Ashford and St. Peter's Hospitals NHS
NHS Trust

TRUST BOARD
27th May 2010

TITLE	**Draft minutes of the Audit Committee meetings held on 21st April 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; ▪ **Head of Internal Audit opinion** – reviewed the draft opinion which gave a very strong significant control opinion; ▪ **Internal Audit Plan** – reviewed the plan for the next three years; ▪ **Local Counter Fraud Specialist (LCFS) Annual Plans** – the Committee noted the ongoing reactive and proactive work of the LCFS; ▪ **External Auditors Interim Audit Report** – noted the interim audit report and progress against the first three themes of ALE to be assessed to date; ▪ **Statement of Internal Control** – reviewed the draft Statement of Internal Control for 2009/10; ▪ **Bad Debts** – the Committee approved the write off of bad debts to the value of £88,457.69; and ▪ **Standing Orders, Scheme of Delegation and Standing Financial Instructions** – approved revised drafts of these key trust documents.
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 21st April 2010.
Submitted by:	Terry Price, Non-Executive Director/Audit Committee Chair Paul Doyle, Deputy Director of Finance
Date:	19th May 2010
Decision:	For Noting

Ashford and St. Peter's Hospitals NHS
NHS Trust

TRUST BOARD
27th May 2010

Minutes of the Audit Committee Meeting held on 21st April 2010

PRESENT:	Mr. Terry Price	Non-Executive Director and Committee Chair
	Mr. Peter Taylor	Non-Executive Director
IN ATTENDANCE:	Mr. John Headley	Director of Finance and Information
	Ms. Aileen McLeish *	Trust Chairman
	Mr. Mark Kinsella	Chantrey Vellacott DFK (Internal Audit)
	Mr. Ben Endersby	Chantrey Vellacott DFK (Internal Audit)
	Mr. Bruce Spottiswoode	Chantrey Vellacott DFK (Internal Audit & LCFS)
	Mr. Daniel Codling	KPMG (External Audit)
	Ms. June Awty	KPMG (External Audit)
	Ms. Miriam Moore	Head of Financial Services
	Ms. Jane Gear	Head of Corporate Affairs
SECRETARY:	Mr. Paul Doyle	Deputy Director of Finance
APOLOGIES:	Mr. Norman Critchlow	Non-Executive Director
	Mr. Andrew Liles	Chief Executive

* not present for item 14 (ii)

1. Apologies

Apologies are as listed above.

2. Minutes of the Meeting held on 20th January 2010

The minutes of the meeting held on 20th January 2010 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 8, Terry Price informed the Committee that the Finance Committee had proposed improvements to the process for the collection of Overseas Visitors' Debt and that progress would be reported to the Finance Committee in September 2010. It was agreed that Internal Audit would following this up when carrying out their core financial audit work in 2010/11.

4. Internal Auditors Report

(i) Internal Audit – Progress Report

Ben Endersby presented the update report in internal audit activity to 14th April 2010. This showed that 156 days had been used to date and that, since the date of the last Audit Committee meeting, six audit reports had been finalised.

Ben Endersby reported that a meeting with the Trust's Information Governance Manager was scheduled for 6th May 2010 in order to discuss the release of payroll data required to complete the probity review. Terry Price requested that Ben Endersby provide him with an update immediately following this meeting if the issue remains unresolved. BE

The Committee approved the proposal for an additional IT audit to be conducted in relation to the Trust's Testing Plan for IT Business Continuity.

The Committee discussed the summary of controls tested and recommendations made during 2009/10 (Appendix C) and concluded that whilst improvements have been made, timely implementation of recommendations would be key during 2010/11. It was noted that a higher level of controls had been tested compared to 2008/09, but that the number of recommendations were lower which was positive. In addition 90% of the controls tested had full or significant control compared to 76% in 2008/09.

The Committee noted the report.

(ii) Internal Audit – Draft Head of Internal Audit Opinion

Mark Kinsella presented the Draft Head of Internal Audit Opinion which concludes by giving a very strong significant control opinion.

Terry Price asked what needed to be done to increase this opinion to full assurance. Mark Kinsella responded by stating that some Trusts plan for perceived "problem areas" to be audited earlier in the year to allow more time for recommendations to be implemented and embedded.

The Committee noted the report.

(iii) Internal Audit Report – Accounts Receivable

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

Terry Price asked whether the outstanding debts with UCLH had now been resolved which the Deputy Director of Finance confirmed.

The Committee noted the report.

(iv) Internal Audit Report – Review of Risk Registers

Ben Endersby presented the report on the Review of Risk Registers which concluded that the Trust operated a significant system of control in this area. A total of eight recommendations had been made, four of which were scored as high.

The Committee noted the report and agreed that it should also be presented at the next IGAC meeting. PD

(v) to (viii)

Mark Kinsella presented the following four internal audit reports:

Internal Audit Report – Electronic File Management (v) - which concluded that the Trust operated a significant system of control in this area. A total of eight recommendations had been made in relation to Trust Net and five in relation to Windows Explorer, none of which were scored as high.

Internal Audit Report – IT Project Management (vi) - which concluded that the Trust operated a significant system of control in this area. A total of 13 recommendations had been made, none of which were scored as high.

Internal Audit Report – Mobile Data Security (vii) - which concluded that the Trust operated a significant system of control in this area. A total of six recommendations had been made, none of which were scored as high. It was agreed that this report would be presented at the next IGAC meeting. PD

Internal Audit Report – Information Governance Toolkit (viii) - which concluded that the Trust operated a significant system of control in this area. A total of six recommendations had been made, none of which were scored as high.

The Committee discussed the above four reports in general and agreed that overall they were positive giving good assurance about the Trust's IM&T controls.

The Director of Finance and Information added that the Trust Board have appointed an Associate Director (Interim) Health Informatics.

The Committee noted internal audit reports 4 (v) to (viii).

(ix) Draft Internal Audit Plan 2009-12

Ben Endersby presented the draft Internal Audit Plan for 2009 to 2012 and confirmed that it did not include a review of the Trust's carbon reduction strategy. The Deputy Director of Finance informed the Committee that, as part of their external audit work, KPMG would be carrying out a Sustainability Review this year. Daniel Codling confirmed that the Terms of Reference for this are currently being reviewed. It was agreed to wait until the output of the KPMG work before deciding if anything needed to be added to the plan.

Terry Price questioned the timing of the Theatre Utilisation and Efficiency Review in view of the Theatre Systems project work currently being carried out. Mark Kinsella advised the Committee that the review referred to was in relation to production rather than systems and was based on recommendations made by the NHS Institute for Innovation and Improvement.

Terry Price commented that whilst this was a three year plan, what stage was the detailed plan for 2010/11 currently at? The Director of Finance and Information advised the Committee that the detailed plan for 2010/11 would be put together based on the three year plan.

Mark Kinsella suggested asking for IGAC's opinion on the 2009-12 plan.

The Committee agreed that the views of IGAC should be sought and the plan would be put in the agenda for the next IGAC meeting. PD

(x) LCFS Update Report and 2009/10 Annual Report

Bruce Spottiswoode circulated and presented the update report on progress with counter fraud matters. This included:

(a) Reactive work including details of new referrals and current investigations;
(b) Proactive work:

- The LCFS continues to deliver Counter Fraud presentations to all new starters attending Trust Induction Courses.
- The National Fraud Initiative (NFI) has been fully updated with information from reviews carried out by the Trust.
- The local proactive exercise in the area of Transport continues and an interim report will be available at the next Audit Committee meeting.

Bruce Spottiswoode also presented the Local Counter Fraud Specialist Annual Report for 2009/10.

The Committee noted both reports.

(xi) LCFS Plan 2010-11

Bruce Spottiswoode presented the LCFS Plan for 2010-11.

The Committee discussed the contents of the Plan and in particular the best way to increase LCFS awareness amongst existing staff members. Bruce Spottiswoode agreed to look into an online Counter Fraud course currently being used at another Trust. BS

The Committee also discussed the ways in which local and national Counter Fraud cases are publicised within the Trust.

The Committee approved the LCFS Plan for 2010-11.

(xii) 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 sixty seven, of which twenty six were high level.

It was noted that, as agreed at the last Audit Committee meeting, a separate meeting involving Terry Price, the Director of Finance and Information, the Deputy Director of Finance and Ben Endersby had been held to review the outstanding internal audit recommendations. The outcome of which was that the eleven recommendations in relation to the review of Patients Property and Monies will be implemented by the end of May 2010. Also, the two outstanding Business Continuity recommendations are being dealt with by the Head of Information Services and the Deputy Director of Workforce and OD is making good progress with the Workforce Intelligence Reporting recommendations.

A number of recommendations related to the Theatres Systems review where the project has made good progress. However implementation would not be until later in the year.

A meeting to discuss the Vascular Imaging Service recommendations was scheduled for 21st April 2010.

It was agreed that a further review meeting with Terry Price be scheduled for the May or early June. PD

It was also agreed that future reports on progress with internal audit recommendations would reflect the ageing of the individual reports to highlight implementation delays. PD

The Committee noted the report.

5. External Auditors Report

(i) Interim Audit Report

June Awty presented the Interim Audit Report highlighting the improvement shown in the three ALE themes reviewed so far.

Terry Price asked about the Trust Audit Committee self assessment referred to on page 5 of the report which needs to be evidenced by 2 July 2010 which is before the next Audit Committee meeting. The Deputy Director of Finance agreed to circulate this separately. PD

June Awty also highlighted Appendix A which summarises the key issues and recommendations arising from the Interim Audit. A total of six recommendations have been made, none of which are scored as high risk.

Peter Taylor questioned the reference to segmental reporting on page 11 and the Deputy Director of Finance confirmed that "Healthcare" would be the only segment reported in the Trust's Annual Accounts.

The Committee noted the report.

(ii) Follow up of External Audit Recommendations

The Deputy Director of Finance presented a report of Progress Against External Audit Recommendations which showed four recommendations to be implemented compared to twenty five reported in October.

The Committee noted the report.

6. Draft Statement of Internal Control

The draft Statement of Internal Control was circulated by the Director of Finance and Information.

The Committee discussed the statement and gave their feedback. The Director of Finance and Information agreed to incorporate this and bring back the revised statement to the next meeting. JH

7. ALE Update

The Head of Financial Services presented an update report on ALE following KPMG's assessment of three of the five themes.

The Committee noted the report.

8. Accounting Polices Review

The Deputy Director of Finance recommended that the Committee agree to the Trust's adoption of the standard NHS accounting policies as laid out in the NHS Manual for Accounts which has now been updated for IFRS.

The Committee agreed to defer the approval of these accounting policies until the approval of the Annual Accounts for 2009/10.

9. Losses and Special Payments as at 31st March 2010

The Deputy Director of Finance presented a summary of Losses and Special Payments made during the 6 months to 31st March 2010.

The Committee approved the payments.

10. Bad Debts Write Off as at 31st March 2010

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

The Committee discussed the process for collecting payment from Overseas Visitors. Ben Endersby reported that an internal audit review of Private Patients Income was planned for 2010/11 which would highlight areas of concern. Reference was also made to the earlier Finance Committee meeting at which it was agreed that an update on progress with improving the Overseas Visitor debt collection process would be brought to the September Finance Committee meeting.

The Committee approved the write off of bad debts with a gross value of £88,457.69, of which a provision of £7,657.39 had been made in the 2008/09 accounts.

The Committee also approved the maintenance of a provision against Overseas Visitor debts of £5,814.58.

11. Review of Standing Orders, Scheme of Delegation and Standing Financial Instructions

(i) Standing Orders and Scheme of Delegation

The Head of Corporate Affairs presented the review of Standing Orders and Scheme of Delegation and gave an overview of the main changes which reflect both legislative changes and readiness for Foundation Trust status as well as some general tidying up.

The Committee noted the updated Standing Orders and Scheme of Delegation and recommended that they be presented to the Trust Board for approval. JG

(ii) Standing Financial Instructions

The Deputy Director of Finance presented the review of Standing Financial Instructions which contain no major changes.

The Committee noted the updated Standing Financial Instructions and recommended that they be presented to the Trust Board for approval. PD

12. Draft Annual Report to Trust Board

Terry Price invited feedback from both internal and external audit on the draft Annual Report of the Audit Committee to the Trust Board. No changes were proposed.

The Committee approved the report. It would now be presented to the Trust Board. PD

13. Integrated Governance

(i) Corporate Risk Register

The Committee noted the Summary of Corporate Risks as at 31st March 2010.

(ii) Minutes of IGAC meetings held on 9th December 2009 and 3rd February 2010 (Draft)

The Committee noted the minutes of the IGAC meeting held on 9th December 2009 and the draft minutes of the meeting held on 3rd February 2010.

14. Items of Information/Noting

(i) Draft Schedule of Business 2010/11

The Committee noted the draft Schedule of Business 2010/11.

(ii) Chairman and Chief Executive Expenses

The Deputy Director of Finance presented a summary of the Chairman's and the Chief Executive's expenses for 2009/10.

The Committee discussed the most appropriate form of scrutiny for these expenses and it was agreed that it should be carried out by the Internal Auditors.

The Committee noted the schedule of expenses for 2009/10 and agreed that future expenses be reported on a rolling four quarterly basis at each Audit Committee meeting. PD

15. Any Other Business

(i) It was agreed that an additional Audit Committee meeting would be scheduled for early June in order to approve the 2009/10 Annual Accounts, the Statement of Internal Control and also the final Head of Internal Audit Opinion. PD

(ii) It was agreed that in future years there should be no Audit Committee meeting in April; instead April's meeting would be brought forward to March with a subsequent meeting in May or June. PD

16. Date and Time of Next Meetings

Wednesday 9th June 2010 at 09.00am (to review Annual Accounts 2009/10).
Wednesday 21st July 2010 at 10.30am in the Level 2 Seminar Room (full meeting).