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

TRUST BOARD
28th June 2012

TITLE	**Draft Minutes of the Audit Committee meeting held on 23rd May 2012.**
EXECUTIVE SUMMARY	The Audit Committee considered the following key points: - ▪ **Head of Internal Audit Opinion** - reviewed the internal audit Annual Report and Head of Internal Opinion which gave significant assurance to the Trust; ▪ **KPMG ISA260 Report** – reviewed this report which had no significant issues raised in it; ▪ **Annual Report & Accounts –** reviewed the draft annual accounts and report and recommended them for Board approval; and ▪ **Committee Annual Report to the Trust Board** – reviewed a draft of the Committee annual report and, subject to a minor few changes, approved it.
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 23rd May 2012.
Submitted by:	Terry Price, Non-Executive Director/Audit Committee Chair Paul Doyle, Deputy Director of Finance
Date:	20th June 2012
Decision:	For Noting

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

TRUST BOARD
28th June 2012

Draft Minutes of the Audit Committee Meeting held on 23rd May 2012

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. Simon Marshall	Director of Finance and Information
	Ms. Jane Gear	Head of Corporate Affairs
	Ms. Giselle Rothwell	Head of Communications
	Mr. Ben Endersby	Chantrey Vellacott DFK (Internal Audit)
	Mr. Mark Kinsella	Chantrey Vellacott DFK (Internal Audit)
	Mr. Ross Tudor	KPMG (External Audit)
	Mr. John Lester	KPMG (External Audit)
	Mr. Paul Doyle	Deputy Director of Finance
	Ms. Dakshita Takodra	Parkhill
SECRETARY:	Ms. Miriam Bateson	Head of Financial Services
APOLOGIES:	Mr. Andrew Liles	Chief Executive
	Mr. Ivan Doncaster	Parkhill

1. Introductions and Apologies for Absence

Introductions were made and Dakshita Takordra from Parkhill internal auditors was welcomed to the meeting.

Apologies are as listed above.

2. Internal Audit

2.1 Internal Audit Annual Report

Mark Kinsella presented the Internal Audit Annual Report summarising the audits completed during 2011/12 and the controls and recommendations made. The results of three audits, namely Consultant Job Planning, Key Systems Review and Estates, had not yet been incorporated but there was sufficient evidence from the other nine finalised audits to offer an overall Significant Control Opinion for those Trust's control systems audited in 2011/12.

The Committee noted the report.

2.2 Internal Audit Report – Medical Staffing Review

Ben Endersby presented the internal audit report on the Medical Staffing Review which concluded that there was limited assurance in this area. Whilst full assurance was given to a number of key control areas, such as Trust policies and guidance, compliance with policies in place was difficult to evidence. In total seventeen recommendations had been made of which six were high level and

nine medium level.

The Director of Finance and Information agreed to discuss in more detail the issues raised outside the meeting with the Director of Workforce and Organisational Development and the Deputy Chief Executive and report back to the Audit Committee in July. SM

The Committee noted the report.

2.3 Internal Audit Report – Consultant Job Planning

Ben Endersby presented the internal audit report on Consultant Job Planning which concluded that there was significant assurance in this area. In total seven recommendations had been made all of which were medium level.

The Committee discussed the fact that some of the proposed implementation dates were quite some way off, for example, four are March 2013 and one October 2013. It was agreed that this would be followed up at the next recommendation update meeting.

The Committee noted the report.

2.4 Internal Audit Report – Estates

Mark Kinsella advised the Committee that internal audit work on Estates was still in progress and that they were awaiting three responses from Trust staff.

It was agreed that the report would be circulated prior to the July Audit Committee meeting after having been reviewed by the Director of Finance and Information and the Deputy Director of Finance. MK

The Committee noted the progress with the audit.

2.5 Internal Audit Report – Key Systems Review

Mark Kinsella advised the Committee that internal audit work on the Key Systems Review was still in progress.

It was agreed that the report would be circulated prior to the July Audit Committee meeting after having been reviewed by the Director of Finance and Information and the Deputy Director of Finance. MK

The Committee noted the progress with the audit.

2.6 Internal Audit Report – IG Toolkit

This was an advisory report providing a snapshot of where the Trust was in compliance terms against the IT toolkit assessment as at 20th March 2012. It was acknowledged that a lot of the issues raised would probably have been cleared by the 321st March 2012 deadline.

The Committee noted the report.

2.7 IG Training Consultancy

This item had been covered in the internal audit annual report.

2.8 Head of Internal Audit Opinion

Mark Kinsella presented the Final Head of Internal Audit Opinion which gave an overall opinion of significant assurance.

At the time of finalising the opinion the third party reliance report on the ESR system had not been seen by Internal Audit however it had been seen by External Auditors, KPMG. John Lester agreed to circulate a copy and upon receipt and review thereof Mark Kinsella agreed to issue an amended report. JL MK

The Committee noted the report.

3. Annual Report, Accounts and Quality Report 2011/12

3.1 Losses & Special Payments 6 months to 31 March 2012

The Deputy Director of Finance presented a report of Losses and Special Payments for the six months to 31 March 2012.

The Committee approved the report.

3.2 KPMG – Progress Report

Ross Tudor presented KPMG's External Audit Progress Report.

Terry Price confirmed that the External Audit Contract had been awarded to KPMG for a further three years.

The Committee noted the report.

3.3 KPMG – ISA260 Audit Highlights Memorandum

Ross Tudor presented KPMG's ISA260 Audit Highlights Memorandum for 2011/12 which made nine recommendations, one of which was identified as high priority and four as medium. In addition, six prior year recommendations require further action by Trust management.

The report highlighted three areas where audit work remained outstanding but there were no unadjusted audit differences at the time of writing.

The report also concluded that the Trust had adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

The report also included a statement regarding work carried out on the Whole of Government Accounts submission in line with National Audit Office (NAO) requirements. Pending review of outstanding information, the intention was to issue an unqualified confirmation to the NAO.

It was agreed that the final version of the report, incorporating management responses, was required and that, in accordance with usual practice, the medium and high recommendations would be followed up and progress reported back to the Committee at future meetings. PD

The Committee approved the report.

3.4 KPMG – Report on Quality Account

Ross Tudor reported that work a draft report had been issued to the Trust and was in the process of being discussed with the Associate Director for Quality. The final report would go to the Trust Board.

3.5 Annual Report and Accounts

The Annual Report and Accounts was presented to the Committee in four parts referenced a to d.

3.5a Annual Report 2011/12 (pages 6 to 66)

The Head of Communications presented the Annual Report 2011/12 and informed the Committee of the intention to produce an Annual Review document as in 2010/11.

The Head of Corporate Governance drew the Committee's attention to the mandated Governance section starting on page 49 and Jim Gollan agreed to provide some revised wording for the Finance Committee section on page 58. J.Gollan

The Committee discussed the need for changes to be made to the Information Governance section on pages 40 to 41 to add clarity.

Subject to these changes, the Annual Report 2011/12 was approved.

3.5b Financial Report and Accounts 2011/12

The Deputy Director of Finance presented the Financial Report and Accounts 2011/12 which form part of the Annual Report 2011/12 and consist of:

(i) Financial review;
(ii) Remuneration report;
(iii) Statement of Chief Executive' Responsibilities; and
(iv) Annual Governance Statement 2011/12.

Some changes were discussed by the Committee and, subject to those, the Financial Report and Accounts 2011/12 were approved. PD

3.5c Annual Accounts 2011/12

The Deputy Director of Finance presented the Annual Accounts 2011/12. The only outstanding item was the potential adjustment to reserves for HCA/CCA depreciation.

Some presentational changes were discussed by the Committee and, subject to those and any additional minor changes agreed between the Director of Finance and Information and KPMG, the Financial Report and Accounts 2011/12 were approved. PD

3.5d Quality Account 2011/12

Ross Tudor informed the Committee that the Quality Account 2011/12 was on track to be completed on time.

The draft Quality Account 2011/12 was approved by the Audit Committee subject to final checking by the Associate Director for Quality.

3.6 Schedule of Adjusted and Non-Adjusted Items

The Deputy Director of Finance presented the Schedule of Adjusted and Non-Adjusted Items which was noted by the Committee.

3.7 Management Representation Letter

The Committee approved the Management Representations Letter which covering the financial year to 31st March 2012.

4. Draft Audit Committee Annual Report to Trust Board

Terry Price presented the Draft Audit Committee Annual Report to Trust Board to the Committee.

It was agreed that:

(i) the wording of the section on Internal Audit should be amended to reflect the issues arising from audits completed during the year i.e. those areas with limited assurance; and PD

(ii) it should also be noted that the Chair of the Audit Committee has regular progress meetings throughout the year with those responsible for implementing audit recommendations.

Subject to these changes the report was approved and recommended to the Board.

5. Internal Audit 2012/13

5.1 Draft Internal Audit Plan

Dakshita Takodra presented the Draft Internal Audit Plan 2012/13.

It was agreed that Terry Price would present the draft for discussion at the next IGAC meeting and, because of this, the Committee agreed to note the Draft Internal Audit Plan 2012/13 rather than approving it but agreed that the audits planned for quarters one and two should proceed.

5.1 Internal Audit Terms of Reference

Terry Price suggested that the Internal Audit Terms of Reference be deferred until the next Audit Committee meeting. PD

6. Any Other Business

KPMG agreed to provide clarification on the signatures and number of copies required following next week's Board approval of the 2012/13 Annual Report, Accounts and Quality Account. JL

6.1 Private discussions with auditors

All non-Committee members left the meeting to enable the Committee members to have a private discussion with KPMG.

7. Date and Time of Next Meeting

Wednesday 18th July 2012, at 11.00am in Room 2 Chertsey House, St. Peter's Hospital.