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

TRUST BOARD
30th June 2011

TITLE	**Draft minutes of the Audit Committee meeting held on 2nd June 2011.**
EXECUTIVE SUMMARY	The Audit Committee considered the following key points for the Annual Report and Accounts for the eight months to 30th November 2010 as a Trust and the four months to 31st March 2011 as a Foundation Trust : - ▪ **Head of Internal Audit opinion** – reviewed the final opinion which gave a very strong significant control opinion; ▪ **KPMG Reports** – reviewed KPMG's reports to those charged with governance for 2010/11 in which unqualified audit opinions were proposed; ▪ **Quality Report** – noted KPMG's work on the Quality Report and the opinion they had arrived at; ▪ **Annual Report and Accounts** – reviewed the financial aspects of the Annual Report and Accounts for 2010/11 and recommended that the Trust Board approve them; and ▪ **Management Representations Letters** – reviewed the letters for 2010/11 and recommended that the Trust Board approve them.
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 2nd June 2011.
Submitted by:	Terry Price, Non-Executive Director and Audit Committee Chair Paul Doyle, Deputy Director of Finance
Date:	16th June 2011
Decision:	For Noting

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

TRUST BOARD
30th June 2011

Draft Minutes of the Audit Committee Meeting held on 2nd June 2011

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. Ben Endersby	Chantrey Vellacott DFK (Internal Audit)
	Mr. Ross Tudor	KPMG (External Audit)
	Ms. Eleanor Richards	KPMG (External Audit)
	Mr. John Lester	KPMG (External Audit)
	Mr. Paul Doyle	Deputy Director of Finance
	Ms. Giselle Rothwell	Head of Communications (item 8)
SECRETARY:	Ms. Miriam Moore	Head of Financial Services
APOLOGIES:	Mr. Andrew Liles	Chief Executive
	Mr. Mark Kinsella	Chantrey Vellacott DFK (Internal Audit)

1. Apologies for Absence

Apologies are as listed above.

2. Internal Audit – Final Head of Internal Audit Opinion

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

The Committee discussed the Opinion on the Assurance Framework. In particular the wording "controls are generally being applied consistently" was discussed and the question was raised as to whether attention should be focused on the areas where this is not the case. It was agreed that this matter should be discussed outside of the meeting by Terry Price and Mark Kinsella. TP

The Committee noted the report.

3. KPMG – Quality Report

Ross Tudor presented KPMG's report summarising the findings of the external assurance work completed on the 2010/11 Quality Report which concluded that a limited assurance opinion had been achieved. It was noted that the limited assurance opinion was the best outcome that could be achieved.

The report also contained the findings of KPMG's dry-run exercise over the

preparation of two mandated indicators and a locally selected indicator. It is expected that from 2011/12 Monitor will require a limited assurance opinion on these indicators and therefore a full "live" audit will be required.

The Committee discussed the performance improvement observations noted by KPMG and the overall impression that these gave. Ross Tudor emphasised that these were observations on improvements to processes and not outcomes. Ross also emphasised that this report was prepared for the Board and Governors only and is therefore not a publicly-available document. RT

It was agreed that the final version of the report, incorporating management responses, was required. TP

It was also agreed that the report should be taken to IGAC.

The Committee approved the report.

4. Accounts for the Period 1st April 2010 to 30th November 2010

(i) KPMG Report

Ross Tudor presented KPMG's ISA260 Audit Highlights Memorandum for the first eight months of 2010/11 which made seven recommendations, two of which were identified as high priority and one as medium. The report also highlighted some outstanding audit items, the number of which was reducing daily, and subject to these, Ross confirmed that a clean audit opinion would be issued.

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. RT PD

The Committee noted the report.

(ii) Annual Report and Accounts

Terry Price suggested that the Committee should focus on the Accounts rather than the Annual Report and the Director of Finance and Information went on to present the Accounts for the first eight months of 2010/11.

There were no questions on the Statement of Internal Control (apart from the identification of a typographical error) but a number of questions were raised on the accounts and the format of some of the notes in particular. The points raised are summarised at Appendix A (and have since been incorporated into the final version of the accounts). PD

The Committee approved the Annual Report and Accounts.

(iii) Schedule of Adjusted and Non-Adjusted Items

The Deputy Director of Finance presented the Schedule of Adjusted and Non-Adjusted Items which tracked the changes made to the version of the accounts originally made available for audit and the final version now presented.

The Committee noted the report.

(iv) Management Representations Letter

The Deputy Director of Finance presented the Management Representations Letter which, apart from the representations made in paragraphs four and five of the "Financial statements" section, was in a standard format.

The Committee approved the Management Representations Letter.

5. Accounts for the Period 1st December 2010 to 31st March 2011

(i) KPMG Report

Ross Tudor presented KPMG's ISA260 Audit Highlights Memorandum for the final four months of 2010/11 which made eight recommendations, three of which were identified as high priority and one as medium. The report also highlighted some outstanding audit items, the number of which was reducing daily, and subject to these, Ross confirmed that a clean audit opinion would be issued.

The Committee discussed the high priority recommendation in relation to Segmental Reporting and agreed that a detailed report on the matter should be brought to the Committee in six months time. PD

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

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. RT PD

The Committee noted the report.

(ii) Annual Report and Accounts

Terry Price again suggested that the Committee should focus on the Accounts rather than the Annual Report and the Deputy Director of Finance went on to present the Accounts for the final four months of 2010/11.

The Committee discussed the Financial Review at section 6 and in particular the negative message that readers might gain with regard to performance against plan. It was agreed to add a comment about the impact of winter pressures also a comment to clarify that non-operating expenses related to a provision for the restructuring of pathology services. PD

This and some other minor points raised are summarised at Appendix A (and have since been incorporated into the final version of the accounts).

The Committee approved the Annual Report and Accounts.

(iii) Schedule of Adjusted and Non-Adjusted Items

The Deputy Director of Finance presented the Schedule of Adjusted and Non-Adjusted Items which tracked the changes made to the version of the accounts originally made available for audit and the final version now presented.

The Committee noted the report.

(iv) Management Representations Letter

The Deputy Director of Finance presented the Management Representations Letter which, apart from the representations made in paragraphs four, five and six of the "Financial statements" section, was in a standard format.

With regard to the representation in paragraph six in relation to the provision for pathology restructuring costs, the Director of Finance and Information undertook to give further consideration to this matter and to thoroughly check the supporting documents before signing the Management Representation Letter. JH

The Committee approved the Management Representations Letter.

6. Any Other Business

The Committee expressed their thanks to the Deputy Director of Finance for the outstanding work done by him and his team in producing two sets of accounts on time.

7. Date and Time of Next Meeting

To be confirmed. The Deputy Director of Finance agreed to issue a schedule of meetings for 2011/12 PD

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

ANNUAL ACCOUNTS 2010/11

COMMENTS RECEIVED 02/06/11 FROM AUDIT COMMITTEE

8 MONTH ACCOUNTS TO 30TH NOVEMBER 2010			
Item	**Note/Page Ref**	**Comment**	**Action**
1	Directors' costs (accounts and remuneration report)	Need to include Susan Osborne	Amended MM 03/06/11
2	Statement of Internal Control, 8th paragraph of "The risk and control framework"	Date correction required	Amended MM 03/06/11
3	Note 35 Losses and special payments	Add sentence to add clarity to the note	Amended PD 03/06/11
4	Note 9.3 Staff sickness absence	Re total staff years – can anything be added to this note to explain?	Amended PD 03/06/11
5	Note 29.3 Financial risk management	Review wording	Amended PD 03/06/11
6	Note 31.3 External financing	Review wording	Amended PD 03/06/11
7	Note 7 Operating expenses	Amend wording of "other employee benefits"	Amended to "employee benefits" MM 03/06/11

4 MONTH ACCOUNTS TO 31ST MARCH 2011			
Item	**Note/Page Ref**	**Comment**	**Action**
1	Directors' costs (accounts and remuneration report)	Need to include Susan Osborne	Amended MM 03/06/11
2	Statement of Internal Control, 8th paragraph of "The risk and control framework"	Date correction required	Amended MM 03/06/11
3	Note 26 Provisions for liabilities and charges, other provisions	Clarify that redundancy/ restructuring costs relate to Pathology	Amended MM 03/06/11
4	Financial Review	Add comment about winter pressures	Amended PD 03/06/11