

TRUST BOARD
28th March 2013

TITLE	Minutes of the Audit Committee meeting held on 23 rd January 2013.
EXECUTIVE SUMMARY	<p>The attached are minutes of the Audit Committee meeting held on 23rd January 2013.</p> <p>The Audit Committee wished to bring the following to the attention of the Trust Board: -</p> <ul style="list-style-type: none"> • Internal audit findings headlines; • Timetable for 2012/13 Annual Report, Accounts and Quality Report; and • The proposed changes to the 2012/13 Quality Report requirements.
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	Internal and external audit reports and Local Counter Fraud Specialist updates are reviewed at the meetings of the Committee. Recommendations are accepted by the Trust after engagement of the relevant area lead.
EQUALITY AND DIVERSITY ISSUES	None that I am aware of.
LEGAL ISSUES	None that I am aware of.
The Trust Board is asked to:	Receive the minutes of the Audit Committee meeting held on 23 rd January 2013.
Submitted by:	Terry Price, Non-Executive Director/Audit Committee Chair Paul Doyle, Deputy Director of Finance
Date:	20 th March 2013
Decision:	To Receive

TRUST BOARD
Date: 28th March 2013

Title: Minutes of the Audit Committee Meeting held on 23rd January 2013

PRESENT:	Mr. Terry Price Mr. Peter Taylor Mr. Jim Gollan	Non-Executive Director and Committee Chair Non-Executive Director Non-Executive Director
IN ATTENDANCE:	Ms. Aileen McLeish Mr. Simon Marshall Mr. George Roe Mr. Paul Doyle Mr. Carl Watson Ms. Dakshita Takodra Mr. John Lester Mr. Philip Johnson	Chairman Director of Finance and Information Head of Corporate Affairs Deputy Director of Finance Chantrey Vellacott DFK (LCFS)) Parkhill (Internal Audit) KPMG (External Audit) KPMG (External Audit)
SECRETARY:	Ms. Miriam Bateson	Head of Financial Services
APOLOGIES:	Mr. Andrew Liles Mr. Ross Tudor	Chief Executive KPMG (External Audit)

1. Introductions and Apologies for Absence

Apologies are as listed above. Ross Tudor is currently on secondment and Philip Johnson will be covering for him during this period.

2. Minutes of Previous Meeting

Minutes of the Meeting held on 17th October 2012

The minutes of the meetings held on 17th October 2012 were approved.

3. Matters Arising – Actions List

The Committee reviewed the Actions List and a verbal update was given as follows:

Meeting date 17/10/12, item number 3.0

The Deputy Director of Finance confirmed that an update had now been circulated. It was agreed that this point was now closed..

4. Internal Audit

4.1 Internal Audit Report - Progress Report

Dakshita Takodra presented the progress report from Parkhill which included the following:

(i) Internal audit plan status report – the IT audits agreed are Information Governance and Benefits Realisation for the Bluespier theatre management system. The CQC Registration audit and also the Rostering audit have been delayed but will both be complete by the next Audit Committee meeting. Finally, draft reports have been issued for the Income/Debtors and the Payroll audits, both of which have substantial assurance conclusions, and final versions will be presented at the next Audit Committee.

(ii) Summaries of final reports issued for the following completed audits:

- Safeguarding Adults Review

This report concluded that there was limited assurance in this area. In total nine recommendations had been made of which one was high level, five were medium level and three were low level. The Committee agreed that this report should be referred to IGAC for information and follow-up.

Refer to
IGAC

- Human Resources (Sickness, Training and Local Orientation)

This report concluded that there was limited assurance in this area. In total eight recommendations had been made of which three were high level, four were medium level and one was low level.

- Financial Ledger

This report concluded that there was substantial assurance in this area with just one low level recommendation being made.

(iii) A database of progress with implementing internal audit recommendations - the latest position of the 57 recommendations outstanding from prior years was:

- 40 implemented (of which 33 evidenced so far)
- 6 work in progress;
- 10 not yet due; and
- 1 response awaited.

- the latest position of the 32 recommendations in relation to 2012/13 audits was:

- 21 implemented (of which 3 evidenced so far)
- 1 work in progress; and
- 10 not yet due.

The Committee discussed the Stock Management recommendations outstanding from 2011/12 and agreed that the progress comments were not satisfactory. The Director of Finance and Information agreed to follow up and bring an update to the next meeting.

SM

(iv) An update on new NHS Internal Audit Standards was given in Appendix 2 and it was agreed that a draft Internal Audit Charter would be considered at the next meeting.

DT

The Committee noted the Internal Audit Progress report.

4.2 Internal Audit Report - IT Audit Needs Assessment

Dakshita Takodra presented the results of the Risk Assessment for IT Audit and advised that the IT Audits agreed with management for 2012/13 were Information Governance and Benefits Realisation for the Bluespier theatre management system.

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; and
- (ii) a summary of one recent referral.

Jim Gollan questioned the role of the Audit Committee in relation to LCFS activities and it was agreed that Carl Watson would address this point in the LCFS Annual Work plan.

CW

The Committee noted the report.

5.2 Follow up of LCFS Recommendations

The Deputy Director of Finance presented a report of progress against LCFS recommendations and confirmed that the two remaining recommendations would be closed off in the following quarter.

The Committee noted the report.

6. External Audit

6.1 External Audit Report – Progress Report

Philip Johnson presented KPMG's External Audit Progress Report which updated the Committee with work performed since the October 2012 Audit Committee meeting and also work planned for the following period.

The report also included a number of Technical Updates, one of which related to the Monitor consultation on proposed changes to Quality Report requirements for 2012/13 which include proposals to change the mandated indicators and also to standardise and mandate the local indicator. The Committee agreed that this update should be shared with the Trust Board.

Refer to
Trust
Board

The Committee noted the report.

6.2 Follow up of External Audit Recommendations

The Deputy Director of Finance presented a report of progress against External Audit recommendations which showed that six recommendations remained outstanding but that all of these had been partially implemented.

In relation to item 4 Terry Price asked for additional information to be circulated about how many individuals were affected and also how the issue would be communicated to them.

PD

The Committee noted the report.

7. **Audit Commission – Payment by Results Data Assurance Framework Follow-Up of Recommendations**

The Deputy Director of Finance presented a report of progress against the Audit Commission's Payment by Results Data Assurance Framework audit recommendations which showed no progress this quarter with the one remaining recommendation. The Committee agreed that the Deputy Director of Finance should obtain an update from the Associate Director for Health Informatics as soon as possible.

PD

The Committee noted the report.

8. **Management of Overseas Visitor Policy**

The Director of Finance and Information presented the draft Overseas Visitors Policy for information, outlined the key points and updated the Committee in relation to the approval process.

The Committee noted the report.

9. **Annual Report, Accounts and Quality Report 2012/13 - Timelines**

The Head of Corporate Affairs presented the proposed timetable for agreeing the Annual Report and Accounts for 2012/13 and the Committee discussed the points raised in section 4. Comments were noted as follows:

- In relation to the Annual Governance Statement Terry Price requested that a draft be brought to the March Audit Committee meeting for review.
- The Committee proposed that the draft Annual Report should be circulated electronically to Board Members for review and that advance warning should be given of the date of circulation to allow time for review.
- The Committee agreed the timetable and proposed Board meeting date of 28th May 2013.

GR/SM

Refer to
Trust
Board

The Committee noted the report.

10. **Terms of Reference Review**

10.1 Audit Committee Self-Assessment Checklist

Terry Price presented a paper reviewing the Audit Committee Self-Assessment Checklist. The Committee discussed the review points and it was agreed that no further action was required.

10.2 Terms of Reference Review

The Committee reviewed its Terms of Reference and discussed possible areas for improvement:

- The Monitor Code of Practice refers to interaction between the Audit Committee and the Council of Governors and this is not currently reflected in the Terms of Reference;
- In the Duties section the description of the role of the Audit Committee in reviewing the work of IGAC and other committees needs to be reviewed.

The Committee agreed that a revised Terms of Reference incorporating the areas discussed should be brought to the next Audit Committee meeting in March. TP/PD

11. Integrated Governance

11.1 Corporate Risk Register

The Committee noted the Summary of Corporate Risks as at 11th January 2013.

11.2 Minutes of IGAC meeting held on 19th September 2012

The Committee noted the minutes of the IGAC meeting held on 19th September 2012.

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

The following items were noted:

Trust Board

- Internal audit findings headlines;
- Timetable for 2012/13 Annual Report, Accounts and Quality Report; and
- The proposed changes to the 2012/13 Quality Report requirements.

IGAC

- Share internal audit's Safeguarding Adults report.

In addition, the Committee agreed that Terry Price should inform the Council of Governors of Ross Tudor's secondment.

12. Item for Information / Noting

12.1 Schedule of Business 2013

The Committee noted the Schedule of Business 2013 and agreed to add a review of accounting policies to March 2013 and the external audit opinion to May 2013. PD

It was also agreed to keep the 17th July 2013 in the diary as a potential additional Audit Committee meeting, with a final decision being made in May.

12.2 Chairman and Chief Executive Expenses

The Committee noted the report covering quarter 3 2012/13.

13. Any Other Business

None.

14. Date and Time of Next Meeting

Wednesday 20th March 2013, at 11.00am in Room 2 Chertsey House, St. Peter's Hospital.