

MINUTES OF AUDIT COMMITTEE MEETING HELD ON 26TH JANUARY 2007

Present:

Andrew Likierman - Non-Executive Director/Chair
Emma Satyamurti - Non-Executive Director/Member
Richard Strang - Non-Executive Director/Member

Apologies:

Caroline Elton - Non-Executive Director/Member

In Attendance:

Simon Young - Director of Finance
Leigh Lloyd-Thomas - Representing PKF (UK) LLP (External Auditors)
Janine Combrinck - Representing PKF (UK) LLP (External Auditors)
Deborah Cripps - Representing Bentley Jennison (Internal Auditors)
Stuart Hopkinson - Representing Bentley Jennison (Internal Auditors)
Andrew King - Local Counter Fraud Specialist
Oyetona Raheem - Secretary

Action Points

AP1	Writing of Annual Audit Report	AL
AP2	Conduct research into Limitation Clause of £500,000 in Auditor's engagement letter	SY
AP3	Effect changes to the Audit Committee's timetable	SY
AP4	Include objectives and risks identified by the Auditors (under section 4 of the report on core financial controls) in the Risk Register	SY
AP5	Forward copies of LCFS contract terms to Audit Committee members	AK
AP6	Review of operating cash policy in line with Best Practice	SY/DC
AP7 & 8	Inform Clinical Governance Committee and the Risk Management Committee about request for time-tables	SY
AP9	Present report on Proposed Policy for Valuation of Trust property for discussion by Audit Committee in summer 2007.	SY

No.	Agenda Item	Action
1	APOLOGIES Received from Caroline Elton.	
2	MINUTES OF 11TH SEPT. 2006 AUDIT COMMITTEE ACCEPTED as an accurate record.	
2.1	Action Paragraphs and Matters Arising	
2.1.1	Annual Audit Report.	

2.1.2	<p>It was agreed that Andrew Likierman should write this report in the first instance followed by input from other members.</p> <p>Administrative Support for the Committee Members were informed that interview for the post of Trust Board Secretary took place the previous day. The appointed candidate who would likely be the Secretary to the Committee was expected to be in place before the next meeting.</p>	AL
3	<p>APPOINTMENT OF AUDITORS BY BOARD OF GOVERNORS It was noted that the re-appointment of Messrs PKF (UK) LLP as the External Auditors to the Trust was confirmed by the Board of Governors at their meeting held in November 2006.</p>	
4	<p>ENGAGEMENT LETTER FOR THE AUDIT OF THE FOUNDATION TRUST Members discussed the general terms and conditions submitted by the Audit firm. Particular attention was drawn to section 12.5 where the liability on the part of PKT was limited to £500,000. The Committee agreed that Richard Strang and Simon Young should do a research on that limitation clause and report back at the next meeting of the Audit Committee.</p>	SY AGD
5	<p>AUDIT COMMITTEE – CHANGE OF CHAIR/MEMBERSHIP There was a discussion on the expected changes to the composition of the Audit Committee from the next meeting. Andrew Likierman would now be a member while Richard Strang would take over as the Chair. Either Emma Satyamurti or Caroline Elton would leave the Committee.</p>	
6	<p>ANNUAL SCHEDULE OF AGENDA ITEMS Members were presented with a revised timetable, aimed at assisting the Audit Committee to fulfil its responsibilities. It was agreed that the meeting to review the Annual Accounts be changed to the first week of June. Also, Richard Strang requested that the whole timetable be reviewed and re-presented starting from what the Audit Committee has to cover.</p>	SY
7	<p>AUDIT COMMITTEE – REVISED TERMS OF REFERENCE The specimen terms of reference for Audit Committee members was reviewed. Members expressed the view that the stated roles contained some ambiguities. Particular attention was drawn to the implication of page 18 paragraph 3 of the paper. It was decided that a meeting of the Chairmen of Audit Committee, Clinical Governance Committee and Risk Management Committee be convened to clarify members roles.</p>	AL

	Subject to this detail, the Board would be asked to approve these as the new Terms of Reference.	
8	<p>UPDATE ON ASSURANCE FRAMEWORK AND RISK MANAGEMENT STRUCTURES</p> <p>A paper on this subject had been submitted by Julia Smith. Members discussed the contents and noted the recommendations that had been put forward to the Management Committee. Amongst the recommendations put forward were:</p> <ul style="list-style-type: none"> • The need for Directorates to have risk champions • Identification and assessment of Directorates' 3-5 primary risks • Investment in Risk Register Software. 	
9	<p>REPORTS FROM INTERNAL AUDIT</p> <p>a Internal Audit Progress Report</p> <p>Members discussed the updated summary of the work completed from the Internal Audit Plan for the year 2006/2007. It was noted that some of the work had been deferred either by the Trust (because of staff changes and the FT application) or by the Auditors, but these audits had been re-scheduled and were now taking place.</p> <p>Mention was made about the good score received by the Trust from the Healthcare Commission on the clinical side. It was stressed that more focus should now be placed on achieving similarly good scores on the financial side.</p> <p>b Human Resources (02.06/07) October 2006</p> <p>The report which was presented by Debbie Cripps of Bentley Jennison focused on the compliance issues surrounding human resources.</p> <p>It was noted that adequate assurance had been given by the auditors instead of full assurance. Debbie Cripps of Bentley Jennison explained that adequate was a positive assessment.</p> <p>Simon Young assured members that the entire Auditors' recommendations had been accepted by the Management Committee and were being treated as priority.</p> <p>c. Core Financial Controls</p> <p>This report was also presented by representatives of Bentley Jennison. During discussions that followed, it</p>	

	<p>was observed that the Electronic Scan Signature system was not yet in place as expected.</p> <p>It was noted that each of these reports contained (in section 4) a table of the objectives and risks for the area under review. Agreed that these be included in the Risk Register.</p> <p>Answering a question on staff requirement, Simon Young explained that a Financial Controller had been put in place and that the new structure for the department was being finalised.</p>	SY
10	<p>LOCAL COUNTERFRAUD SPECIALIST</p> <p>Andy King was in attendance to provide an update on counter fraud matters relating to the Trust. Members noted the proposal contained in his report that the Trust should hold annual fraud awareness day in February 2007.</p> <p>As some members did not know what the objectives of the counter fraud service were, Andy King agreed to forward copies of his contract terms with the Trust to members and offered to be available for a full presentation to the Board if required.</p>	
11	<p>NHS COUNTERFRAUD AND CORRUPTION MANUAL</p> <p>Simon Young told members that the new manual had been circulated to all NHS Finance Directors. The brief report from Bentley Jennison on the changes would be of use to Audit Committee members. The report was received with thanks.</p>	
12	<p>UPDATE ON RECOMMENDATIONS FROM AUDITORS AND LOCAL COUNTERFRAUD SPECIALISTS</p> <p>These reports presented by Simon Young were discussed by members. The amended recommendations on use of resources and the recommendations by the LCFS were duly noted.</p> <p>Members advised that while efforts were being made to satisfy regulatory compliance regime, resources should not be diverted from the strategic objectives of the Trust.</p>	
13	<p>OPERATING CASH MANAGEMENT POLICY</p> <p>The report was presented by Simon Young. It highlighted the options available to the Trust for dealing with surplus operating cash. Members agreed on the suggestion that the policy be reviewed by the Internal Auditors as to whether or not it was in accordance with Best Practice.</p>	SY/DC

14	<p>DEBTORS REPORT</p> <p>While reviewing this report, members noted that a sum of £2,030K was outstanding. Simon Young explained that there had been tremendous improvement in the student debtors systems over the previous two years. He explained further that the overdue amounts were being chased and that the Trust had changed its policy for clinical services to certain PCTs.</p>	
15	<p>CASHFLOW REPORT</p> <p>The cash flow monitoring and forecast for 2006/07 and 2007/08 were tabled before members. It was noted that the report would be presented to the next meeting of the Board.</p>	
16	<p>MINUTES OF RISK MANAGEMENT COMMITTEE MEETINGS OF 12 DECEMBER 2006/16 JANUARY 2007</p> <p>The content of the minutes was noted by members and they requested that future minutes should be accompanied by meeting schedule and subsequent changes to the schedule if any.</p>	SY
17	<p>MINUTES OF CLINICAL GOVERNANCE COMMITTEE MEETINGS OF 28 NOVEMBER/19 DECEMBER 2006</p> <p>These minutes were also noted with a request that future ones should be accompanied by a meetings time-table.</p>	SY
18	<p>FUTURE MEETINGS</p> <p>Members discussed and agreed that future meetings of the Committee should be held as follows:</p> <p>24th April 2007 First Week in June 2007 25th September 2007 27th November 2007</p> <p>The need to include discussions on revaluation of the Trust's property on future Agenda was expressed. Simon Young informed members that the Trust was required to carry out the valuation of its property by April 2008.</p> <p>It was agreed that summer 2007 would be the right time for this discussion.</p>	SY

