7. Audit Commission – PbR Data Assurance Reports

The Director of Finance and Information presented two Audit Commission

reports to the Committee:

(i) Admitted Patient Care Clinical Coding

This report concluded that in 2009/10 the Trust was performing well compared to the overall performance of Trusts in 2008/09 and that excellent progress had been made on implementing the recommendations from the 2008/09 audit. A total of five recommendations had been made to the Trust, two of which were scored as high. A further recommendation had been made to Surrey PCT and was also scored as high.

(ii) Outpatients Data Quality

This report concluded that in 2009/10 the Trust was achieving an adequate level of data quality for outpatient activity. A total of three recommendations had been made to the Trust, all of which were scored as high. A further recommendation had been made to Surrey PCT and was scored as medium.

The Committee asked that the recommendations arising from these two reports be converted into an action plan and progress reported at future meetings. JH

The Committee also asked that the Head of Information Services attend the next meeting in order to provide a verbal update on progress. PD

The Director of Finance and Information asked for endorsement as to whether the Audit Committee was an appropriate place to discuss Audit Commission PbR Data Assurance Reports and the Committee agreed that it was.

8. Bad Debts Write Offs as at 30th September 2009

The Deputy Director of Finance presented a paper proposing the write off of bad debts.

The Committee approved the write off of bad debts with a gross value of £71,983.46, of which a provision of £34,614.73 had been made in the 2008/09 accounts.

The Committee also approved the maintenance of a provision against Overseas Visitor debts of £13,471.97.

The Deputy Director of Finance advised that the bad debt policy would shortly be reviewed and the Committee agreed that this be taken to the Finance Committee before the end of the financial year. PD

The Committee also requested that a report on debt collection processes within the Trust be taken to the Finance Committee before the end of the financial year and that this would include details of the procedures adopted for collection of Overseas Visitors debts. PD

9. Integrated Governance

(i) Corporate Risk Register

The Committee noted that the Corporate Risk Register had been reviewed

at IGAC where an action point had been agreed to track changes – this had not yet fed through to the current report.

(ii) Minutes of IGAC meeting held on 7th October 2009

The Committee noted the minutes of the IGAC meeting held on 7th October 2009.

(iii) Update from IGAC meeting held on 9th December 2009

Terry Price fed back the key points from the IGAC meeting held on the 9th December 2009 which the Committee noted.

10. Items of Information/Noting

(i) Schedule of Business 2010/11

The Committee requested that the Schedule be updated to include the draft Statement of Internal Control and Head of Internal Audit Opinion. PD

Peter Taylor stated that a draft Annual Report of the Committee should be prepared confirming that the Schedule of Business for 2009/10 was complete and the Committee requested that this be brought to the next meeting in April PD

11. Any Other Business

There were no items of any other business.

12. Date and Time of Next Meeting

Wednesday 21st April 2010 at 10.30am in the Level 2 Seminar Room.