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

TRUST BOARD
29th March 2012

TITLE	Minutes of the Audit Committee meeting held on 18th January 2012.
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; ▪ **Annual Report & Accounts - r**eviewed a paper on the timelines and responsibilities for preparing and approving the annual report and accounts for 2011/12; ▪ **Terms of Reference** – carried out a review of the Terms of Reference of the Committee; and ▪ **Tenders** – received updates on the tenders currently taking place for internal audit 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 minutes of the Audit Committee meeting held on 18th January 2012.
Submitted by:	Terry Price, Non-Executive Director/Audit Committee Chair Paul Doyle, Deputy Director of Finance
Date:	21st March 2012
Decision:	For Noting

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

TRUST BOARD
29th March 2012

Minutes of the Audit Committee Meeting held on 18th January 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. 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)
	Ms. Eleanor Richards	KPMG (External Audit)
	Mr. Paul Doyle	Deputy Director of Finance
APOLOGIES:	Ms. Miriam Moore	Head of Financial Services

1. Apologies for Absence

Apologies are as listed above.

2. Minutes of Previous Meeting

Minutes of the Meeting held on 19th October 2011

The minutes of the meeting held on 19th October 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 13(i)

The Deputy Director of Finance confirmed that the wording of risk 1113 (Fraud and Corruption) on the Corporate Risk Register had been recently considered by the Trust Executive Committee. As a result the risk is being reconsidered and an update would be brought to the next meeting. MM

Meeting date 19/10/11, item number 4.7

It was agreed that this action point was carried forward pending the result of the internal audit tender. However if Chantrey Vellacott were reappointed then they would bring a draft plan to the March 2012 meeting. PD

Meeting date 19/10/11, item number 4.10

The Deputy Director of Finance advised that the Associate Director, Health Informatics was awaiting a final version of the report to enable the completion of this. It was agreed that Carl Watson would ensure that the final report was issued so that follow-up of recommendations could take place. CW

The Director of Finance and Information agreed to ensure that the recommendations were addressed. JH

Meeting date 19/10/11, item number 5.3

Ross Tudor confirmed that the Quality Accounts summary document had been circulated.

Meeting date 19/10/11, item 5.4

This item was covered under section 6.2 on the follow up of external audit recommendations.

4. Internal Audit

4.1 Internal Audit Progress Report

Mark Kinsella presented the Internal Audit Progress Report drawing attention to the fact that 46% of the planned audit days had been completed. Remaining audits have been planned for the fourth quarter so there was a high level of confidence in completing the plan on time, with the Head of Internal Audit Opinion due in mid-late April.

The Committee noted the report.

4.2 Internal Audit Report – Main Accounting Systems

This report concluded that there was full assurance in this area. In total fifty six controls had been tested of which forty nine had full assurance and seven had significant assurance. A total of three recommendations had been made all of which low level.

The Committee noted the report.

4.3 Internal Audit Report – Payroll

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

Jim Gollan asked whether there were any issues with the Trust starter process. Ben Endersby confirmed that they had not identified any.

The Committee noted the report.

4.4 Internal Audit Report – Stock Management Review

The Director of Finance and Information informed the Committee that unfortunately the Trust had been unable to finalise this report in time for the

Committee meeting. This was because it was felt to be an important report that the Trust wanted to make sure that it had robust responses to.

Terry Price asked that the report be circulated to the Non-Executive Directors as soon as it was available. PD

4.5 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 thirteen recommendations had been removed; with a total of twenty six remaining.

Terry Price advised that he had held a series of good meetings with managers and expects good progress to be made by the March meeting.

The Committee noted the report.

5. Local Counter Fraud Specialist (LCFS)

5.1 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 work carried out on the data matches from the Audit Commission National Fraud Initiative; and
(iii) a summary of the six recent referrals.

Terry Price asked for the visa match issues to be followed up and reported back to the Committee. CW

In respect of recent referral number 3 Jim Gollan asked for an update to be provided on the implementation of the actions. CW

In respect of recent referral number 5 Terry Price expressed concern about the delays in getting the investigation started. The Director of Finance and Information confirmed that he was meeting with the LCFS after the Audit Committee meeting.

The Committee noted the report.

5.2 Follow up of LCFS Recommendations

The Deputy Director of Finance introduced the paper which followed up on the LCFS report on Pre-Employment Screening. All recommendations had now been implemented.

As discussed under Matters Arising the follow-up on the LCFS report on Information Theft would be added to the report to the next meeting.

6. External Audit

6.1 Progress Report

Ross Tudor presented KPMG's External Audit Progress Report which updated the Committee with work performed since the October 2011 Audit Committee

meeting and also work planned for the following period. The report also included Technical Updates on Monitor's recent guidance relevant to the Trust's 2011/12 audit, namely:

(i) Self-Certification reviews;
(ii) Quality Governance Framework;
(iii) Monitor's new role – licensing providers; and
(iv) PbR 2012/13

Planning for the 2011/12 audit had been completed and meetings held with key officers from the Trust. It was hoped that a substantial amount of testing work would be carried out at the interim audit in February/March and this would help to reduce work on the final accounts audit.

6.2 Follow up of External Audit Recommendations

The Deputy Director of Finance presented a report of progress against External Audit recommendations which showed four recommendations still to be implemented. Subsequent to the issue of the paper one of the recommendations had been cleared. Work was ongoing to try and find a solution to the HCA issue for buildings.

The Committee noted the report.

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

7.1 Timelines

Jane Gear took the Committee through the paper setting out the timelines and responsible people/groups for the annual report and accounts preparation, approval and submission.

The paper raised a number of discussion points which the Committee debated and agreed as follows: -

- Annual Governance Statement – the Committee wants an oversight and would like a paper to the next Committee meeting; JH
- Audit Committee meeting to be held on 23rd May 2012; PD
- Trust Board – to discuss moving the meeting to 28th May 2012 with the Trust Chairman; JG
- Agreed that there will be a mix of what in the Annual report gets seen at the Finance Committee and Audit Committee.; and
- AGM – to discuss with the Trust Chairman about either a July or September meeting. JG

7.2 Review of Segmental Reporting

The Deputy Director of Finance reminded the Committee that the issue of segmental reporting was one that had been raised by KPMG as part of its recommendations from the 2010/11 accounts audit. The paper presented to the Committee gave two examples from local Foundation Trusts, both giving differing levels of disclosure. Ross Tudor reported that the Trust would be an outlier if it did not comply.

It was agreed that a paper on segmental reporting would be brought back to the March meeting following discussions between Trust management and

KPMG. JH

8. Terms of Reference Review

8.1 NHS Audit Committee Handbook

The updated NHS Audit Committee Handbook (2011) was noted by the Committee.

8.2 Review of Effectiveness

The Committee noted the Self Assessment Checklist contained in the new NHS Audit Committee Handbook. It was agreed that Terry Price and the Deputy Director of Finance would go through the checklist and report back to the next meeting. TP/PD

8.3 Review of Terms of Reference

The Committee reviewed its Terms of Reference and recommended a few changes. These would be amended and a final version brought to the March Committee meeting for sign off prior to Trust Board approval. PD

9. Integrated Governance

9.1 Corporate Risk Register

The Committee noted the Summary of Corporate Risks as at 8th December 2011.

9.2 Minutes of IGAC meeting held on 8h September 2011

The Committee noted the minutes of the IGAC meeting held on 8th September 2011.

9.3 IGAC Terms of Reference

The Committee noted the revised (and approved) Terms of Reference for IGAC.

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

The following items were noted:

Trust Board:

- Inform the Board of proposed changes to the meeting dates in 2012 to approve the Trust's Annual Report and also for its AGM.

IGAC:

- No items for information/recommendation.

10. Item for Information / Noting

10.1 Schedule of Business 2010-12

The Committee noted the report, but asked that it be rolled forward for the rest of 2012. PD

10.2 Chairman and Chief Executive Expenses

The Committee noted the report.

11. 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 shortlisted suppliers will shortly be submitting their tenders.

- External Audit – There had been a meeting following submission of PQQ documents to create a shortlist of satisfactory and compliant responses. The detailed specification was being finalised.

- LCFS – This is not currently being tendered.

12. Any Other Business

There were no items of any other business.

13. Date and Time of Next Meeting

Wednesday 21st March 2012, at 11.00am in the Level 2 Seminar Room, Departmental Block, St. Peter's Hospital.