

Briefing from Audit Committee: 8 March 2012
Presented by Sarah Connor, NED, Committee Chair

Membership The Committee now has 3 NED members again, Phil Townsend having become a member.

Update on action items We have agreed performance measures for External Auditors.

Finance Report Audit Committee was updated on the accounting & financial reporting for the DH funding for the new road, which raises a number of issues. It was agreed to draw down the money in 2011/12, hold it in the bank over the year-end and re-address the accounting in April when there will be more certainty.

CQC Assurance Report Audit Committee noted that a recent Internal Audit report suggested weaknesses in the checklist processes, and that there are actions in place to remedy.

External Audit progress report Grant Thornton have carried out comparative reviews of SLR and Corporate Governance and will present results for this Trust benchmarked against other Trusts in the next couple of months. They presented their Accounts Audit Approach Memorandum for 2011/12, together with the results of their interim work – there are no material issues – and confirmed that actions from last year's audit letter recommendations have been completed.

Internal Audit Report 3 audits from the 2011/12 programme (Budget Setting Control & CIP; CQC; payroll) were brought to this meeting, all “amber / green”, with a total of 9 medium and 11 “low importance” recommendations. Audit Committee is now awaiting 7 audit reports which will not come to it before the end of the financial year – the fieldwork start date of 3 of these was delayed at the request of the Trust.

Outstanding Audit Recommendations The Finance team has discovered that the system which monitors completion of audit recommendations has not been updated with new recommendations for some months. They are in the process of agreeing where responsibility lies for getting new actions logged, bringing the database up to date and will report back to the May Committee meeting.

Commercial Sponsorship compliance Audit Committee was given assurance that there is awareness of the Bribery Act requirements and of Trust policies which have been designed to ensure compliance.

Audit Committee was joined by Jan Filochowski for the following 6 agenda items:

Board's Assurance Framework (BAF) Audit Committee had a useful debate about the purpose of receiving the BAF at this meeting, when it is reviewed at IRGC immediately beforehand and at the Board meeting 2 weeks afterwards. We agreed that it would be sufficient for the Committee to receive an annual report on the effectiveness of the processes and systems supporting the BAF production, with exception reporting at each meeting of any issues.

SIC (now Statement of Governance) Audit Committee discussed the likely requirement of the new Statement, and was updated that controls are now in place to prevent recurrence of last year's issues noted in the SIC.

Annual Accounts Process The Finance team presented the timetable, together with some minor risks and issues for Audit Committee to be aware of. The paper also covered the annual valuation of land & buildings, segmental reporting, and going concern.

The Board is asked to consider its position with regard to financial, operating and other associated risks and determine whether it is a going concern, in order to prepare the accounts on this basis.

Audit Committee has considered the statement and a number of pre-requisite requirements and is content to recommend it to the Board.

LCFS (Local Counter Fraud Service) Workplan 2012/13 RSM Tenon presented the workplan for next year. The early focus will be on high-level risk areas. Bribery work (new in 2011/12) was absorbed at no

extra cost because we reduced the number of attendances at Audit Committee, and total resource planned for 2012/13 is the same as 2011/12. The LCFS policy was not brought to the meeting for review, as there was no change from 2011, and ToR are determined by Regulations (this will be covered in the LCFS annual report for the May meeting).

Internal Audit Strategy, Workplan and Fees The RSM Tenon internal audit strategy, plan & fees for 2012/13 has been to DSG for discussion, and was presented to Audit Committee. It was briefed that there are fewer audits planned to allow increased effectiveness and this and other points were discussed. Internal Audit will bring the final document back to the May meeting, as there are still some discussions with Executives outstanding.

Clinical Audit Plan Having discussed development of the Clinical Audit Programme and priorities for 2012/13 at the January meeting, divisional audit planning was presented to Audit Committee. It was questioned how Clinical Audits link with CQC Registration, and this is to come back to the May meeting.

Losses & Compensation Noted. The Finance team updated Audit Committee that this Trust is better than many in collecting income from overseas patients and recently won a court case to recover an unpaid debt.

Waiver Register Noted, and confirmed that information is now well presented. The Finance team confirmed that where the reason is “only one supplier” this is not too narrow and alternative products / services from different suppliers will not be included in this.

Gifts & Hospitality Register A schedule of declared items was handed out and noted. There is concern that the process for clinical staff may have lapsed and needs to be re-instated to pick up items on a monthly basis.

Register of Interests Reviewed and needs to be finalised for annual report.

Audit Committee Review of Effectiveness Audit Committee has used RSM Tenon's on-line questionnaire this year to capture views (from NEDs, some Executives, Internal and External Audit) on its effectiveness. As some responses were not received in time to bring a summary to this meeting, the report will be brought to the May meeting and Board.

Review of Committee members' contact with organisation & executives, and training needs Agreed to bring back to the May meeting in view of the new NED joining the Committee.

Agreement of content of report to Board No items of concern to note.

Date of next meeting is 10 May 2012.

Sarah Connor
NED Chair of Audit Committee
19 March 2012