

Dear Sir/Madam

Thank you for your Freedom of Information request concerning Remuneration and Audit committee meetings and minutes-agendas-papers.

The Trust can provide the following information:

Please see below documents

If you have any queries about this response please contact the information governance manager at foi@homerton.nhs.uk , in the first instance. If, following that, you still have any concerns, you may contact the Information Commissioner either by letter, FOI/EIR Complaints resolution, Wycliffe House, Water Lane, Wilmslow, Cheshire SM9 5AF, or by email www.informationcommissioner.gov.uk to take them further.

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Yours sincerely

James Cook
Information Governance Administrator

Mike Dunne
Information Governance Manager/Deputy Calidcott Guardian

AUDIT COMMITTEE

**Minutes of Meeting 25th September 2013
Trust Office Meeting Room**

| | | |
|-----------------------|-------------------|--------------------------------------|
| Present: | David Stewart | Non-Executive Director (Chair) |
| | Imelda Redmond | Non-Executive Director |
| In attendance: | Tim Melville-Ross | Chairman |
| | Tracey Fletcher | Chief Executive |
| | Jo Farrar | Director of Finance |
| | Matt Tattersall | Deputy Director of Finance (minutes) |
| | David Bridger | Head of Governance |
| | James Barker | Deloitte, External Audit |
| | Nick Atkinson | RSM Tenon, Internal Audit |
| | Macks Robertson | Parkhill, Counter Fraud |

1. Apologies

Heather Bygrave, Deloitte

2. Minutes of last meeting on 24th May 2013

The minutes were agreed.

3. Matters arising not on the agenda

None.

4. External Audit

4.1 Planning Report

JB presented the paper and outlined the key messages from the executive summary. The scope of the 2013/14 external audit will be similar to that for 2012/13 and as much work as possible will be brought forward to the interim audit in January. Four "significant audit risks" have been identified, three of which are the same as 2012/13, namely: recognition of NHS revenue; valuation of property assets, and management override of controls. The fourth audit risk is "accounting for capital expenditure" given the planned level of capital spend in 2013/14. Other issues that have been considered in the audit approach are the transfer of community properties from the City and Hackney PCT and the need to consolidate the Charitable Fund.

IR asked if JF and TF were content that the plan was reasonable and covered areas that would be expected. They confirmed this was the case.

4.2 Sector Developments

JB presented a paper outlining a number of sector developments. He highlighted that the planned financial risk rating and liquidity days metrics for Homerton were around the average for the 26 client organisations that Deloitte audit. DS asked if any of the areas in the report raised particular issues for the Homerton, but JB confirmed there were no particular problem areas. DS enquired what was included in "non-operating expenses" on the CIPs chart as it appeared other Trusts were achieving greater savings in this area than we were. JB said that he would confirm this after the meeting.

JF enquired if any of Deloitte's NHS clients were undertaking segmental analysis, but JB confirmed no one was at the current time. JF further enquired if any clients were pursuing external debt finance and on what terms. JB confirmed some Trusts were doing so and he would report back to JF if he could obtain any further information.

5 Internal Audit

5.1 Progress Report

NA introduced the report by updating the Committee concerning the RSM Tenon Group plc entering administration. RSM Tenon Ltd has been acquired by and is now a wholly owned subsidiary of Baker Tilly LLP. This means that the entire risk management division of the former RSM Tenon has transferred. The existing internal audit team will continue to work with the Trust and there is no change to the contractual terms or costs. A process of integration is under way and it is anticipated that the new name will be in use in a matter of weeks. DS confirmed that the matter did not raise any particular concerns for the Trust, assuming that the audit team remained the same and that the quality and price of the service delivered was not affected.

NA highlighted that the reviews on Risk Management and Patient Feedback were reaching a conclusion and that a final report had been issued on Mandatory Training. Other work this year has included a review of the reference cost process and a review of the Trust's Standing Orders, Standing Financial Instructions and Reservation of Powers.

DS highlighted that there would be a lot of reports being submitted to the December meeting. NA confirmed this would be the case as a number of assignments had been delayed pending agreement of scopes following the arrival of the new Chief Nurse.

5.2 Mandatory Training – Phase 1

NA explained to the Committee that management had requested a two part review of Mandatory Training as it was recognised that this was an area for improvement. Part 1 of the review focussed on the action plan the Trust has developed. Part 2 of the review will follow in quarter 4 and will assess the success of the action plan. The Part 1 review is finalised and established that 8 out of 11 actions have been implemented. The remaining 3 actions were assessed as amber or red. The only recommendation from the review was to ensure that owners are assigned to the outstanding action, and this recommendation has already been implemented.

6 Counter Fraud

6.1 Progress Report

MR explained that Parkhill was merging with The Internal Audit Agency (TIAA) from 1st October 2013. This reflected a different set of issues to the RSM Tenon situation as Parkhill had been actively exploring a merger for some time. There would be no changes to the service provided or the contract.

MR said that he had submitted the Self Review Tool which summarised and evaluated the Counter Fraud work during 2012/13 to NHS Protect. Subsequently, the Trust, along with the majority of other Trusts, had been selected for a "focussed assessment" on one of the four strategic fraud areas by NHS Protect. The date of the review was not yet agreed.

MR updated the Committee on a current investigation into the use of fake referral forms and a report was being drafted for JF. There had been two enquiries in the period, one now closed due to no evidence being found and the second was ongoing.

DS asked if there were any current issues or types of fraud that the Trust needed to be particularly aware of at this time. NA highlighted that procurement fraud was on the increase and the Trust should also be aware that there were increasing numbers of challenges of tender processes being made by unsuccessful bidders. He agreed to send relevant information to JF following the meeting.

7 Audit Committee Business

7.1 Draft Audit Committee Annual Report 2012/13

JF introduced the report setting out what had been achieved during the year. The report was similar in format to the previous year and would be submitted to the Trust Board. NA commented that the document was a useful source of assurance for the Board. DS commended the report and asked that a section referring to the review of the Monitor licence conditions be included.

7.2 Draft Audit Committee Workplan

JF introduced the draft workplan outlining the key areas of focus for the Committee in the coming year.

The Committee approved the workplan.

7.3 Review of draft: Standing Orders; Standing Financial Instructions; reservation of Powers and Scheme of Delegation

MT explained that the papers included: a report explaining the rationale for all the proposed changes to the policies; a paper responding to the recommendations made by Internal Audit, and the updated copies of the policies themselves. The changes were proposed for a variety of reasons, most notably: to reflect changes resulting from the Health & Social Care Act 2012; to reflect the Bribery Act; to provide greater clarity to the users of the policies on how they link with other Trust policies, and to reflect the current management structure in the Trust. One major revision involved moving the Tender & Contracting process out of the Standing Orders and including it within the Standing Financial Instructions – this being a more appropriate place for it. DS enquired if the changes reflected what Internal Audit expected. NA confirmed that the draft policies reflected good practice and that good responses had been provided to the Internal Audit review.

The Committee approved the revised policies.

7.4 Draft Standards of Business Conduct, Declarations of Interest and Gifts and Hospitality Policy Sickness Absence Fraud

DB introduced the policy by explaining that two policies had been merged in to one. The revised policy reflected a number of changes following the review by the LCFS discussed at the last Committee meeting. DS said that the key to the success of the policy will be its implementation. JF said that greater reference could be made to the policy in the Corporate Induction.

The Committee approved the policy.

7.5 Draft Secure Management of Patients' Property Policy

DB introduced the policy explaining that it had been subject to a significant rewrite, not least to reflect the Mental Capacity Act. DS asked if the loss of patients' property was a particular issue. DB said that whilst it did happen occasionally, it was not a significant issue for the Trust. NA commented that the draft policy picked up on the right issues e.g. describing jewellery as being "yellow metal" and not "gold". Both DS and NA commented that implementation of the policy would be key. IR asked if lockers were available for patients' property, DB confirmed this was the case.

The Committee approved the policy.

7.6 Audit Recommendation Tracker

MT presented the latest report highlighting that 34 recommendations had been implemented since the last report and the number of outstanding recommendations had reduced from 17 to 6. MT drew attention to one long outstanding recommendation for an independent review of the Trust Board that had been delayed pending the appointment of the new Chair and Chief Executive. TMR said it was the intention to undertake an internal review of the Chairman in April 2014 and an external review of the Board would be undertaken in April 2015. NA commented that this approach could be complemented by the work that Internal Audit undertakes in relation to Committee effectiveness. JF proposed that all these measures should be drawn together to form a 3 year rolling programme reviewing the effectiveness of Board arrangements and that he would work with DB and Sheila Adam to draft a plan. This plan would then be reviewed by TMR and submitted to the Trust Board for approval. DS requested that the plan should be clear on who was responsible for reviewing what.

7.7 Requests for waivers of Standing Orders

JF presented the report of waivers approved since the last Committee. He commented that all the waivers related to instances where either through the requirement for speed, specialist skills or the need for maintenance to be carried out by the original supplier, the waivers were unavoidable. DS commented that it was not acceptable that JF continued to be put in a position where time necessitated the signing of waivers. TMR said it was good that JF was prepared to take responsibility and sign waivers where required. JF said better planning would definitely reduce the number of waivers.

Date of next meeting: 18th December 12.30-2pm, Trust Office Meeting Room

Action Table

| Agenda item | Action required | Deadline | Person responsible |
|-------------------------------|---|----------|--------------------|
| Sector developments | Confirm what area of expenditure is included in "non-operating expenses" | Oct 2013 | James Barker |
| Sector developments | Provide information on other Trusts who are sourcing external financing | Oct 2013 | James Barker |
| Counter Fraud | Circulate information concerning current fraud issues in the NHS | Oct 2013 | Nick Atkinson |
| Audit Committee Annual Report | Insert a section detailing the work undertaken to review the Monitor licence conditions | Oct 2013 | Matt Tattersall |
| Audit Recommendation Tracker | Draft a 3 year rolling programme of review covering Board Effectiveness | Dec 2013 | Jo Farrar |

AUDIT AND FINANCE COMMITTEE
Wednesday 18th December 2013
12.30pm – 2.30pm
St Leonards
AGENDA

| | Attachment |
|---|-------------------|
| 1. Apologies | |
| For discussion/approval | |
| 2. Minutes of last Audit Committee meeting held on 25 th September 2013 | DS 13-31 |
| 3. Minutes of last Finance & Performance Committee meeting held on 28 th August 2013 | JG 13-32 |
| 4. Matters arising not covered elsewhere on the agenda | |
| | |
| 5. External Audit | |
| 5.1 External Audit update | JB Verbal |
| | |
| 6. Internal Audit | |
| 6.1 Progress Report | NA 13-33 |
| 6.2 Review of Whistleblowing policy | NA 13-34 |
| 6.3 Budgetary Control and Financial Reporting | NA 13-35 |
| 6.4 Financial Feeder Systems | NA 13-36 |
| | |
| 7. Counter Fraud | |
| 7.1 Progress Report | MR 13-37 |
| 7.2 Benchmarking Report | MR 13-38 |
| | |
| 8. Financial Performance and Planning | |
| 8.1 Capital Update | MT 13-39 |
| 8.2 Treasury Management | MT 13-40 |
| 8.3 Budget Setting, Business Planning and the Annual Plan | JF 13-41 |
| | |
| 9. Financial Policy & Governance | |
| 9.1 Audit Recommendation Tracker | MT 13-42 |
| 9.2 Losses and Special Payments Schedule | MT 13-43 |
| 9.3 Tender Waiver Schedule | JF 13-44 |
| 9.4 Review of Financial Risks | JF 13-45 |
| 9.5 Investment Committee report | MT 13-46 |
| | |
| 10. Audit & Finance Committee Business | |
| 10.1 Audit & Finance Committee Terms of Reference | DS 13-47 |
| 10.2 Draft Audit & Finance Committee Workplan | JF 13-48 |
| | |
| 11. Any Other Business | |
| Date of next meeting | |

**AUDIT COMMITTEE
DRAFT
Minutes of Meeting Tuesday 13 June 2006 at 2.00pm
Trust Offices Meeting Room**

Present: Eric Sorensen (Chair) (ES) Non-Executive Director
Kate Costeloe (KC) Non-Executive Director

In attendance:

| | |
|--------------------------|-----------------------------------|
| Aran Shah (AS) | Internal Audit |
| Colin Horwath (CH) | KPMG (External Audit) |
| Fleur Nieboer (FN) | KPMG (External Audit) |
| Tom Alden (TA) | Assistant Director of Finance |
| Pauline Brown (PB) | Director of Corporate Development |
| Caroline Clarke (CC) | Director of Finance |
| Sarah Cooper-James (SCJ) | Counter Fraud Service |

Minutes: Matthew Hayday (MH) Associate Company Secretary

1. Apologies

Apologies were received from Neil Thomas.

2. Minutes of last Meeting on 9 March 2006

Minutes for meeting on 9 March 2006 were reviewed and agreed, subject to a minor amendment.

3. Matters Arising not covered elsewhere on the agenda

It was reported that the Audit Committee Minutes from the June 2005 meeting were in progress and would be presented to the September meeting.

The review of the Risk Committee and Audit Committee Terms of Reference would be included in the wider reorganisation of risk management following the change of lead director for risk to Pauline Brown. A detailed review of risk management would be presented to the next Audit Committee.

The final version of the Standards of Business Conduct Policy would be presented to the next meeting of the Audit Committee alongside a plan for the relaunch of the Hospitality, Raising Concerns at Work and Standards of Business Conduct policies in staff friendly format.

The evaluation of Internal and External Audit services would be deferred until the Trust had recruited the new Non-Executive Directors and thereby increased the membership of the committee.

GOVERNANCE

4. Ratification of New and Revised Policies

Standing Orders, Standing Financial Instructions and the Scheme of Delegation Limits had been presented to the Board of Directors following the last Audit Committee meeting. The Board of Directors had approved an increase in the tendering limit from £40,000 to £100,000 and had noted a number of grammatical and typographical errors. The errors had been rectified and the Audit Committee was asked to approve the policies. CC reported that as part of improving corporate governance it was planned to review these policies on an annual basis.

The Audit Committee approved the revised Standing Orders, Standing Financial Instructions and the Scheme of Delegation Limits.

The new Raising Concerns at Work policy was presented and approved by the Audit Committee.

5. Management Representations 2005/06 Letter

CH introduced the Management Representations 2005/06 letter. The letter identified the requirement under the Auditing Standards for External Audit to seek representations from management in respect of related party disclosures, compliance with laws and regulations, the accuracy of the financial statements, unadjusted audit differences, fraud and going concern. External Audit was also required to seek representation on contingent liabilities, post balance sheet events and any specific risks identified during the audit.

The template management representations letter drafted by External Audited detailed the Trust's responsibilities with regard to the annual accounts. It also confirmed specifically for 2005/06:

- the validity of the balances outstanding to other NHS bodies;
- the income accrued to partially completed spells;
- that the presentation of expenditure was a true and fair reflection; and
- it was appropriate to not have included a provision for costs in relation to Agenda for Change.

The management representation letter also confirmed also confirmed that there had been no significant post balance sheet events that would have required additional adjustment or disclosure in the financial statements.

The Audit Committee approved the letter on behalf of the Board, and it would be signed by the Trust in due course.

The Committee's attention was drawn to Annex A, the schedule of Audit Differences. It was noted that there was a clear audit trail as to how the revised figures were achieved.

6. KPMG Reports

External Audit Progress Report

CH introduced the External Audit report. The first section summarised the audit work on the financial statements and the management representations letter that had been discussed earlier. It was noted that in the post Enron environment the level of reporting was increasing as the Government and other bodies expected higher degrees of openness. The audit work for 2005/06 had now almost been completed and CH expressed his thanks to CC and her team.

The work over the next quarter would focus on completing the Management Report for 2005/06, which would summarise all the work carried out and the recommendations made, and completing the audit plan for 2006/07.

TA noted that it was increasingly difficult to meet the deadline for the closure of the Annual Accounts because of the different timescales across the NHS. The PCT worked to a later deadline and this had led to a higher risk on the Trust's accounts. This had been identified through the audit process. It was noted that all NHS organisations were moving towards the same, tighter deadline and that the temporary differences were an unfortunate effect of the phasing.

Highlights Memo

FN presented tabled the External Audit Highlights Memorandum which provided a summary of the issues, and their corresponding recommendations, that had arisen during the audit of the financial statements. The Management Letter that would be presented to the next meeting of the Audit Committee would encapsulate all of the findings from throughout the financial year.

The issues had been rated High, Medium or Low risk. The High risks were reported as:

- Agreement of Final Contracts – the Trust needed to ensure that that all contracts were signed off otherwise difficulties with billing and invoicing could impact on cashflow. It was noted that there may be further difficulties in signing off contracts in 2006/07 with the future PCT reorganisation. However, the Trust was now giving additional resource to this area as a priority.
- Provision for doubtful NHS Debt – it was noted that £2.3million of the Trust's debt had been highlighted as doubtful and whilst the audit process had provided evidence that most was recoverable the impact of non-recovered debt on cashflow was emphasised. The Trust would be implementing a policy of NHS debt and would continue to report aged debt to the Board, who had identified this as a key issue.

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The medium risks were reported as:

- Accounting Guidance – the Trust would need to ensure that all the guidance from the Financial Reporting Manual was implemented.
- Coding Income – accurate coding was still an issue for the Trust. It was recommended that Trust refined the coding of spells in order that data could be extracted from the General Ledger rather than the Debtors Ledger. It was noted that the Trust had moved to the Oracle accounting system and it was envisaged that this would further improve the position.
- Research and Development Income – the Trust had not invoiced on time for all the research and development income due in 2005/06. To improve budgetary reporting and cashflow it was important that the Trust implemented timely billing systems.
- Asset Verification – the Trust should ensure that the annual asset verification was completed before the accounts were audited. If not, there remained a risk that assets could have been misappropriated or disposed of without being recorded.
- Payroll Consortium Data Checks – it was noted that there appeared to be no checking of payroll data once it had been presented to the Payroll Consortium. There needed to be evidence of systematic checks before data was processed by payroll. It was noted that errors leading to overpayments of salaries were included in this. The Trust would attempt to resolve the issue through Internal Audit.
- Month 9 Financial Statements – In order to strengthen the accounts production process it was recommended that the Trust prepare a full set of financial statements at month 9. The Trust did not agree with this recommendation. It was felt that addressing the basic issues in the end of year accounts would be more beneficial. It was agreed to review this issue and discuss at the September meeting of Audit Committee.

The Low Risks were summarised as:

- Payroll Control Accountant reconciliation;
- Bank reconciliation;
- RTA income reconciliation; and
- Process of provision of working papers

The Trust agreed to the recommendations for the above risks but enquired whether the start of the audit for 2006/07 could be delayed to the week following the close of the accounts in order to allow time for preparation of the working papers. This would be discussed at the next meeting of the Audit Committee.

AC 06-01

ISA 260

CH introduced the ISA 206 letter. This was a letter from KPMG assuring the Trust that the audit work carried out was in line with audit standards. The Audit Committee approved the letter.

PERFORMANCE

7. Annual Accounts

TA tabled a paper, the End of Accounts Report 2005/06. The Trust had reported a £399,000 deficit for 2005/06 and had submitted the Annual Accounts within the deadline.

The tighter timescale for production of the Annual Accounts and the associated problems of condensing large volumes of work was reiterated. TA had set up meetings in order to phase systems and processes for 2006/07 and beyond.

It was noted that the introduction of Oracle had been of great help. However, the increased level of detail provided by the system had also identified further areas of work on how the Trust coded income and expenditure.

The difficulties in producing the accounts for 2005/06 had arisen from a high level of turnover of key staff and the delay in releasing the final version of the Monitor Financial Reporting Manual.

The changes to the accounts that had been made as a result of the audit were discussed. It was noted that this had moved the Trust's bottom line from a deficit of £709,000 to a deficit of £399,000. The Audit Committee noted the changes to the accounts.

The Audit Committee approved the Annual Accounts 2005/06 subject to the correction of some minor grammatical and typographical errors.

8. Annual Report

The Annual Report was presented to the Audit Committee for approval subject to:

- updating the summary financial statements based on the approved version of the annual accounts;
- inclusion of the External Auditors comment; and
- Remuneration Committee report.

The Audit Committee approved the report.

9. Trust Financial Position

CC gave an update on the Trust's financial position. At Month 2 the Trust had an overall deficit of £337,000. This was better than planned and showed higher income than expected. The Trust would need assurance on the phasing of the individual financial recovery projects. This would be brought to the September meeting of the Audit Committee. It was noted that it would be difficult to accurately predict the success of the Financial Recovery Plan until Month 4, which was when many of the Phase 1 projects would have begun.

10. Counter Fraud Reports

Annual Report 2005/06

SCJ presented the LCFS annual report for 2005/06. Much of the work of 2005/06 had been directed towards one significant investigation. Criminal action had been ruled out but other action was under consideration.

One further case had been completed and the LCFS was awaiting the outcome of the disciplinary hearing from Human Resources. During the investigation the illegal subletting of a housing association property had been discovered and forwarded on to the appropriate authority for action.

Two further cases were currently under investigation.

The LCFS had received a number of calls from staff asking advice which provided evidence of the anti-fraud culture within the Trust.

Both the National and Local Proactive work had been undertaken and completed on time.

Quarterly Progress Report

SCJ gave a progress report on the work of the LCFS. There would be a 3 month counter fraud campaign at the end of the year and the literature and posters would be brought to the next meeting of the Audit Committee for information.

The Local Risk Management Exercise and National Fraud Initiative were on target.

Local Fraud Plan 2006/07

The LCFS work plan for 2006/07 was approved by the Audit Committee. SCJ noted for the record that the work plan contained less than the recommended number of days of activity. This was due to the benefits of working in a consortium. However, this could be criticised in an inspection.

11. Internal Audit Reports

Annual Audit Report

AS introduced the Internal Audit Annual report. The report gave a statement of assurance indicating the Trust's systems for internal control were adequate and effective.

Appendix A provided a summary of all the reports produced by Internal Audit.

Appendix B detailed the Head of Internal Audit opinion. Four areas of limited assurance were reported with one possible addition to the Statement of Internal Control.

It was noted that some audit days had not been completed. The Audit Committee approved the draft report and requested that any significant audit work to complete the audit days was brought to the next meeting of the Audit Committee.

Progress Report

AS presented an update on progress against the operational plan for 2005/06. 240 of 254 audit days had been completed. The remaining 14 would be completed by the end of June. This would mainly involve the completion of reports. The management response to the recommendations in the progress report would be presented to the next meeting of the Audit Committee. In future the management response would be included within the body of the report.

Four reports had been issued since the last meeting of the Audit Committee:

Payroll – The Internal Audit report identified limited assurance on the payroll function as the weakness in the design and inconsistent application of controls put the achievement of the Trust's objectives at risk. It was noted that the North East London Pay Consortium had made considerable improvements in its administration. Recommendations for the Trust included:

- submission of records using batch headers and provision of a signatory list to NELPC;
- maintenance of HR signatories for appointing staff and provision to NELPC;
- forwarding evidence of proof of ID and tax status of new starters to NELPC; and
- authorisation by line manager of all leavers forms before submission to NELPC.

Accounts Payable – The Internal Audit report identified significant assurance that the accounts Payable had an effective system of internal control. The system ensured that the creditors were only paid for goods received. However, some weaknesses which compromised the controls were identified:

- duplication of suppliers through inconsistent naming;
- selection reports not always approved;

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- no evidence of review of exceptional items before payment released; and
- inadequate evidence of action taken with regard to supplier debt.

Clinical Governance – The Internal Audit report identified significant assurance that there were sound processes in place for Clinical Governance within the Trust.

Assurance Framework – The Internal Audit report identified significant assurance the Assurance Framework was fit for purpose. However, some improvements were suggested, including:

- stating risks in greater detail;
- incorporating the results of the assurances; and
- detailing the action plans that have been identified to address the risk.

HIV Specialist Contract – The Internal Audit report identified a number of issues that the Trust needed to address. The work to resolve this was ongoing and the Trust's lawyers had been consulted. CC would provide an update at the next meeting of the Audit Committee.

Operational Plan 2006/07

AS presented the Operational Plan for 2006/07. This was based on the five year strategic plan which allocated 240 audit days across the consortium.

The dates of the Internal Audit work had been brought forward to meet the needs of External Audit. Areas that had been deferred in 2005/06 had been brought forward into 2006/07 and an additional piece of work on Foundation Trust Terms of Authorisation had been added.

Audit Committee approved the Operational Plan 2006/07.

Financial Systems Risk Register 2005/06

AS presented the Financial Systems Risk Register for 2005/06. This detailed the list of all Internal Audit recommendations over 2005/06 and identified the areas that had not been reviewed and would now be carried into the 2006/07 plan.

The Audit Committee noted the register.

Date of next meeting: 12 September 2006 at 2.00pm.

| AGREED ACTIONS FOR NEXT MEETING | BY WHOM | ACTION |
|---|--------------------------------|---------------|
| Produce and distribute Minutes of the meeting held in June 2005. | TA | |
| Review Risk Committee Terms of Reference to ensure congruence with Audit Committee ToR | PB | |
| Review Audit Committee ToR in light of further advice from KPMG | PB/CC/KMPG | |
| Revision of Standards of Business Conduct, Hospitality & Whistle-blowing policies and re-launch | PB | |
| Evaluation of internal and external audit services once new NED in post. | Audit Committee members | |
| Management Response to Internal Audit Progress Report recommendations | CC/TA | |

AUDIT COMMITTEE

Minutes of Meeting Tuesday 12 September 2006 at 2.00pm Trust Offices Meeting Room

| | | |
|-----------------|----------------------------|------------------------|
| Present: | Eric Sorensen (Chair) (ES) | Non-Executive Director |
| | Kate Costeloe (KC) | Non-Executive Director |
| | Stephen Hay (SH) | Non-Executive Director |

In attendance:

| | |
|----------------------|--|
| Aaron Shah (AS) | Internal Audit |
| Mark Hughes (MH) | Internal Audit |
| Colin Horwath (CH) | KPMG (External Audit) |
| Fleur Nieboer (FN) | KPMG (External Audit) |
| Tom Alden (TA) | Assistant Director of Finance |
| Pauline Brown (PB) | Director of Corporate Development 2(Hospital Secretary) |
| Caroline Clarke (CC) | Director of Finance |
| Jim Callaghan (JC) | Counter Fraud Service |
| Nancy Hallett (NH) | Chief Executive |

| | | |
|-----------------|---------------------|-----------------------------|
| Minutes: | Matthew Hayday (MH) | Associate Company Secretary |
|-----------------|---------------------|-----------------------------|

1. Apologies

Apologies were received from Neil Thomas and Sarah Cooper-James.

2. Minutes of last Meeting on 9 March 2006

Minutes for meeting on 13 June 2006 were reviewed and agreed.

3. Matters Arising not covered elsewhere on the agenda

Standards of Business Conduct Policy

Pauline Brown reported that the review of the Standards of Business Conduct Policy (SBC) had been deferred due to two issues. A separate Private Practice Policy was being developed and the SBC would need to reflect its content. Also, a new framework for developing corporate policies had been designed and was on the agenda for approval by the Audit Committee. It was felt that it would be more appropriate to wait until the new process was approved and in place before developing the SBC.

Risk Management Arrangements and Audit ToR

It was reported that Pauline Brown had recently taken over as the overall lead for risk management within the Trust and as such it would be some time until a comprehensive review could be carried out. This would include best practice advice from KPMG on Risk and Audit Committees.

Audit Committee Minutes June 2005

Tom Alden presented the Minutes from the Audit Committee meeting held on 27 June 2005. The Minutes were approved as an accurate record of the discussions that took place.

Review of End of Year Processes

Caroline Clarke reported that a meeting was scheduled with KPMG to discuss the end of year process but that this had not taken place yet.

HIV Contract

Caroline Clarke gave an update on the outstanding HIV contract debt from the 2205/06 and reported that she was due to meet with both the PCTs concerned. If payment was not forthcoming then the Trust would engage its solicitors. It was noted that approximately £1 million was at risk.

Research and Development Income

Professor Kate Costeloe reported that the situation with regard to Research and Development had improved but that the department was still a cost pressure for the Trust. Documentary evidence was still awaited to ensure that all invoicing had been issued. Tom Alden would go through each research account with the department and provide assurance to Professor Costeloe before the next meeting of Audit Committee.

GOVERNANCE

4. Ratification of Waivers of Standing Orders and New and Revised Policies

Caroline Clarke presented the Waivers of Standing Orders of the competitive tendering process for ratification by the Audit Committee. It was noted that the Director of Finance had the authority to waive tenders up to £100k. For waivers of £100k or above the Board of Directors had to approve the waiver.

Caroline Clarke outlined the three waivers over £100k:

- the Board was aware of the waiver for financial consultants as the appointment of Alex Partners was made in conjunction with Monitor who initially referred two consultants to the Trust;

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- the Fertility Unit drugs were part of a national procurement and did not need prior Board approval; and
- the Capital Project should have gone to the Board for approval. However, in error it did not and had to be sent for retrospective approval. Systems were now in place to ensure that this error was not repeated.

It was noted that this report should come to the Audit Committee on a quarterly basis and that there had been some slippage. The reporting was now up to date. The Audit Committee ratified the report.

Pauline Brown introduced Writing, Developing and Reviewing Trust Corporate Policies, a new policy for ratification by the Audit Committee. The policy provided a framework for the development of new policies and the review of existing policies. The policy also enabled the Trust to meet its obligations under the Race Equality Scheme.

The Audit Committee noted that the new policy would need to be communicated across the organisation to ensure that staff were aware of the new guidance. It was also important to ensure that training needs were considered and that compliance was monitored.

The Audit Committee ratified the new policy.

5. Audit Committee Annual Report

Eric Sorensen presented that Audit Committee Annual Report for approval.

It was noted that next year the Annual Report would need to be submitted to the Board of Directors with the Annual Accounts and Statement of Internal Control at the of June 2007. Aaron Shah would clarify the submission dates for the end of year process 2006/07.

The Audit Committee approved the Annual Report for submission to the Board of Directors.

6. KPMG Reports

External Audit Progress Report

Colin Howarth presented the External Audit progress report. The Annual Audit Plan had been prepared and was included on the agenda for approval by the Audit Committee alongside the presentation for the Annual Members' Meeting. The outstanding work for 2005/06 included a debriefing with the Trust Finance Team and completion of a few working briefs.

Annual Audit Plan 2006/07

Colin Howarth outlined the Annual Audit Plan 2006/07 for approval by the Audit Committee. It was noted that the fee described on page five was in accordance

with the agreement with the Trust and that this had been confirmed by the Director of Finance.

Page seven gave a summary of the risk issues that the auditors would concentrate on in 2006/07 and had been agreed with the Trust. These were similar to the previous year and included the following new issues:

- regeneration from the Olympics;
- relationship with new SHA; and
- change at Board level.

The Financial Recovery Plan would be a key area for the External Audit, reviewing the outcomes of Turnaround Plan and monitoring the impact on financial management. Clinical Coding would also be an important area ensuring that all income was accounted for. Appendix 2 set out further detail on these two areas.

It was noted that the reporting to Monitor was not linked to the work undertaken by External Audit. External Audit concentrated on the controls, systems and fitness for purpose. The external audit work would ensure that reporting systems to Monitor and other agencies and the quarterly declarations had been accurate.

Annual Members Meeting External Auditor Presentation

The Audit Committee approved the presentation for the Annual Members' Meeting 2005/06.

PERFORMANCE

7. Internal Audit Reports

Final Outturn 2005/06

Aaron Shah presented the final outturn report for 2005/06. This detailed the outturn position of the Internal Audit Plan for 2005/06. It was noted that five reports had been issued since the last meeting of the Audit Committee:

Capital Accounting – The Internal Audit report identified significant assurance on the Trust's capital accounting and noted that there had been a number of improvements. Only one weakness was identified, where the procedure documents had not been updated. Tom Alden noted that the procedures were being updated and would be completed by month end.

Medical Devices – The internal audit report provided limited assurance and noted that some improvement had been achieved. There was evidence of non-compliance where new devices had been brought in and had not been tested. The following recommendations for improvement included:

- providing a central person to accept equipment items on wards/departments ensuring that the details were provided to Medical Electronics and that a file was maintained of user manuals and service history;

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- a central record of training received by staff for the use of equipment would be maintained by the ward/department and submitted to Medical Electronics; and
- close monitoring of all equipment entering the ward/department liaising with Medical Electronics.

It was noted that this was a high risk area that needed to be resolved. The difficulty arose with free or loan equipment that could not be picked up through invoicing.

The issue was the use of new or modified existing equipment by professionals for the immediate benefit of a particular patient rather than for service development. It was difficult to distinguish between professional autonomy and service regulation.

It was agreed that all staff needed an update on the use of medical devices, following their induction, to ensure that they remained aware of the necessary procedures.

Oracle Finance Application – The Internal audit report provided limited assurance and identified that some key controls were not in place. There were, however, target dates for the implementation of these controls. It was recommended that a more detailed SLA be drawn up with BLT, the service host, to ensure the services that the Trust would receive.

New Lecture Theatre – the Internal Audit report was requested by Andrew Panniker and further post project completion work had now been undertaken. The report identified that the Quantity Surveyor had identified six risks following the downscaling of the project but had no plan in place to address these. The contractor was now making a claim against the Trust and the Trust was launching a counter claim.

Caroline Clarke reported that the issue was ongoing and the Trust had engaged an independent Quantity Surveyor to review the situation.

EPR – The internal audit report provided significant assurance. The following recommendations were made to improve the controls in place:

- provision of good practice guidance on the choice and use of passwords; and
- implementation of local disaster recovery plans.

Progress Report

Mark Hughes introduced the Internal Audit Progress Report 2006/07. Two reports relating to the Internal Audit Plan 2006/07 had been issued to the Trust:

Purchasing Cards – the internal audit report provided limited assurance and identified a number of weaknesses in the controls. The Finance Team were taking immediate action to remedy the weaknesses identified and Caroline Clarke reported that she would write to ward purchase card holders reminding them of the conditions of use and that if there was future non-compliance then the card would be removed.

AC 06-13

It was agreed that a comprehensive review of the need for purchasing cards would be carried out next year.

Information Governance Toolkit Self Assessment 2005/06 – The internal audit report gave significant assurance and identified that there was a sufficient control structure in place. The Trust had achieved a green rating with a compliance score of 73%.

8. Counter Fraud Reports

Quarterly Progress Report

Jim Callaghan gave an update on the Local Counter Fraud Specialists (LCFS):

A three month Fraud Awareness Campaign has been agreed with the Director of Finance. Presentations will be given to various departments and the LCFS will be at the *Managing Your Budget* workshop in November.

The Counter Fraud and Security Management Specialists had conducted a second Local Risk Management Exercise which involved verifying random selections of employees.

There were three investigations to report on two closed and one open. The open investigation followed a number of referrals regarding radiology staff and the inappropriate allocation and taking of leave. The investigation continued.

The first of the two closed investigations concerned a member of staff on sick leave who was suspected of taking employment elsewhere. The member of staff concerned had attended an interview but not taken up any employment.

The second closed investigation was an immigration case. From the investigation it was noted that the verification of patient status at Homerton was very good.

[Redacted]

Local Fraud Plan 2006/07

The Audit Committee noted that Local Fraud Plan 2006/07

9. Financial Position

Caroline Clarke reported that the Trust had a deficit of £960k at the end of August 2006. The Trust was on track for the year end position. However, the monthly run rate was not yet positive. A key issue was ensuring that outpatient procedure income was received. The London SHA was currently proposing to abandon PbR for outpatient procedures and change back to a lower tariff. This represented a £700k risk to the Trust.

It was noted that the third phase of FRP was being developed to mitigate the risk. There had been some slippage in the earlier projects and there was a danger of not hitting the £1 million deficit target unless savings were brought forward.

Date of next meeting: 12 December 2006 at 2.00pm.

| AGREED ACTIONS FOR NEXT MEETING | BY WHOM | ACTION |
|--|--------------------------------|---------------|
| Review Risk Committee Terms of Reference to ensure congruence with Audit Committee ToR | PB | |
| Review Audit Committee ToR in light of further advice from KPMG | PB/CC/KMPG | |
| Revision of Standards of Business Conduct | PB | |
| Evaluation of internal and external audit services once new NED in post. | Audit Committee members | |

AUDIT COMMITTEE

**Minutes of Meeting Tuesday 12 December 2006 at 2.00pm
 Trust Offices Meeting Room**

Present: Stephen Hay(Chair) (SH) Non-Executive Director
 Eric Sorensen (ES) Non-Executive Director

In attendance:

| | | |
|--------------------|------|---|
| Aaron Shah | (AS) | Internal Audit |
| Fleur Nieboer | (FN) | KPMG (External Audit) |
| Tom Alden | (TA) | Assistant Director of Finance |
| Pauline Brown | (PB) | Director of Corporate Development (Hospital Secretary) |
| Caroline Clarke | (CC) | Director of Finance |
| Sarah Cooper-James | (JC) | Counter Fraud Service |
| Geoff Bassett | (GB) | Director of Informatics (Item 7) |

Minutes: Matthew Hayday (MH) Governance Manager

1. Apologies

Apologies were received from Kate Costeloe, Neil Thomas and Nancy Hallett.

2. Minutes of last Meeting on 9 March 2006

Minutes for meeting on 12 September 2006 were reviewed and agreed.

3. Ratification of Waivers of Standing Orders and New and Revised Policies

Caroline Clarke presented the Waivers of Standing Orders of the competitive tendering process for ratification by the Audit Committee. It was noted that the Director of Finance had the authority to waive tenders up to £100k. For waivers of £100k or above the Board of Directors had to approve the waiver.

The Audit Committee ratified the report subject to Ms Clarke investigating the waiver dated 02 October 2006 where no reason for the waiver had been presented.

Pauline Brown introduced the Standards of Business Conduct Policy. This policy had been revised to ensure that it accurately reflected the latest guidance on Private Practice and now referred clinicians to their own contractual obligations. The policy had been revised using the new corporate policy framework and was in the new style.

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It was noted that it was necessary to increase consultants' compliance with the policy and that the revised policy now included the declaration of interest form as part of the appraisal process. This would need to be agreed with the Medical Director.

It was agreed that the section on hospitality should refer to the Hospitality Policy and cross referenced in the related policies box.

The Audit Committee ratified the new policy subject to the agreed amendments.

4. Terms of Reference Review

Audit Committee

Pauline Brown introduced the existing terms of reference (ToR) for the Audit Committee and tabled a revised version which had been drafted with assistance from the Director of Finance and Internal Audit. The new ToR had been revised to align with the Risk Committee and reflect the Code of Governance and Foundation Trust compliance regime.

Mrs Brown highlighted that the current membership did not comply with the latest guidance, the Code of Governance, as Professor Kate Costeloe was not an independent Non Executive Director as she held a contract of employment with the Trust. This had been raised as an issue to the Board on the Code of Governance compliance report.

The Audit Committee noted that there was no reason why Professor Costeloe should not remain a member of the committee and agreed that the Board of Directors would be asked to select another independent Non Executive Director as an additional member at their next meeting.

The members of Audit Committee were asked to forward any comments on the revised ToR to Pauline Brown who would then bring a final draft for approval at the next meeting of the Audit Committee. Once the ToR had been adopted by the Audit Committee they would need to be presented to the Board of Directors for ratification.

Risk Committee

Pauline Brown introduced the Risk Committee ToR for noting by the Audit Committee. The Risk Committee referred to the Board Assurance Framework which was under review with the Trust's internal risk systems which would be completed by the end of January.

It was noted that there was some overlap between the Audit and Risk Committees, however, the Audit Committee was focused on the Trust's overall mechanism of control whereas the Risk Committee was more operational and would look at the day to day management of risk, including individual risks, in more detail. It was agreed that if there did not appear to be an adequate system of control for managing an

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area of risk then the Audit Committee would call the Risk Committee to provide a report.

The Audit Committee noted the Risk Committee ToR.

5. Performance Monitoring System

Caroline Clarke reported that she had been asked by Stephen Hay to provide the Audit Committee with assurance that the Trust was correctly reporting its compliance with the key Health Care Commission targets.

The organisation was concerned about the Cancer 31 and 62 day waiting targets following a delay in identifying and reporting a breach. A paper would be taken to the Board on the monitoring of Cancer targets at its next meeting.

The Balanced Scorecard would cover all Health Care Commission targets from December's data onwards. It was noted that the Operating Framework had been released for 2007/08 which had slightly different targets to the current year and the Balanced Scorecard would be altered to reflect this. Systems were in place to provide the data for this reporting.

The Board Assurance Framework was the other source of identified risks and this was reviewed monthly by the Executive.

It was noted that the management information system was still in development and that the Trust needed to ensure that operational processes were in place for when potential breaches were discovered.

6. KPMG Reports

External Audit Progress Report

Fleur Nieboer gave an update on the work of External Audit since the last Audit Committee meeting. A review of the Financial Recovery Plan commissioned by the Trust and Monitor had been completed. This was not part of the external audit work plan. The review had highlighted some low risk due to unsigned contracts and noted that £1.6m of savings for 2007/08 had yet to be identified. Savings would need to focus on Trust wide efficiencies and move away from post reductions. An update would be provided in the January efficiency review.

The review of the Charitable Funds had begun and External Audit had recommended that the Charitable Funds financial statements were transferred to the Oracle system to benefit from better controls and reporting. Tom Alden reported that the Charitable Trustees had agreed to purchase the Oracle license at their last meeting.

External Audit's work over the next quarter would include completing the audit of the Charitable Funds, assisting with the development of financial systems reporting and preparing for the Systems and Governance Audit.

KPMG Report: Response to detailed recommendations

Caroline Clarke introduced the final version of the KPMG report which had been submitted to Monitor. Ms Clarke had met with KPMG's Transaction Service Team to discuss how the Trust should respond to their observations.

The Management Accounting Team restructure was a separate paper later on the agenda and the remainder of the Finance Directorate would be reviewed over the next quarter, taking into account the findings from the review.

Guidance had also been implemented on the balance sheet and cash flow forecast and work to improve these areas had progressed. The automation of Management Information continued to improve.

Tom Alden noted that the introduction of Oracle had changed working practice which provided greater cohesion across the Finance departments.

The Trust would continue to roll out zero-base budgeting in 2007/08 and needed to consider a longer term cost strategy.

7. Internal Audit Reports

Progress Report

Aaron Shah gave a progress report on the work of Internal Audit. Four reports had been issued since the last Audit Committee Meeting:

Clinical Coding – the report provided limited assurance and identified a number of issues within the system. The audit in Q1 2006/07 had shown that 16% of discharge summaries were not written within the internal target of 10 days following an FCE. 37% of discharge summaries were found to be coded inaccurately or not completely. There was also no evidence that an External Audit had been carried out as per the requirements of the information governance toolkit.

Geoff Bassett reported that the publication of the new policy and procedure for clinical coding had been deferred until the results of the audit were known. It was noted that new systems were now in place and that achievement against the 10 day target was much improved in Q2. A restructure of the coding department was being considered, assigning specific coders to directorates. At the end of each month a smaller scale audit was being undertaken to monitor progress. A three month trial coding from medical notes as well as discharge summaries would be held over Q4.

It was noted that it was best practice to code from medical notes but not a requirement. It was proposed to add more staff for the trial and if this led to more accurate coding then it might be practical to increase the workforce permanently.

Audit Committee would review the outcome of the coding pilot.

It was agreed that there was a need to encourage consultants to review coding at a patient level and to consider what incentives might increase coding performance.

Reference Costs – the report provided significant assurance and found that the Trust followed best practice. There were two issues identified, the first being the accuracy of clinical coding as reported above and the second relating to unclassified data and which resulted from problems associated with the implementation of the new EPR system. It was noted that action had been taken to resolve the issues with EPR and as a result there had been a significant reduction in the volume of unclassified data.

Caroline Clarke noted that the Department of Health (DoH) was moving away from reference costs and towards normative costs. This would be covered in the PbR guidance which would be published by DoH.

Paying Patients – the report provided limited assurance and found that there had been no improvement in controls or progress with previously reported concerns with regard to self-funding IVF patients. This included a failure to obtain payment in advance of treatment and inappropriate debt management arrangements for self-fund IVF patients.

There was also a failure to identify overseas patients at the time of admission and a lack of documented procedures for dealing with overseas patients.

Tom Alden reported that the IVF service issues had been escalated internally and that the General Manager had assured the Finance Team that new procedures were in place. It was noted that these issues were taken extremely seriously and an update would be reported to the next meeting. Caroline Clarke would write on behalf of the Audit Committee to the General Manager asking that the Fertility Manager was present at the next Audit Committee meeting to report on progress.

Cashiers – the report provided significant assurance that there were appropriate controls in place in the Cashiers Office. However, some issues were identified, including:

- Procedure documents required updating;
- Oracle cash manager was not in place; and
- Petty cash claims were not always supported by proof of expenditure.

It was noted that Oracle cash manager had now been implemented.

8. Counter Fraud Reports

Quarterly Progress Report

Sarah Cooper-James reported that the Counter Fraud Awareness month continued until mid December. This would act as a catalyst for the three month counter fraud publicity campaign. A survey was being sent to all staff to assess the level of fraud awareness within the Trust.

Data on payroll had been submitted to the Audit Commission within the deadline for the National Fraud Initiative 2006/07. Data matches would be received at the end of

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January 2007 and the Counter Fraud team had the resources to undertake investigations into areas of concern where necessary.

Audit Committee noted the report.

9. Financial Position

Caroline Clarke reported that the Trust had a deficit of £1,164k as at November 2006 and that the monthly run rate was now positive.

10. Finance & Information Department Restructure

Caroline Clarke introduced the restructure of the Finance and Information Department which followed from the restructuring of the Clinical Directorates. The proposal would provide more business support to directorates and align the business and information support. The restructure would also make a contribution to the FRP. Views on the restructure were being sought from Monitor and External Audit.

The new structure proposed introducing a designated Finance and Information Manager for the three new clinical directorates supported by a Management Accountant and an Information Analyst. A more senior post would be created in the central finance team with responsibility for corporate reporting, costing and contracts and medium to long term planning.

It was also planned to devolve the coding function to directorates and strengthen the data quality function. However this would occur in phase two of the restructure to allow learning from the coding audit and coding trial in Q4 to be included and to consider any opportunities the EPR code upgrade offered for further automation of clinical coding.

A review of the new structure was scheduled for September 2007 to ensure that key financial controls were in place and that statutory functions were maintained.

Audit Committee noted the restructure.

Date of next meeting: 13 March 2007 at 2.00pm.

| AGREED ACTIONS FOR NEXT MEETING | BY WHOM |
|--|----------------|
| Letter to General Manager for Children's, Women's and Sexual Health Directorate with regard to self-funding IVF patients | CC |

AUDIT COMMITTEE

**Minutes of Meeting Wednesday 28 March 2007 at 12.00pm
 Trust Offices Meeting Room**

Present: Stephen Hay (Chair) (SH) Non-Executive Director
 Eric Sorensen (ES) Non-Executive Director
 Kate Costeloe (KS) Non-Executive Director
 Michael Keith (MK) Non-Executive Director

In attendance:

| | | |
|-----------------|------|---|
| Aaron Shah | (AS) | Internal Audit |
| Derek Corbett | (DK) | Internal Audit |
| Fleur Nieboer | (FN) | KPMG (External Audit) |
| Neil Thomas | (NT) | KPMG (External Audit) |
| Nancy Hallett | (NH) | Chief Executive |
| Tom Alden | (TA) | Assistant Director of Finance |
| Pauline Brown | (PB) | Director of Corporate Development (Hospital Secretary) |
| Caroline Clarke | (CC) | Director of Finance |
| Cathy Purton | (CP) | Counter Fraud Service |
| Geoff Bassett | (GB) | Associate Director of Informatics (Item 4) |

Minutes: Matthew Hayday (MH) Governance Manager

1. Apologies

There were no apologies for absence.

2. Minutes of last Meeting on 12 December 2006

Minutes for meeting on 12 December 2006 were reviewed and agreed.

Caroline Clarke noted that a waivers report would be brought to the next meeting of the Audit Committee and that it would cover the waiver dated 2 October 2006 as highlighted in the Minutes of the previous meeting.

Ms Clarke also noted that she had written to the new General Manager for Children, Women and Sexual Health regarding the issues with IVF paying patients. These issues would be included in the 2007/08 business plan for the directorate.

3. Payment by Results data assurance framework

Caroline Clarke introduced the Payment by Results data assurance framework. This provided details on the audit of coding data that would be undertaken by the Audit Commission in all NHS Trusts beginning in April 2007. The audit had been commissioned by PCTs.

Geoff Bassett gave an update on the Trust's audit of clinical coding using medical records as well as discharge summaries. This audit had been undertaken following an Internal Audit report that found a high percentage of error in clinical coding.

The process for the audit involved using a list of patients discharged in the previous 24 hours to try and obtain their notes from the ward and compare them with the coding and discharge summary.

The audit would be complete at the end of March and so far over 6000 Finished Consultant Episodes had been reviewed. From the draft results only 11% of notes were available on the ward. Of those, 38% were coded inaccurately which was similar to the results in the Internal Audit report. However, the inaccuracies were found to be minor and it was thought would have little or no effect on the value of the coding.

The Audit Committee expressed its concern at these results and noted it was clear that there was still an issue with clinical coding within the Trust. The Audit Committee agreed that urgent action needed to be undertaken to address the issue and highlighted the training need for coders. The Audit Committee requested further assurance that the coding inaccuracies had no financial impact.

4. External Audit Reports

KPMG Progress Report

Neil Thomas introduced the KPMG progress report. The work for the next quarter included ensuring that external audit recommendations were implemented, preparing for the audit of the accounts and continuing to assist with the development of service line reporting.

Systems and Governance Report

KPMG had reviewed the work of Internal Audit which assessed whether the Trust had all the necessary controls in place in order to produce the financial statements. These controls were found to be robust with some areas noted for improvement.

The high risks identified in the controls included:

- Clinical Coding
- Disputed NHS Debts
- Payroll Expenditure Controls

- Implementation of Performance Improvements Observation

Caroline Clarke noted that the Trust took the issues in clinical coding very seriously and were taking a number of actions to improve the situation as described earlier.

Disputed NHS debt had been reduced to £169k down from £2m at the same time last year. The Trust had made significant progress and was in a reasonable position. The issue of disputed debt had become easier due to agreement of balances with PCTs at six, nine and twelve months now, rather than only at month 12.

Aaron Shah noted that the Trust had an overall robust system in place for payroll controls with some areas requiring only minor improvements to meet the required standard.

Tom Alden reported that he maintained a schedule of Internal and External Audit recommendations that arose from each report. The Audit Committee agreed that it would be helpful for them to receive the schedule at its meetings in order to remain up to date on progress against recommendations.

Charitable Fund Audit Findings

Fleur Nieboer introduced the summary of the findings from the Charitable Fund Audit. The following areas were highlighted as high risk:

- SORP 2005 requirement to produce a full annual report
- Preparation of accounts on Excel.

The following areas were highlighted as medium risk:

- Compliance with the fixed asset valuation policy
- Verification process for budget holders receiving statements and approval of values and coding.

It was noted that the Trust had agreed to these recommendations and that the preparation of Charitable Fund accounts was transferring from Excel to Oracle for 2006/07, which would ensure a positive response.

Financial Reporting Procedures – Observations

Fleur Nieboer presented the observations from the financial reporting procedures review conducted in November 2006. This paper was for information only.

The Audit Committee noted the External Audit reports.

5. Internal Audit Progress Report

Aaron Shah presented a report on progress against the Internal Audit plan. Nine reports had been completed since the last meeting of the Audit Committee:

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Core Financial Systems - the report provided significant assurance that the Trust's financial accounting system was operating effectively. However, some weaknesses were identified, including:

- An absence of local procedural documentation
- Failure to remove users from the system once they had left the Trust
- No evidence of 2006/07 payroll reconciliations having been fully completed
- Failure to always clearly evidence the dates of completion and review of control account reconciliations
- Failure to clear reconciling items promptly from control account reconciliations.

It was noted that management action was underway to address the above recommendations.

Financial Reporting and Budgetary Control – the report provided significant assurance that the Trust's financial reports provide accurate and sufficient information to meet internal and external reporting needs. Some weaknesses in the controls were identified including:

- Implementation of zero based budgeting
- Updating of the Budget Holder manual
- Formal sign off of budgets by delegated budget holders
- Documentation and sign off of locally agreed action plans to address budget variances
- Failure of budget holders to confirm accuracy of staff listings

Caroline Clarke noted that zero based budgeting had not been pursued by the Trust over the last year due to the Financial Recovery Plan. The Trust was also now introducing service line reporting which would allow in-year budget changes. The Trust would be pursuing zero based budgeting where appropriate. An update on budgeting would be brought to the next meeting of the Audit Committee.

Healthcare Commissioning – the report provided significant assurance and noted that the Trust had a framework agreement for 98% of its commissioning income. Weaknesses noted by the report included:

- Failure to have legally binding agreements in place with all commissioners
- Failure to promptly resolve a dispute with one commissioner
- Ongoing EPR data quality issues

It was noted that resolution of these issues was usually down to PCT behaviours. For 2007/08 all London PCT contracts would be signed by 31 March 2007. The East of England contracts would be signed shortly thereafter.

Accounts Receivable – the report provided significant assurance that an appropriate control framework was in place to ensure that income identified as being due to the Trust was invoiced, collected and accounted for in a timely manner.

Weaknesses identified by the report were being addressed by management including the appointment of a Credit Manager and Credit Controller and revisions of related job descriptions and procedural documentation.

Cash, Working Capital and Financing – the report provided significant assurance that a sound control framework was in place with regard to the Trust's cash flow management. Management had already been taken to address weaknesses identified in the report including the introduction of Oracle Cash Manager and the appointment of a Head of Financial Accounts.

Capital Assets Register and Capital Charges – the report provided significant assurance that a sound framework of control was in place with regard to the Trust's capital assets. Issues raised by the report included:

- Approval and distribution of procedure document
- Asset verification exercise not fully completed
- Finance and Performance report to Board did not provide sufficient detail on progress with capital programme.

It was noted that the Finance Committee received detailed reports on the capital programme and this was the reporting route through to the Board.

Approved List and Contract Letting – the report provided significant assurance that the Trust had an appropriate system of control in place for tendering. The Trust had experienced difficulties with the approved list of contractors and would consider engaging Internal Audit to carry out an extra piece of focused work.

Project Management – the report provided significant assurance that the Trust had adopted best practice in project management. The report had identified a number of weaknesses in the system. However, action to address these had achieved significant improvements since the time of the report.

Oracle Application Follow Up – the report noted that there had been limited progress in implementing the recommendations since the last and provided limited assurance on the systems and controls in place.

It was noted that the failures in control were not directly accountable to Homerton as Oracle was hosted at BLT and run by a Management Board. Recent action was reported to have taken place and significant progress had been made in key areas. It was agreed that the Executive Board would continue to apply pressure to ensure that all recommendations were implemented.

6. Counter Fraud Reports

Quarterly Progress Report

Cathy Purton introduced the quarterly progress report which included the proposed Counter Fraud Plan for 2007/08.

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A key area of the national fraud initiative was an audit of payroll data. The LCFS was currently sifting the first batch of data from the Audit Commission.

One investigation was currently underway on an ex-employee. It is believed they could have been working elsewhere while on long-term sick leave from the Trust.

The Audit Committee noted the report.

7. Date of next meeting

It was agreed to amend the date of the next meeting of Audit Committee to meet the schedule for the submission of the Annual Report and Accounts. The next meeting would now take place on **Tuesday 5 June 2007**.

| AGREED ACTIONS FOR NEXT MEETING | BY WHOM |
|--|----------------|
| Waivers report – including 2 October 2006 waiver | CC |
| Schedule of audit recommendations | TA |
| Budgeting update | CC |
| Assurance on financial impact on coding errors | GB |

AUDIT COMMITTEE

Minutes of Meeting Tuesday 5 June 2007 at 2.00pm Trust Offices Meeting Room

Present: Stephen Hay (Chair) (SH) Non-Executive Director
Eric Sorensen (ES) Non-Executive Director
Michael Keith (MK) Non-Executive Director

In attendance:

| | | |
|-----------------|------|--|
| Aaron Shah | (AS) | Internal Audit |
| Derek Corbett | (DK) | Internal Audit |
| Fleur Nieboer | (FN) | KPMG (External Audit) |
| Neil Thomas | (NT) | KPMG (External Audit) |
| Patrick Doig | (PD) | KPMG (External Audit) |
| Nancy Hallett | (NH) | Chief Executive |
| Tom Alden | (TA) | Assistant Director of Finance |
| Pauline Brown | (PB) | Director of Corporate Development (Hospital Secretary) |
| Caroline Clarke | (CC) | Director of Finance |
| Cathy Purton | (CP) | Counter Fraud Service |
| Philip Ridout | (PR) | Interim Head of Financial Management |

Minutes: Matthew Hayday (MH) Governance Manager

1. Apologies

Apologies for absence were received from Kate Costeloe, Non-Executive Director.

2. Minutes of last Meeting on 28 March 2007

Minutes for meeting on 28 March 2007 were reviewed and agreed.

Caroline Clarke tabled a Waiver Report. It was noted that most of the waivers arose from the PACS implementation which had to be completed to a deadline in order to secure Department of Health Funding.

Ms Clarke also reported on the waiver dated 2 October 2006 which was presented at a previous meeting of the Audit Committee. The waiver was for a piece of HR consultancy work to assess the capability of the HR systems at Homerton and was based on a very similar exercise based at another local trust.

The Audit Committee noted the waiver report.

Ms Clarke noted that the Trust had not progressed with zero based budgeting. This was due to the Service Line Reporting Project which was now underway. It was agreed that it would be

difficult to carry out zero basing at the same time as implementing service line reporting and the Audit Committee agreed that resources should be concentrated on service line reporting.

Ms Clarke also reported on clinical coding. Tracey Fletcher, Director of Operations, was leading several data quality projects and a clinical coding project would be undertaken by Geoff Basset's team led by James McQuillan, project manager.

Both Ms Fletcher and Mr Basset would be asked to present on their work streams, outlining the plans and reporting on any results.

3. Annual Report & Accounts 2006/07 (including Statement of Internal Control)

Annual Report

Pauline Brown presented the final draft of the Annual Report 2006/07. The report had been approved by External Audit and was complete bar some factual points that needed to be inserted. The report was due for submission to Monitor on 11 June 2007 and the Audit Committee was asked for any comments.

The Audit Committee was asked specifically about the declaration of interests of the Non Executive Directors. It was agreed that only Ian Luder and Stephen Hay's declarations should appear and that a statement should be added clarifying that no material transactions or other material relationships had occurred between the Trust and any of the Board's interests.

Annual Accounts

Tom Alden presented the Annual Accounts 2006/07. External Audit had only raised one query with regard to a director's pension reduction. The pension reduction had occurred however the Pension Agency had provided the wrong figures. This had now been corrected.

Mr Alden tabled a paper on the end of year accounts process which described the key successes and lessons learnt.

Statement of Internal Control

The Audit Committee noted the Statement of Internal Control.

The Audit Committee approved the Annual Report, Accounts and Statement of Internal Control 2006/07 on behalf of the Board of Directors for submission to Monitor.

Internal Audit Recommendations Tracker

Tom Alden tabled the Internal Audit Recommendations Tracker. The outstanding recommendations from Internal Audit had been listed, risk assessed and given a risk score of high, medium or low. The tracker report would in future be issued quarterly with the Audit Committee papers.

A work programme would be developed from the tracker to ensure that audit recommendations were implemented more effectively.

The Audit Committee agreed that the report was a valuable tool and requested that the format was altered slightly to include the original date of the recommendation and the first agreed

implementation date. The entries should then be listed in priority order, i.e. high to low risk, with those entries that had overdue recommendations at the top.

4. External Audit Reports

KPMG Progress Report

The Audit Committee noted the progress report.

Audit Memorandum

Neil Thomas reported that there had been an improvement in the Trust's production of the accounts since last year and thanked the Finance Team for their work.

External Audit noted that the Trust had come quite close to breaching its private patient cap for the second time and suggested that the Trust researched the possibility of corporate or charitable sub structures that would avoid breaching the cap. Ms Clarke noted that the private patients at Homerton only numbered a few hundred. The private patient cap would be monitored more closely through the balanced scorecard and consideration would be given to setting up appropriate structures.

External Audit had presented the Trust with a list of adjustments to the accounts on 30 May. The Trust had agreed to process all but two of the adjustments. External Audit reported that although these adjustments were not processed they were satisfied that the difference was not material to the overall financial position reported by the Trust.

The Audit committee noted and approved the Audit Memorandum.

Management Representations Letter 2006/07

The Audit committee noted and approved the Management Representations Letter 2006/07. Ms Clarke was delegated authority to sign on behalf of the Board of Directors.

5. Internal Audit Progress Report

Aaron Shah presented a report on progress against the Internal Audit plan. Five reports had been completed since the last meeting of the Audit Committee:

Payroll – the report provided limited assurance that the payroll system was operating effectively. The main area of concern was the overpayment of salaries and the authorisation of prime documents by payroll. Mr Shah tabled a schedule of salary overpayments to which the late notification of leavers or changes by managers significantly contributed.

Actions for both the Trust and payroll supplier were identified by Internal Audit to improve the systems and controls. It was reported that some of these issues would be addressed through the introduction of Electronic Staff Record.

The Trust reported that it always pursued and tried to recover overpayments.

The Audit Committee requested an update on payroll processes at its next meeting.

AC 07-18

Assurance Framework – the report provided significant assurance that the Trust's Assurance Framework was an effective method for assessing the principal risks to the Trust's objectives..

Standards for Better Health – the report provided significant assurance that the Trust's self assessment process was robust.

Procurement & Accounts Payable – the report provided significant assurance that a sound framework was in place to ensure that goods were ordered and payments were made correctly.

Weaknesses in controls identified by the report would be strengthened by the roll out of the IProc system, enabling electronic ordering, receipt and payment for goods, across the Trust

Bank & Agency Staff – the report provided limited assurance on the controls in place to on booking agency staff.

The weaknesses identified by the report included:

- Out of date procedures
- Wards booking staff directly with agencies rather than through the Bank Office
- Failure to require all agency invoices to be approved by Bank Office to ensure they relate to booking made via the Bank Office.

It was noted that the integration of the Bank Office and Payroll should improve the situation and the introduction of ESR would also have a positive effect. In the short term line managers' responsibilities for controlling the bookings needed to be improved. The Audit Committee requested a timeline for the implementation of ESR. If this was not to be in the foreseeable future then the Audit Committee would expect to see a manual system in operation to control this expenditure.

Draft Internal Audit Annual Report 2006/07

Aaron Shah presented the Draft Internal Audit Annual Report 2006/07 which gave an overview of the Internal Audit service provision over 2006/07.

Overall the report provided significant assurance that in general the Trust had a sound system of internal control and that it was applied consistently.

Five key risk areas had been highlighted during the year and action plans had been discussed and agreed.

The Audit Committee noted and approved the Draft Internal Audit Annual Report 2006/07.

Internal Audit Strategic Plan 2007/08

The Audit Committee noted and approved the Internal Audit plan for 2007/08.

6. Counter Fraud Reports

Quarterly Progress Report

Cathy Purton introduced the quarterly progress report. Three investigations were reported to the Audit Committee. The first was an investigation on a member of staff who resigned while on sick leave. Check had been carried out to ensure that the employee had not started the new employment while still on sick leave. No fraud had occurred.

The second was another Human Resources issue regarding a member of staff's right to work in the UK. The member of staff did not have the correct documentation and was dismissed. Immigration services were informed of the outcome.

The third investigation was current and had arisen from a potential National Fraud Initiative data match. It was reported that a member of staff could be working bank shifts at other trusts.

The Audit Committee discussed the compound indicator assessment and agreed that the level of counter fraud cover at Homerton was adequate and tailored to local need, although it did not meet national guidance. Caroline Clarke would review the scores of the assessment with the counter fraud service as the scoring appeared to be quite low.

The Audit Committee noted the report.

7. Any other business

Caroline Clarke noted that the Trust had been formally taken off monthly monitoring by Monitor.

8. Date of next meeting

The next meeting of the Audit Committee would take place on **Tuesday 11 September 2007**.

| AGREED ACTIONS FOR NEXT MEETING | BY WHOM |
|--|---------|
| Clinical Coding – update on workstreams | TF/GB |
| Recommendation tracker to include: original date of recommendation. 1 st agreed date of implementation. To be ranked in risk priority with overdue implementation dates at the top. | TA |
| Payroll Processes update | CC/TA |
| Timeline for ESR implementation | CC |

Audit Committee

Meeting date: 19 December 2007

Agenda Item:
Paper: 07/24

2

Title: Minutes of the meeting held on 11 September 2007

Summary This document records the items discussed at the last Audit Committee meeting.

Action: The committee is asked approve the minutes as an accurate record of the matters arising.

Prepared by: Sam Eaton, Head of Governance
Presented by: Stephen Hay, Non Executive Director and Chair of the Audit Committee

AUDIT COMMITTEE

Minutes of Meeting Tuesday 11th September 2007 at 2.00pm Trust Offices Meeting Room

Present: Stephen Hay (Chair) (SH) Non-Executive Director
Eric Sorensen (ES) Non-Executive Director
Kate Costeloe (KC) Non-Executive Director

In attendance:

Aaron Shah (AS) Internal Audit
Derek Corbett (DK) Internal Audit
Mark Hughes (MH) Internal Audit
Fleur Nieboer (FN) KPMG (External Audit)
Patrick Doig (PD) KPMG (External Audit)
Sarah Cooper James (SCJ) Counter Fraud Service
Tom Alden (TA) Assistant Director of Finance
Pauline Brown (PB) Director of Corporate Development (Hospital Secretary)
Caroline Clarke (CC) Director of Finance
Philip Ridout (PR) Head of Financial Management
Geoff Bassett (GB) Associate Director of Informatics (from 2:45pm)

Minutes: Samantha Eaton (SE) Head of Quality and Risk

1. Apologies

Apologies for absence were received from Michael Keith, Non-Executive Director; Cathy Purton, Counter Fraud Service; Nancy Hallett, Chief Executive;

PART ONE

2. Private session of the Audit Committee and the Auditors

A private and unminuted session of the Audit Committee was held with the representatives of Internal and External Audit services. The following members of the Audit Committee were present Stephen Hay, Eric Sorensen and Kate Costeloe. The following Auditors were present Aaron Shah, Derek Corbett, Mark Hughes, Fleur Nieboer, Patrick Doig, and Sarah Cooper James.

3. Minutes of last Meeting on 5th June 2007

Minutes for meeting on 5th June 2007 were reviewed and agreed.

4. Matters arising

Payroll update

Caroline Clarke reported that the Electronic Staff Record (ESR) had been introduced in August 2008. One area of concern raised at the last Committee meeting had been regarding the overpayment of salaries. Caroline Clarke informed the Committee that the Trust would be implementing all of Internal Audit's recommendations and would be communicating to managers the importance of completing termination forms for leavers.

Pauline Brown stated that she had received notification of two payroll errors for August where termination forms had been completed correctly, and asked whether a log of such errors is kept and if so by whom. Caroline responded that Payroll services does produce a list of errors identified but this only includes overpayments.

Action

Caroline Clarke to report back to the Audit Committee in December 2007, as to whether the introduction of the ESR has resulted in a reduction in the number of cases of overpayment of staff salaries.

5. External Audit Report

The Audit Committee noted the progress report. Fleur Nieboer reported their work over the next quarter will include completing the audit of the 2006 – 2007 Charitable Foundation. Fleur Nieboer asked for comments on the circulated presentation for the Annual Members meeting scheduled on the 17th September 2007. The Committee were satisfied with the contents of the presentation.

6. Internal Audit Reports

Internal Audit Final Outrun against Plan 2006/07

Aaron Shah presented the Internal Audit Final Outrun Report. He stated that four final audit reports have been issued since the last Audit Committee. Overall all of these audits provided significant assurance that the Trust had a sound system of internal control and that it was applied consistently.

Aaron Shah informed the Committee that the review of Inter Trust Contracts had provided significant assurance that there is a sound system of control in place. Weaknesses in controls identified by the report were the failure to follow the model contract format and to ensure that they are appropriately signed by all parties. Additionally it had been identified that there was inadequate central monitoring of contracts. This meant that contracts were not being reviewed promptly. Aaron reported that there had been a failure to address an identified overperformance of the Pharmacy contract with ELCMHT. However action had been taken to address the identified weaknesses with the Head of Procurement now overseeing and monitoring all contracts with other NHS bodies.

Aaron Shah reported that a review of Levy Funding received in the financial year 2006/07 had provided significant assurance. He identified a number of areas which would further enhance their management. Aaron reported that it had now been agreed that the Deputy Director of Finance will maintain a central file of all contracts and related correspondence for Levy funding.

Kate Costeloe raised a concern regarding the monitoring of SIFT monies. Caroline Clarke stated that this should be addressed through the Consultant job plans and service line reporting. However it was agreed that this was an area which would benefit from closer scrutiny.

Action

It was agreed that Caroline Clarke would add an audit of Consultants job plans to the Internal Audit plan for the coming year.

Aaron Shah informed the Committee that the review of Foundation Trust Terms of Authorisation had provided significant assurance; with the Trust's constitution and conditions of Authorisation meeting the requirements as set out in the Health and Social Care Act 2003. In response to a query from Stephen Hay regarding the Private Patients Cap, Caroline Clarke informed the Committee that there was monthly monitoring of the Trusts position in relation to this cap and that it was reported to every Board of Directors meeting. Caroline Clarke stated that the main area of concern related to the accessing of Fertility treatment for couples who would not be eligible for treatment funded by the NHS. However the Trust is investigating other avenues of managing this and that the Committee would be kept informed of any new developments on this front.

Mark Hughes informed the Committee that the follow up review of ELCFIS had demonstrated that the actions put in place after the previous review had shown only limited assurance now provided significant assurance that there is a sound system of control in place. Mark Hughes reported that there were three areas of work that needed to be done but none of these were significant in their own right and did not affect the Assurance level.

Mark Hughes reported on the interim position for an Audit review of IT Business Continuity and Disaster Recovery Arrangements. He stated that there was a major infrastructure upgrade currently being undertaken which would impact on the Risk Assessment process and that the Trusts recovery plan would need to be rewritten post the upgrade. However an interim disaster recovery plan is being put in place to cover the period until the first phase of the upgrade is completed in March 2008.

Progress against 2007/8 Internal Audit Plan

Aaron reported that five audit projects had been undertaken with four of these completed, however no reports were available as yet. Final reports on these projects will be available for the next Audit Committee in December.

7. Counter Fraud Reports

Counter Fraud Progress Report

Sarah Cooper James introduced the quarterly progress report on behalf of Cathy Purton. She reported the Trusts progress against the compound indicators. The Trust did not have any areas which the CFS considered would still be outstanding at the end of the financial year.

The Committee were informed that a number of initiatives were ongoing to promote fraud awareness amongst staff including presentations at Directorate meetings, and at the Trust induction, additionally there was information on the Trust intranet.

Sarah Cooper James informed the Committee that a local risk management exercise had been undertaken focusing on the procurement of goods and services. Data has been submitted to the Counter Fraud and Security Management Services and a report will be provided on the results at the next Audit Committee meeting.

Annual Counter Fraud Report

Sarah Cooper James introduced the Annual report on behalf of Cathy Purton. She informed the Committee that the scores in the final report were different to those provided at the last Audit Committee meeting in June; as the Trust had been able to provide some additional evidence which had allowed the scores to be reviewed and improved.

Sarah Cooper James reported that four investigations had been carried out with one case closed. One investigation was current and had arisen from a potential National Fraud Initiative data match. It was reported that a member of staff could be working bank shifts at other trusts. However this had moved on further when it had been identified that a false reference had been provided for a person moving on.

The second investigation is of a member of staff who resigned while on sick leave. Checks had been carried out to ensure that the employee had not started new employment whilst still on sick leave. No fraud had occurred.

Caroline Clarke informed the Committee that there had been two cases where staff had been found not to have a right to work in the UK. These did not have the correct documentation and were dismissed. Caroline reported that a member of the Home Office had been invited to provide training for the Human Resources team on immigration and rights to work in the UK.

Caroline reported that a staff member had been dismissed for adding on additional false overtime on to their time sheet after their manager had signed it. As a result the system for signing of timesheets is going to be tightened up and all managers are going to be reminded that staff should not be given back the time sheet once it has been signed off.

8. Audit Recommendation Tracker

Tom Alden tabled the Internal Audit Recommendations Tracker. The outstanding recommendations from Internal Audit had been listed, risk assessed and given a risk score of high, medium or low. The tracker was discussed by the Committee and Caroline Clark queried the relationship between the Tracker scores and the Board Assurance Framework. It was agreed that risks scoring 15 or more should be considered for addition to the BAF; However some consideration would need to be given to the level of scoring of the risks on the Audit tracker to ensure that the scores were in line with the risk level given to other risks identified elsewhere by the Trust.

Stephen Hay commented on the length of the list, with some of the recommendations dating back up to 4 years. Tom Alden stated that 55 of the recommendations were in fact waiting for verification by Internal Audit that the required action had occurred. It was expected that the list would be much reduced by the next Audit Committee meeting.

9. Clinical Coding

Geoff Bassett updated the Committee on the progress made to improve clinical coding by the Trust. He reported that the Trust was now achieving nearly 99% of all discharges coded within 10 days; however there were some specialities where this was not being achieved. Geoff stated that there was evidence that coding from discharge summaries may affect the depth of coding. He reported that there had been a decrease in the number of U codes as the Coders were now

reviewing the related notes of any discharge summaries where there was missing information. Additionally a list of all episodes where discharge summaries are outstanding is circulated daily to Consultants; this has also resulted in improvements in the number of episodes being coded within the 10 day target.

Geoff reported that the Trust was going to change the way the Clinical Coding staff were managed and that a distributed model was going to be implemented, with the coders aligned to specific specialities. It was hoped that this would improve the coding through closer links with the medical teams and through increased knowledge of the Coders. The Trust was also going to employ a Clinical Coding consultant to help develop appropriate procedures and training to ensure that the Trust had robust systems in place. Geoff Bassett reported that an audit of the quality of coding would be undertaken once the Coders had been established in the Directorate. Additionally the Audit Commission would also be undertaking an audit of clinical coding of Paediatric episodes in quarter four.

Action

It was agreed that Geoff Bassett would report back to the next Audit Committee in December 2007 on progress of the changes and their effect on the Clinical coding.

PART TWO

The following were present for this session of the Audit Committee: Stephen Hay (Chair), Eric Sorensen, Kate Costeloe, Pauline Brown, Caroline Clarke, and Samantha Eaton

1. Internal and External audit tender process

The process for selection of the Internal and External Auditors was discussed. Caroline Clarke stated that she would confirm the timeline for the appointment of the Auditors to the selection panel members.

2. KPMG audit of LCAC

Caroline Clarke reported that KPMG had carried out an audit of the LCAC on behalf of The Barts and the London NHS Trust. She stated that she would circulate a copy of the report to the Audit Committee.

Any other business

No other business was discussed

8. Date of next meeting

The next meeting of the Audit Committee would take place on **Tuesday 11 December 2007**.

| AGREED ACTIONS FOR NEXT MEETING | BY WHOM |
|---|----------------|
| Report on the impact of ESR on Payroll errors | CC |
| Audit of Consultants job plans to the Internal Audit plan for the coming year | CC |
| Update of Audit Recommendation Tracker | TA |

AC 07-24

| | |
|---|----|
| Report on progress of the changes and their effect on the Clinical coding | GB |
| Confirmation of the timeline for the appointment of the Auditors to be circulated to the selection panel members. | CC |
| Copy of the audit of the LCAC to be circulated to Audit Committee | CC |

AUDIT COMMITTEE

Draft Minutes of Meeting Wednesday 19th December 2007 at 11am Trust Offices Meeting Room

| | | |
|-----------------------|---|--|
| Present: | Stephen Hay (Chair) Eric Sorensen Kate Costeloe | Non-Executive Director Non-Executive Director Non-Executive Director |
| In attendance: | Nancy Hallett, Aaron Shah Cathy Purton Tom Alden Pauline Brown Caroline Clarke Philip Ridout Tracey Fletcher Phil Johnstone | Chief Executive; Internal Audit Counter Fraud Service Assistant Director of Finance Director of Corporate Development Director of Finance Head of Financial Management Director of Operations External Audit |
| Minutes: | Samantha Eaton | Head of Governance |

1. Apologies

Apologies for absence were received from Michael Keith, Non-Executive Director; and Derek Corbett, Internal Audit.

2. Minutes of last Meeting on 11th September 2007

The minutes for meeting on 11th September 2007 were reviewed and agreed as a correct record.

3. Matters arising

3.1 Appointment of Internal and External Auditors

Caroline Clarke informed the Committee that the Trust had appointed KPMG as the Trust's Internal Auditors and the Audit Commission as the new External Auditors. Caroline reported that the appointment of the External Auditors had been ratified by the Council of Governors at their meeting on the 13th December 2008. Phil Johnson, Engagement lead for the Audit Commission was welcomed to the meeting. The Committee thanked Aaron Shah, Cathy Purton and their teams for their work as the Trust's Internal Auditors. Caroline confirmed that KPMG will commence in their role as the internal auditors for the Trust in April 2008.

3.2 Impact of ESR implementation

Caroline Clarke reported that there were still a number of issues regarding the Electronic Staff Record (ESR) which had been introduced in August 2007. Unfortunately overpayment of salaries was still an issue, a small number of known overpayments were to medical staff who had left the Trust. Caroline Clarke informed the committee that the Trust were implementing all of Internal Audit's recommendations and managers had been reminded of the importance of

completing termination forms for leavers. Pauline Brown informed the committee that she was now responsible for medical workforce and would investigate the matter further.

Action

Pauline Brown and Aaron Shah to report back to the Audit Committee in March 2008, regarding progress against remedying overpayment of staff salaries.

3.3 Audit of Consultant job plans

The committee discussed the best way forward with this audit. It was agreed that this needed to be added to the forward plan to be agreed with KPMG.

Action

Caroline Clarke to ensure audit of consultant job plans added to the Internal Audit forward plan for 2008/2009

4. Appointment of new Finance Director

The Committee were informed by Caroline Clarke that a new Director of Finance, Anna Anderson has been appointed and would commence fully with the Trust on the 28th January 2008, but will be in the Trust in a shadow capacity from 2 January 2008.

5. External Audit

5.1 Audit Commission Engagement Letter

Phil Johnson introduced a letter of engagement from the Audit Commission setting out the terms relevant to their engagement as the External Auditors with effect from 1 November 2007 and the respective areas of responsibility of the Trust Directors and of the Audit Commission.

Phil Johnson confirmed that they would like the opportunity to meet with the Council of Governors. It was agreed that External Audit will attend the next Council of Governors meeting in March 2008.

Action

Pauline Brown to include External Audit on the agenda for the March 2008 Council of Governors meeting.

5.2 Audit Commission Audit plan

A draft Audit plan was circulated to committee members with the papers prior to the meeting setting out the work that the Audit Commission proposes to undertake in relation to the 2007/08 accounts. Phil Johnson stated that the plan was developed based on the Audit Commission's assessment of the risks relevant to the Trust's financial statements. Key areas included in the Audit plan for review are Capital Accounting, payroll and clinical coding.

Phil confirmed that the audit fee will be £49,775 and Charitable Trust audit fee £2,825, in line with their tender proposal.

5.3 Audit and accounting issues briefing

Phil Johnson gave the Committee an overview of audit and accounting issues that will affect the preparation of the 2007/08 financial statements. Issues were discussed relating to capital accounting for which the Trust will need to undertake an interim valuation of its estates in line with the financial reporting standards for Foundation Trusts, the introduction of International Financial Reporting Standards which come into force for 2008/9 and the timing of the external audit. Phil

informed the committee that the June 2008 meeting will need to receive and approve the financial statements. The Audit Committee discussed and acknowledged the contents of the briefing

Action

Tom Alden and Phil Johnson to report back to next Audit Committee on the International Financial Reporting Standards and the changes needed to be undertaken by the Trust to meet their requirements.

6. Waivers to standing orders April to September 2007

A report listing waivers to standing orders which have been approved between 1st April and 31st September 2007 was circulated to the committee with the papers prior to the meeting. Caroline Clarke confirmed that the waivers had all been reviewed by the Head of Procurement prior to approval being granted. There were two waivers where the reason for giving the waiver were not completed. It was agreed that Caroline will confirm with Don Sturgeon the reasons for the waivers.

Action

Caroline Clarke to confirm with Don Sturgeon the reasons for the waivers missing from the report supplied to the committee.

7. Internal Audit Reports

Progress against 2007/8 Internal Audit Plan

Aaron Shah reported that six audit projects had been completed since the last Audit Committee meeting.

7.1 Patients Monies

Aaron Shah informed the Committee that the review of the handling of Patients Monies could only provide limited assurance. Overall, assurance was provided that the procedures and processes for handling of patients' monies and valuables handed over for safekeeping and passed to the Cashier's Office were sound. However a number of weaknesses were identified at ward level including documented procedures not being available to ward staff resulting in poor and inconsistent practices; disclaimer notices were not displayed throughout the Trust and patient indemnity forms had not always be completed when patients had retained their own monies and property; patient property forms were not always being completed correctly by ward staff; the return of monies and valuables at ward level were not always appropriately recorded and witnessed upon return.

Aaron Shah reported that he had spoken to Guy Young and an action plan has been put in place to address the issues identified. Caroline Clarke confirmed that Jennie Negus will be leading the implementation of the action plan. It was agreed that Internal Audit will revisit this issue in March 2008.

7.2 Purchase cards

Aaron Shah reported that a review of purchase cards, provided to a designated officer for each ward to enable them to spend the £5,000 ward environment budget, was undertaken to verify that adequate controls were in place for the issue, security and return of purchasing cards.

Aaron reported that the Trust could only gain limited assurance as a number of concerns over operational practices were identified during the review.

The main issues were: signed Employee Agreements Form could not be located for a number of cardholders; activity logs and supporting documents were not being submitted to the Purchase Card Administrator in order to enable the value and validity of card expenditure to be reviewed, inappropriate products were being purchased using the purchase cards, and inadequate controls existed to ensure the prompt return of cards for staff leaving the Trust.

Aaron stated that this was the fourth consecutive review on purchasing cards for which limited assurance had been provided due to the failure of ward cardholders to comply with their responsibilities.

Caroline Clarke confirmed that all ward cardholders have been formally reminded of their responsibilities with regard to Purchase Cards and that consideration was being given to withdrawing the cards from ward officers. The committee discussed the results of the review. It was agreed that the use of purchase cards should be limited to the Senior Nurses for six months.

Action

Caroline Clarke to meet with Guy Young and agree that the use of purchase cards should be limited to the senior nurses.

7.3 Materials management

Aaron Shah fed back the results of a review of the controls in existence which ensure that: goods ordered through the stock system are only ordered with appropriate authority, are correctly receipted and non receipt investigated and payment is only made when goods have been received. This review covered the NHS Supplies Chain system only and did not cover non-stock ordering and receipting.

Aaron reported that the review provided significant assurance that there is a generally sound system of control. Aaron stated that there have been some improvements since the last review in June 2004, particularly regarding the sign-off of goods ordered and received through the system and the prompt and accurate processing of orders. It was also noted that the Supplies officers were proactively seeking to and achieving best value items in line with the Trust's savings plan. However, a number of weaknesses were identified including: an authorised signatory list was not adequately maintained for manual orders placed through ATU system; lack of verification for the validity of goods and charges prior to payment being made; an absence of local procedures that clearly assigned responsibilities to designated Trust officers; and evidence that NHS Supplies Chain may not be providing best value for money for some stock lines.

Aaron reported that action had already been taken to improve the control framework regarding the NHS Supplies Chain ATU system.

7.4 Purchase of Medical Devices

Aaron reported that an audit was undertaken on the purchase of medical devices and covered the procedures in place to ensure that all purchased, donated, leased and loaned medical equipment and devices had been appropriately requested, approved and tested in accordance with best practice guidance before being used in the Trust, provided significant assurance. Aaron reported that since the last review undertaken in June 2006 revised procedures have been implemented and there have been improvements particularly with regard to the maintenance of training records and approval of requisitions for the purchase of medical devices. However, it was recommended that an appropriate audit trail is in place regarding the formal minuting of meetings of Medical Devices Advisory Group, recording of acceptance testing and prompt updating of maintenance

records. Aaron reported that management action has already been undertaken to address all of the issues identified by this review.

7.5 Capital assets.

Aaron reported that the Trust can gain significant assurance that there is a sound system of control in place with regard to the Trust's capital assets.

7.6 Core Financial System

Aaron reported that Internal Audit had carried out an independent review of the controls covering the processing of relevant financial journals and accuracy of the contract income figure reported to the Board. This work was undertaken at the request of the Director of Corporate Development in response to a concern raised by a member of staff under the Trust's Raising Concerns at Work Policy. The review found that there was no cause for concern and Internal Audit are satisfied that the reports to the Board of Directors were accurate. However some systems weaknesses were identified and these are currently being addressed by the management concerned.

8. Counter Fraud Reports

LCFS Progress Report

Cathy Purton introduced the quarterly progress report. She reported the Trust's progress against the compound indicators and informed the committee that the Trust had achieved level 2. Cathy reported that the local risk management exercise focusing on the procurement of goods and services had been completed and the data was currently being analysed by the Counter Fraud and Security Management Services.

Cathy reported that it has been agreed with Caroline Clarke that the next area for a Local Proactive Exercise by the Counter Fraud Team will be a review of bank staff employed from 1st November 2006 because a number of bank employees using false documentation to obtain employment at the Trust have been identified by the LCFS. The employees identified had their employment terminated with immediate effect. The date chosen of 1st November 2006 to date is as a result of the data for the National Fraud Initiative 2006/7 exercise being taken up to the end of October 2006, therefore any bank employees suspected of using fraudulent documents to obtain employment will have been identified prior to 1st November 2006.

Cathy stated that there were two ongoing investigations; one of an employee working on the bank of another Trust whilst on sick leave and another where an employee from another Trust worked on the Homerton bank whilst allegedly on sick leave from their employing Trust

9. Audit code for NHS Foundations Trusts, October 2007.

A copy of the document published by Monitor, prescribing the way in which auditors of NHS foundation trusts are to carry out their functions as set out in the National Health Service Act 2006 had been circulated to the committee with the papers prior to the meeting. Caroline Clarke confirmed that the code applies to all audit work relating to financial years beginning on or after 1 April 2007. The committee noted the content of the document.

10. Audit Recommendation Tracker

Tom Alden introduced the Internal Audit Recommendations Tracker. The outstanding recommendations from Internal Audit had been listed, risk assessed and given a risk score of

high, medium or low. Tom Alden confirmed that many of the recommendations were completed and due for verification by Internal Audit.

11. Clinical Coding

Tracey Fletcher updated the Committee on the progress made to improve clinical coding by the Trust. Tracey reported the management of the service has been transferred to the Project manager, James McQuillan. A clinical coding consultant is now working in the Trust developing appropriate procedures and training to ensure that the Trust has robust systems in place. The coding expert also conducted an audit on the current levels of accuracy in the coding department and to examine the current processes used within the department. Tracey reported that the audit had been completed in November 2007 and mirrored the findings of the audit conducted by the Internal Audit in November 2006. It was agreed that Tracey will provide an update report on the progress against plan at the next Audit Committee. It was further noted that the Audit Commissions PbR coding audit will take place in January and that this was potentially a high risk for the Trust.

Any other business

No other business was discussed

12. Date of next meeting

The dates for Audit Committee were agreed:

11 March 2008, 2pm
11 June 2008, 2pm
24 September, 11am
17th December, 11am

AUDIT COMMITTEE

Draft Minutes of Meeting Tuesday 11th March 2008 Trust Offices Meeting Room

| | | |
|-----------------------|---|--|
| Present: | Eric Sorensen (Chair) Kate Costeloe Stephen Hay | Non-Executive Director Non-Executive Director Non-Executive Director |
| In attendance: | Pauline Brown Andrew Panniker Anna Anderson Philip Ridout Warrington Phipps Tracey Fletcher Jennifer Brydon Neil Thomas Phil Johnstone Suresh Patel Aaron Shah Cathy Purton Rob Brooker | Director of Corporate Development Director of H&R and the Environment Director of Finance Head of Financial Management Finance Director of Operations KPMG, Internal Audit KPMG, Internal Audit Audit Commission, External Audit Audit Commission, External Audit Internal Audit Counter Fraud Service RSM Bentley Jennison, Counter Fraud Service |
| Minutes: | Samantha Eaton | Head of Governance |

1. Apologies

Apologies for absence were received from Michael Keith, Non-Executive Director; Nancy Hallett, Chief Executive and Tom Alden, Assistant Director of Finance.

2. Minutes of last Meeting on 11th September 2007

The minutes for meeting on 19th December 2007 agreed as a correct record with one correction, Phillip Ridout was not present at the meeting.

3. Matters arising

3.1 Progress on remedying overpayment of medical staff salaries

Pauline Brown informed the Committee that she had reviewed the processes in place and that the Trust did have procedures in place to address overpayments. Issues arise when a member of staff finish their contract of employment mid month and are not taken off the system until the following month. However the procedures are being reviewed to ensure that notification to payroll of staff leaving mid month is done earlier.

3.2 Audit of Consultant job plans

Pauline Brown confirmed that consultants are currently agreeing their job plans and that an audit of these will be undertaken mid year.

3.3 Reasons for waivers

Phil Ridout confirmed that he had followed up the missing data from two waivers presented to the previous meeting. He confirmed the following:

| Date | Department/ Contractor | Value £k | SO32 Sub Category | Reason | Approved By |
|----------|---------------------------------|-------------|----------------------|----------------------------------|----------------|
| 02/11/07 | TRUST OFFICES TPP NEWMAN LTD | 5K | E | PASA framework not applicable | DoF |
| 12/11/07 | TRUST OFFICES TPP NEWMAN | 5K | E | PASA framework not applicable | DoF |

3.4 Use of purchase cards

Phil Ridout confirmed that the use of purchase card has been restricted to procurement and accounts payable.

4. Clinical Coding update

Tracey Fletcher presented an updated progress report. She reported that a business case had been put forward for three additional coders. A training programme had also been put in place. Tracey stated that there had been improvements in the quality of coding and she was confident that the measures in place will result in continued improvement. Work is ongoing to improve the quality of discharge summaries and the timeliness of their production.

5. External Audit

5.1 *Audit progress report*

Suresh Patel reported that their main activities so far have included developing an understanding of the organisation, meeting with the Directors of the Trust, discussions with the finance team regarding international financial reporting standards and liaising with Internal audit to agree a timetable for reviewing their work.

Suresh informed the Committee that they have identified an issue regarding the valuation of the Education centre building for which there is a large negative revaluation reserve. Anna Anderson stated that the Trust would need to review this closely as it could pose a risk to the Trust's surplus.

The Committee was informed that the Payment by Results coding audit had been completed and a report drafted. A full report will be available for the next meeting.

6. International Financial Reporting Standards

Warrington Phipps presented an overview of the International Financial Reporting Standards (IFRS) and their implications of the Trust. Warrington reported that the last set of accounts prepared using the Monitor FReM based on UK GAAP will be those for 2007/8. These will have to be translated to IFRS later in the year (provisionally October 2008) and forwarded to Monitor. Warrington reported that the Finance team are undertaking a planned programme of work to ensure that the Trust will be compliant with the requirements of IFRS. The paper circulated to the Committee members prior to the meeting set out the timetable and Trust approach to the implementation. Phil Johnstone commented that the implementation of IFRS may be affected by the budget.

7. Annual review of the Terms of Reference

The Committee reviewed the Terms of Reference and agreed that no changes were required.

8 Internal Audit Plan 2008/2009

Neil Thomas reported that KPMG are currently in the process of converting the plan outlined within their proposal document into a strategic and operational plan for the 2008-2011 period. Neil stated that they had reviewed relevant Trust corporate documentation and had held a series of meetings with key internal audit stakeholders. It was reported that the work is expected to be concluded by 21 March so that the plan can become operational from the 1 April 2008. A copy of the initial draft plan was included in the papers circulated to Committee members prior to the meeting.

9. Counter Fraud plan 2008/09

Robert Brookes introduced the Counter fraud plan for 2008 / 2009 a copy of which had been circulated to Committee members prior to the meeting. Robert reported that the Fraud Risk assessment which was currently being undertaken may result in some changes to the draft plan circulated. The plan was noted by the Committee.

10. Audit handover arrangements

The representatives from KPMG, the Audit Consortium, and Bentley Jenson agreed that the handover arrangements were progressing smoothly and that there were no issues to report thus far.

11. Waivers for standing orders

A report listing waivers to standing orders which have been approved between 1st December 2007 and 29th February 2008 was circulated to the committee with the papers prior to the meeting. Anna Anderson confirmed that the waivers had all been reviewed by the Head of Procurement prior to approval being granted. The Committee noted the report.

12. Internal Audit Reports

Progress against 2007/8 Internal Audit Plan

Aaron Shah reported that four audit projects had been completed since the last Audit Committee meeting. Three projects provided significant assurance and a fourth gave reasonable assurance.

12.1 Cash flow and Treasury management

Aaron Shah informed the Committee that the review of the handling of Cash flow and Treasury management provided significant assurance. The review had identified two weaknesses related to failure to adequately maintain the bank mandate and Natwest Bankline payments not being authorised in line with the Trust's Standing Financial instructions. Aaron confirmed that the Trust had addressed both of these issues..

12.2 Accounts receivable

Aaron Shah reported that a review of accounts receivable provided significant assurance. However a number of issues were identified; the absence of an up-to-date policy for staff responsible for the Accounts Receivable and Debt Management functions and absence of job descriptions for staff responsible for Credit Control; It was also found that the Healthcare Records department were operating their own invoicing, receipt and debt management system for income related to the provision of copies of healthcare records which did not have appropriate controls in place to safeguard income (i.e. inadequate separation of duties).

Aaron stated that the Trust is implementing the Advanced Collections module, an add-on to Oracle, which will further improve debt follow-up, and local procedure and job descriptions are currently being drafted. Phil Ridout confirmed that the system for collecting monies for provision of healthcare records has been updated in light of the findings of the review.

12.3 Accounts payable

Aaron Shah informed the Committee that the review of the handling of Accounts payable provided reasonable assurance. However a number of concerns over operational practices were identified during the course of the review:

- Inadequate written procedures in place for end users to ensure best and consistent practice is followed.
- The Authorised Signatory Lists (ASL) held by Procurement and AP had not been adequately maintained.
- The approved procedures regarding the receipting of goods were not always being followed thereby delaying the payment of invoices.
- The controls surrounding amendments to the vendor masterfile were found to be inadequate.
- Inadequate documentation of action taken in respect of supplier debit balances.

Andrew Panniker confirmed that work was ongoing to address the issues identified by the review.

12.4 Financial management

Aaron Shah confirmed that the review of the Trusts systems provided significant assurance that there is a generally sound system of control; there is a robust control framework in place with regard to Financial Management with responsibilities having been clearly assigned to suitably designed officers and committees. The review confirmed that the Trust followed a sound methodology with regard to setting the budgets for 2007/08 that was based on guidance and assumptions issued by the Director of Finance.

Aaron reported that that the information reported to budget holders provided them with a good overview of the performance against budget however agreed action to address variances were not always formally documented and monitored.

13. Counter Fraud Reports

LCFS Progress Report

Cathy Purton introduced the LCFS progress report. She reported the Trust's progress against the compound indicators and informed the committee that the Trust achieved level 2 for 2006/07.

Cathy reported that the local risk management exercise reviewing bank staff employed from 1st November 2006 had been completed, a number queries regarding staff on the bank are currently being followed up.

Cathy reported that a policy regarding redress of funds lost through fraudulent activity is currently being drafted by the Counter Fraud Team for approval.

14. Audit Recommendation Tracker

Phil Ridout introduced the Internal Audit Recommendations Tracker. The outstanding recommendations from Internal Audit had been listed, risk assessed and given a risk score of high, medium or low. Phil reported that there were 89 recommendations outstanding of which 63 were still awaiting implementation. Stephen Hay raised a concern regarding a recommendation about procedures relating to paying patients has been outstanding since March 2002. Aaron reported that this was currently under review.

15. Any other business

It was confirmed that the financial accounts for the Trust must be filed by 16th June 2008.

16. Date of next meeting

The dates for Audit Committee were agreed:

11 June 2008, 2pm
24 September 2008, 11am
17th December 2008, 11am

AUDIT COMMITTEE

Draft Minutes of Meeting 11th June 2008 Trust Offices Meeting Room

| | | |
|-----------------------|--|--|
| Present: | Stephen Hay (Chair) Eric Sorensen Imelda Redmond Michael Keith | Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director |
| In attendance: | Nancy Hallett Pauline Brown Anna Anderson Tom Alden Jennifer Dryden Neil Thomas Phil Johnstone Suresh Patel Aaron Shah Cathy Purton Michael Musgrove | Chief Executive Director of Corporate Development Director of Finance Assistant Director of Finance KPMG, Internal Audit KPMG, Internal Audit Audit Commission, External Audit Audit Commission, External Audit Internal Audit Counter Fraud Service RSM Bentley Jennison, Counter Fraud Service |
| Minutes: | Samantha Eaton | Head of Governance |

1. Apologies

There were no apologies for absence.

2. Minutes of last Meeting on 11th March 2008

The minutes for meeting on 11th March agreed as a correct record.

3. Matters arising

Imelda Redmond, Non Executive Director was welcomed to her first meeting.

The clinical coding update scheduled on the agenda was deferred until the next meeting.

4. Approval of Annual Accounts 2007/08 (including SIC)

Tom Alden presented the annual accounts to the Committee, a copy of which had been circulated to Committee members prior to the meeting. Tom gave an overview of the end of year accounts process describing the key successes and lessons learnt. Tom reported that the Audit Commission had identified two changes which had needed to be made to the accounts and these had been done. Tom confirmed that as a result of these changes the reported surplus had been amended from £7.609 million to £7.518 million

The Audit Committee approved the Annual Accounts and Statement of Internal Control 2007/08 for submission to Monitor, on behalf of the Board of Directors.

5. Approval of Annual Report 2007/08

Pauline Brown presented the Annual Report for 2007/08. The report was due for submission to Monitor on 16 June 2008 and the Audit Committee was asked for any comments. Anna Anderson stated that the table on page 13 summarising the income and expenditure outturn against plan needed to be updated to reflect the amended reported surplus.

The Audit Committee approved the Annual report for 2007/08 subject to the above amendment.

6. Internal Audit Annual Report 2007/08 including Head of Internal Audit opinion

Aaron Shah presented the Internal Audit Annual Report for 2007/08. Overall the report provided significant assurance that the Trust had a sound system of internal control and that it was applied consistently.

Aaron reported that four of the eighteen audits undertaken during the year had provided limited assurance, however this did not affect the Trust's achievement of its objectives. The audits which provided limited assurance were those related to Patients Monies, Purchasing Cards, Paying Patients and Charitable Funds; Aaron confirmed that action plans are in place to address the issues identified. He recommended that the effectiveness of the controls put in place to address the issues raised by the reviews should be assessed as part the follow-up work undertaken by the Trust's new Internal Audit service providers

Aaron informed the Committee that a final report will be issued once approval of any outstanding audit reports is received from the Trust. The Audit Committee noted the Internal Audit Annual Report 2007/08.

7. Annual Governance report

Phil Johnson presented the findings from the Audit Commission's audit of the Trust's 2007/08 financial statements. It was reported that the Trust had agreed to amend any errors that the audit had identified. Phil Johnson confirmed that the overall effect of the audit to the Trust's financial performance for 2007/08 was a decrease to the reported surplus from £7.609 million to £7.518 million.

Phil Johnson stated that he proposed to issue an unqualified Audit opinion. The Audit Committee noted the Annual Governance report.

8. Waivers to standing orders

A report listing waivers to standing orders which have been approved between 1st April 2008 and 1st June 2008 was circulated to the committee with the papers prior to the meeting. Anna Anderson confirmed that the waivers had all been reviewed by the Head of Procurement prior to approval being granted. The Committee noted the report.

9. Internal Audit Progress Report (outgoing auditors)

Aaron Shah reported that eight final reports have been issued to the Trust since the last Audit Committee meeting: The reports issued were of the findings of the reviews of the following areas:

- Board Assurance Framework
- Standards for Better Health
- Healthcare Contracts
- Capital Planning & Resource Allocation
- Integrated Governance
- Paying Patients
- FT Terms of Authorisation
- Charitable Funds

Aaron reported that six of the audits provided significant assurance however two audits reviewing systems and processes for 'Paying Patients' and 'Charitable funds' could only provide limited assurance.

The Audit Committee discussed the findings of the audits. Aaron Shah confirmed that the paying patients review undertaken had identified weaknesses with identifying patients who were liable for their treatment costs. There has been significant improvement over the last 6 months in the collection of monies from self-funding patients. However, there is evidence that IVF self-funding patient are receiving treatment before they have paid resulting in debtors. Aaron reported that the fertility unit is liaising with Finance to determine how best to address these issues.

Aaron reported that due to non-compliance with Trust controls, assurance could not be provided for the manner in which the Charitable Funds were being administered. Aaron stated that he had been advised that there had been a high turnover of temporary staff covering the Charitable Fund Accountant post and there had not been documented procedures in place for this officer to follow. Tom Alden confirmed that the Trust is currently considering making a permanent appointment to a post of Charitable Fund Accountant. In addition, the Trust is currently transferring the Charitable Funds accounts to Oracle Financial system.

In a response to a question from Stephen Hay regarding the Trusts disaster recovery plans, Nancy Hallett confirmed that the Trust needed to review the plans in place for IT systems. It was agreed that an audit of the Trusts disaster recovery plans should be carried out in 2009/2010.

10. Revised Internal Audit Plan 2008/09

A revised internal audit plan was presented by Neil Thomas providing a risk based analysis of Trust operations as a basis for KPMG's planned work. The Audit Plan outlined the proposed input of KPMG for 2008/09 and gave the indicative resource allocation for the period 2009/11. The Audit Committee agreed KPMG's submitted revised Audit plan for 2008-2009.

11. Internal Audit Progress Report (incoming Auditors)

Neil Thomas provided an update of the Internal Auditors progress since April 2008. He confirmed that the audit plan had been finalised and that there were four reviews scheduled to be undertaken in the next quarter: Staff management, statutory and mandatory training, data quality and service line reporting.

The Audit Committee noted the report.

12 Annual report 2007/2008 (outgoing Counter Fraud Service)

Cathy Purton presented an overview of the Counter Fraud Work undertaken at the Trust within 2007/08 by the outgoing Counter fraud service (CFS). A copy of the report had been circulated to the Committee with the papers. It was reported that during 2007/2008 13 investigations were opened by the LCFS. Cathy Purton confirmed that two ongoing investigations have been passed to the Trusts new Local Counter Fraud provider.

13. Compound Indicator declaration

Cathy Purton informed the Committee that it is a national requirement of all LCFS at each Health Body to submit a declaration and assessment of the Local Counter Fraud Work to the Counter Fraud and Security Management Services (CFSMS) at the end of the financial year. The declaration for Homerton was submitted to CFSMS within the deadline provided of 30 April 2008.

It was reported that the Trust achieved a rating of Level 2 – Adequate Performance from the 2006/07 assessment and that Cathy anticipated that the same level will be achieved for 2007/08. Cathy informed the Committee that the amount of resources invested into Counter Fraud work is a key factor in the assessment. For 2007/08 the Trust's Counter Fraud Work plan was less than the CFSMS recommended guidance by more than 30 days. Cathy stated that the extra resources provided in the areas of prevention and detection will provide CFSMS with additional evidence for these key areas and should contribute further to the overall score.

14. Outcome of formal risk assessment

Michael Musgrove presented the outcome of the risk assessment he had carried out in the Trust to identify areas which would benefit from a more detailed review. This risk assessment had been used to develop a suggested work plan for the CFS activities in the Trust. It was agreed that the work plan was in need of further discussion and that Michael Musgrove would meet with Anna Anderson to review the document and agree an updated work plan.

15. Progress Report (incoming counter fraud service)

Michael Musgrove confirmed that a number of investigations have been handed over from the previous LCFS provider and these are still being assessed in consultation with the Regional Office of the CFSMS.

It was reported that investigations arising from the Audit Commission's National Fraud Initiative carried out in 2006/07 were still being pursued and feedback on the nature of these were given to the Committee. It was agreed that Michael Musgrove would meet with Nancy Hallett, Guy Young, Iain Patterson and John Coakley to discuss these investigations in more detail. The Audit Committee requested that in future the CFS alert the Trust to any potential issues at the earliest opportunity.

16. Audit Recommendation Tracker

Tom Alden introduced the Internal Audit Recommendations Tracker. The outstanding recommendations from Internal Audit had been listed, risk assessed and given a risk score of high,

medium or low. Tom reported that there were 62 recommendations outstanding of which 32 were still awaiting implementation.

17. Review of Audit Committee questionnaire

Pauline Brown informed the Committee that one of the requirements of the Audit Committee Handbook is for members to self assess the performance of the Audit Committee on an annual basis. The questionnaire was sent to the Non-Executive Director members prior to the meeting for completion. It was requested that the completed questionnaires be returned to Pauline as soon as possible. Pauline Brown agreed to investigate training and development opportunities available for Audit Committee members to support them in their roles on the Committee.

18. Any other business

No other business was discussed. Stephen Hay thanked the representatives from the Audit Consortium for their hard work on behalf of the Trust. He also thanked Samantha Eaton, who will be leaving the Trust at the end of June 2008.

Date of next meeting

24 September 2008, 11am
17th December 2008, 11am

AUDIT COMMITTEE

**Minutes of Meeting 24th September 2008
Trust Offices Meeting Room**

| | | |
|-----------------------|---|--|
| Present: | Stephen Hay (Chair) Eric Sorensen (ER) Imelda Redmond (IR) | Non-Executive Director Non-Executive Director Non-Executive Director |
| In attendance: | Nancy Hallett (NH) Pauline Brown (PB) Anna Anderson (AA) Tom Alden (TA) Jennifer Dryden (JD) Neil Thomas (NT) Phil Johnstone (PJ) Suresh Patel (SP) Aaron Shah (AS) Cathy Purton (CP) Hannah Wenlock (HW) Richard Smith (RS) Tracey Fletcher (TF) | Chief Executive Director of Corporate Development Director of Finance Assistant Director of Finance KPMG, Internal Audit KPMG, Internal Audit Audit Commission, External Audit Audit Commission, External Audit Internal Audit Counter Fraud Service RSM Bentley Jennison, Counter Fraud Service RSM Bentley Jennison, Counter Fraud Service Chief Operating Officer |
| Minutes: | David Bridger (DB) | Head of Governance |

The chair and non-executive directors meet privately immediately prior to the meeting with the internal and external auditors. The auditors expressed satisfaction with the level of cooperation they receive from the Trust and confirmed that the work plan we had agreed was appropriate now they had been working with the Trust since April.

1. Apologies

Michael Keith Non-Executive Director

2. Minutes of last Meeting on 11th June 2008

The minutes for meeting on 11th June agreed as a correct record.

3. Matters arising

PB notified the committee that the Audit Commission has arranged a series of seminars taking place on 8th December titled 'Improving board assurance at foundation trusts and aspiring NHS foundation trusts'.

4. Internal Audit Report - Coding

TF joined the meeting to discuss the Data Quality and Clinical Coding Review. The following recommendations from the report were discussed:

- Data inconsistencies and review of missing information. The Trust accepts the findings of the report however it should be noted that the Trust is in the process of developing links from EPR to GP's/PCT to allow GP information to be uploaded. This is an important development that staff from Cerner are currently working on.
- Recruitment of additional coding staff. TF stated that the Trust has made every effort to recruit additional staff but have as yet has been unable to appoint, agency staff are currently being used. The table presented in the report did not provide an accurate reflection of funded posts within the coding dept. It is acknowledged that there are significant pressures on existing staff and

considerable pressure put on them to work elsewhere either by direct approaches by agencies or higher salaries elsewhere. As a result the Trust is looking into recruitment and retention packages.

Action: KPMG to update staffing table within the report.

- Clinical coding timings. The Trust did not accept the reported management response. TF pointed out that the Trust is monitoring this on an almost daily basis and liaising directly with consultants to improve timing of coding.
- Reporting to the Board. The Trust accepted the recommendations but stated that uncoded cases are already reported to the board through the performance report. The numbers of cases coded within 48 hours and 5 days will be included. KPMG had difficulty finding evidence of board consideration of coding and felt that the board needs a fuller discussion around the coding issues.

5. Management Letter

SP presented the draft management letter. The key message was that 2007/08 had been a successful year for the Trust, with a £7.5 million surplus and an unqualified audit opinion.

He had received a high level of corporation from Homerton staff and complimented the finance team who were very efficient when dealing with the audit team.

It was noted that the draft letter had also been noted and made available at the recent Annual Members meeting.

He also stated that along with other NHS bodies the Trust will be required to prepare financial statements in accordance with International Financial Reporting Standards (IFRS) in 2009/10 and to this end the Trust needs to ensure it has a robust plan and suitable resources to meet this requirement.

PJ commented that the finance department produced a high standard of work despite having relatively slim levels of staffing.

The committee approved the letter.

6. Audit Commission Progress Report

SP presented the Audit Commission Progress report. The contents of the report were noted. He reiterated the need for the Trust to have plans in place to meet the requirements of the IFRS.

PB stated that the Trust would start working on a schedule of dates to meet all reporting requirements.

TA commented that the finance team would begin the process earlier (October) to address the challenge of a shorter timeline and a new format.

7. Audit Committee Annual Report 2007/08

SH presented the draft Audit Committee Annual Report 2007/08. The committee noted the contents and no comments were received.

8. Standing orders waivers report

TA presented the schedule of waivers to standing orders which have been approved between 1st April 2008 and 11th September 2008. He stated that the waivers had all been reviewed by the Head of Procurement prior to approval being granted and confirmed that all were in place for valid reasons and can be tracked back to standing orders. The Committee noted the report.

9. Internal Audit Progress Report

NT presented the Internal Audit progress report. He stated that the plan is in line with budgeted days. The committee were asked to note that the implications of a recent discussion paper published by HM Revenue & Customs on Taxation of Foundation Trusts needs to be considered by the Trust.

10. Internal Audit – Strategic and business planning report

NT presented the internal audit findings of the review of Strategic and Business Planning. He was able to provide substantial assurance to the committee. They have identified areas of good practice such as stakeholder involvement, a sound Board Assurance Framework (BAF) and clear links between annual plan development and directorate business planning.

It was agreed that evidence of Board review of the BAF and self-certification needs to be more fully documented in the Board minutes. This will be important in the context of providing evidence to Monitor.

11. Internal Audit – Statutory and mandatory training report

NT presented the internal audit findings of the review of statutory and mandatory training report. He was able to provide only limited assurance to the committee. It was noted that the Trust was in the process of implementing the learning and management system for maintaining staff records but this was not in place when the audit took place. KPMG expect to see the system in place by the end of the financial year.

12 Fraud Risk Assessment

HW presented the draft fraud risk assessment. The assessment identifies key areas which require greater management control or a revision of current policies and practices. The next stage is for these findings and associated actions to be approved and agreed by the Trust. The committee noted the contents of the report.

It was suggested that the work of the LCFS should be presented to the Board of Directors. This would be brought to the attention of the Chairman but owing to time constraints it may be better to present to the Audit Committee with summaries reported to the Board.

13. Local Counter Fraud Specialist Progress Report

Hannah Wenlock presented the LCFS progress report identifying work undertaken. She outlined progress regarding an identity theft investigation, this is still being investigated and a further update will be provided to the next audit committee. The committee noted the contents of the report.

14. Audit Recommendation Tracker

TA presented a full listing of all internal/external audit recommendations. It was noted that the outstanding number had reduced since the last meeting and there were now no Red recommendations awaiting implementation. There are 15 recommendations awaiting implementation and TA will review these with KPMG as to whether they are still required/appropriate.

Stephen Hay thanked Tom Alden for a very good job in reducing the list. The committee noted the contents of the report.

15. Any other business

Stephen Hay thanked KPMG for their very good, high quality reports.

Pauline Brown reported that a statement of compliance with the NHSFT Code of Governance was omitted from the Annual Report. The statement has now been written and sent to Monitor. It was noted that the Trust is compliant with the Governance Code in all but 2 areas where alternative arrangements are in place. These are CEO terms of appointment and balance and independence of the Board.

Date of next meeting

17th December 2008, 11am

AUDIT COMMITTEE

Draft Minutes of Meeting 17th December 2008 Trust Offices Meeting Room

| | | |
|-----------------------|---|---|
| Present: | Stephen Hay (Chair) Eric Sorensen (ER) | Non-Executive Director Non-Executive Director |
| In attendance: | Nancy Hallett (NH) Pauline Brown (PB) Anna Anderson (AA) Tom Alden (TA) Fleur Nieboer (FN) Neil Thomas (NT) Phil Johnstone (PJ) Antony Smith (AS) Hannah Wenlock (HW) | Chief Executive Director of Corporate Development Director of Finance Assistant Director of Finance KPMG, Internal Audit KPMG, Internal Audit Audit Commission, External Audit Audit Commission, External Audit RSM Bentley Jennison, Counter Fraud Service |
| Minutes: | David Bridger (DB) | Head of Governance |

1. Apologies

Imelda Redmond (IR) Non-Executive Director

2. Minutes of last Meeting on 24th September 2008

The minutes for meeting on 24th September were agreed as a correct record.

3. Matters arising

TA provided the committee with an update regarding taxation of Foundation Trusts.

4. International Financial Reporting Standards (IFRS)

TA presented a paper updating the committee regarding IFRS. He indicated that the NHS will be moving to IFRS over the next 16 months and this will comprise of 40 standards. He outlined the timetable for transition to IFRS within the NHS and the Trust over the coming financial year. The restated balance sheet has been reviewed by KPMG and submitted to Board prior to submission to Monitor. He summarised the project plan outlining the impact on the Trust and the current progress with implementation.

SH enquired what else needs to be done regarding full implementation. TA indicated that there needs to be further training and awareness. SH requested that TA review all the actions required and present these to the next Audit Committee.

Action: TA to present actions required to implement IFRS to next Audit Committee.

5. Annual Accounts Timetable

TA presented the annual accounts timetable. He informed the committee that the NHS is planning to close its accounts earlier in 2008/09 and the time available will be reduced from 23 to 15 days. There is uncertainty where the 8 days can be saved and this will require careful planning. A plan has been drawn up and the Trust has started its Annual Accounts Group meetings, recruited a new capital accountant and is looking at improving workflow through the team. He noted that it will be important to

keep a 'watching brief' and fix dates for the Audit Committee to fit in with the timetable. The committee noted the contents of the paper.

6. Standing orders waivers report

TA presented the schedule of waivers to standing orders produced by the procurement department. He stated that the waivers had all been reviewed by the Head of Procurement prior to approval being granted and confirmed that all were in place for valid reasons and can be tracked back to standing orders. One standing order had required Board approval. The Committee noted the report.

7. Audit Commission Annual Plan

PJ presented the draft Audit Commission annual plan setting out the proposed work to be undertaken in relation to the 2008/09 accounts. He indicated that based upon current knowledge and the results of work on the 2007/08 accounts no significant additional risks for the 2008/09 accounts had been identified. The proposed fee of £53,580 has been set out in the bid document in 2007. He informed the board that Monitor requires a self-certification approach for restating the opening 2008/09 balances under IFRS, but expects the external auditor to review the statements prior to submission. The Audit Commission is scoping the work that auditors need to do to satisfy Monitor's requirement. Indications from the Audit Commission are that the fee is expected to be around £5,000 for this work. Additionally the Trust has accepted the Audit Commission's invitation to submit data as part of the National Fraud Initiative. The Audit Commission are reviewing payment by results with the PCT and a copy of this report will be submitted to the Audit Committee.

The committee agreed the Audit Commission Annual Plan

8. Internal Audit Progress Report

NT presented the Internal Audit progress report. He stated that the plan is on target with the budgeted days. The committee were asked to note the technical updates described in the report.

9. Internal Audit – 2008-09 Service Line Reporting

FN and NT presented the internal audit findings of the review of 2008-09 service line reporting. They were able to provide substantial assurance to the committee but this could reduce to limited assurance if there has not been progress on implementing the recommendations raised. There had been distinct areas of progress but the Trust has not developed all of the processes and systems required to fully develop Service Line Reporting (SLR) and progress the implementation of the Service Line Management (SLM).

Key areas of focus identified for the Trust were discussed and included the following:

- The Trust needs to ensure the SLR programme receives full support particularly at Board level if it is to be successfully rolled out and embedded, this will be discussed at the Board in January.
- The Trust should develop a formal model incorporating SLR Implementation and Stakeholder Engagement plans and an SLR Operating Framework. These should be approved by the Trust Board and put into action by an SLR Project Group to ensure momentum is not lost and appropriate progress is made
- The Trust needs to improve the automation of its current SLR reporting process
- The Trust should document its current allocation methodology and ensure this is formally approved by service leads
- The current reconciliation of SLR reports to underlying source systems is completed by the preparing officer. In line with best practice and to enhance the integrity of the data and robustness of the process this reconciliation should ideally be subject to periodic secondary review.

There is a plan to review progress with SLM by KPMG in March.

The audit committee acknowledged the findings of the report and the associated recommendations

10. Local Counter Fraud Specialist (LCFS) Progress Report Internal Audit

HW presented the LCFS progress report summarising work undertaken. She outlined progress against the LCFS produced action plan to address the recommendations made by the Counter Fraud and Security Management service following the issue of the Compound Indicator Assessment report. She provided updates on investigations being carried out and notified the committee that 6 new referrals had been received indicating greater fraud awareness in the Trust. The committee noted the contents of the report.

12 Fraud and Corruption Policy

HW presented the draft Fraud and Corruption policy. This was a policy review. Comments were received from the committee and it was agreed that these would be incorporated and a further draft circulated before the end of January.

Action: HW to incorporate comments and recirculate the policy to the Audit Committee members.

13 Raising Concerns at Work Policy

HW presented the draft Raising Concerns at Work policy. This was a policy review. Comments were received from the committee and it was agreed that these would be incorporated and a further draft policy circulated before the end of January.

Action: HW to incorporate comments and recirculate the policy to the Audit Committee.

14. Audit Recommendation Tracker

TA presented a full list of all outstanding internal/external audit recommendations. It was noted that since September 2008 20 new recommendations had been added. The outstanding number had not reduced since the last meeting and the Trust is awaiting a number of internal audit reviews to allow us to remove the implemented recommendations. The committee noted the contents of the report.

15. Any other business

None

Date of next meeting

Meetings for 2009 to be agreed.

AUDIT COMMITTEE

**Minutes of Meeting 25th March 2009
Trust Offices Meeting Room**

| | | |
|-----------------------|---|---|
| Present: | Stephen Hay (Chair) Eric Sorensen (ER) Imelda Redmond (IR) Michael Keith (MK) | Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director |
| In attendance: | Nancy Hallett (NH) Pauline Brown (PB) Anna Anderson (AA) Tom Alden (TA) Fleur Nieboer (FN) Neil Thomas (NT) Antony Smith (AS) Hannah Wenlock (HW) Iain Patterson (IP) | Chief Executive Director of Corporate Development Director of Finance Assistant Director of Finance KPMG, Internal Audit KPMG, Internal Audit Audit Commission, External Audit RSM Bentley Jennison, Counter Fraud Service Associate Director of HR |
| Minutes: | David Bridger (DB) | Head of Governance |
| 1. Apologies | Phil Johnstone (PJ) | Audit Commission, External Audit |

2. Minutes of last Meeting on 24th September 2008

The minutes for meeting on 17th December were agreed as a correct record.

3. Matters arising

None

4. International Financial Reporting Standards (IFRS) implementation plan

TA presented a paper updating the committee regarding IFRS. He outlined the IFRS project knowledge transfer timeline and monthly milestones for the training required. The committee noted the current position.

5. Annual Accounts Closedown update

TA presented a paper outlining the progress against the annual accounts timeline in relation to the requirement to close accounts 8 days earlier. The annual accounts team having meeting weekly to monitor progress against the project plan. He summarized the current issues which were staff training, agreement of balances disputes, invoices sent for authorisation and ELFT asset transfer. The committee noted the contents of the paper.

6. Standing orders waivers report

TA presented the schedule of waivers to standing orders produced by the procurement department. It was noted that a waiver regarding work by ISG Jackson was not included in the report. Michael Keith commented that whilst the number of waivers is relatively short the total value appears quite high. It was felt that the list of waivers should be subject to audit in the near future. The Committee noted the report.

7. Audit Commission Interim position

AS presented the Audit Commission Interim Opinion Visit. He stated there were no significant issues to be considered. However he commented that it had been identified that the audit commission needs to liaise more effectively with Trust staff to ensure there is greater clarity about identifying key contacts for each of the material systems and also that they have time available to spend with the audit team. The Committee noted the report.

8. Audit Commission – Emerging National Issues

AS presented a paper updating the committee on emerging national issues and developments. The report outlined nine key areas for consideration. He highlighted the recently launched NHS carbon reduction strategy which will require NHS Trusts to set targets for carbon reduction. He also indicated that the Trust should be alert to the outcome of a review into the private patient income cap. The Committee noted the contents of the report.

9. Internal Audit Progress Report

NT presented the Internal Audit progress report. He stated that two audits are to be completed over the next quarter these were Standards for Better Health and Terms of Authorisation. The committee were asked to note the technical updates described in the report.

10. Internal Audit – 2008-09 Financial Reporting

FN and NT presented the internal audit findings of the review of 2008-09 financial reporting. They were able to provide substantial assurance to the committee. They noted that there were areas of good practice and areas for development including reporting of variances and cost improvement plans (CIP) to the Board. SH asked about the 60% figure in relation to budget holders having ownership over their budgets. It was noted that this was good compared to other Trusts however the survey response was quite low being 12 out of 25. SH also commented regarding the results of the survey questions regarding service line reporting, it was noted that this would be followed up in other audits. The audit committee acknowledged the findings of the report and the associated recommendations.

11. Internal Audit – 2008-09 Financial Management

FN and NT presented the internal audit findings of the review of 2008-09 financial management. They were able to provide substantial assurance to the committee. They noted that there were areas of good practice and areas for development including the timeliness of HR being informed of staff changes which is a recurring issue. This results in overpayments which should not have been made needing to be recovered. It was felt that there should be a report to the Audit Committee by HR indicating the numbers and costs to the Trust. The audit committee acknowledged the findings of the report and the associated recommendations.

12. Internal Audit – 2009-10 Audit Plan

FN and NT presented the proposed internal audit work plan for 2009-10. This is awaiting final approval. The number of contracted days was reviewed. Highlighted areas for work in 2009-10 included Risk Management & Standards for Better Health and Information Control & Management.

13. Local Counter Fraud Specialist (LCFS) Progress Report Internal Audit

HW presented the LCFS progress report summarising work undertaken. She outlined progress against the LCFS work plan and the number of planned days. She provided updates on investigations being carried out. The committee noted the contents of the report. Typographical errors were noted on page 7 (paragraph 4.6) of the report and the table for number of days delivered in the 2009-10 work plan.

14. Standards of Business Conduct Review

HW presented a review of the Trusts Standards of Business Conduct policy. She outlined a number of recommendations for amendments to the policy. The committee agreed that the recommendations should be incorporated when the policy is next reviewed.

IP joined the meeting for the next two items.

15. Fraud and Corruption Policy

HW presented the draft Fraud and Corruption policy. This was a policy review. Comments previously received and incorporated were reviewed and agreed. The policy was endorsed subject to the following amendments: checks for syntax and grammar; 6.6.2 needs rewording to reflect CRB policy; 6.3.3. requires the reference to Secretary of State directions and 8.1 reword to state "staff may be investigated".

Action: TA to incorporate comments, apply Trust template and submit to Trust policy group for final approval.

16. Raising Concerns at Work Policy

HW presented the draft Raising Concerns at Work policy. This was a policy review. Comments previously received and incorporated were reviewed and agreed. The policy was endorsed subject to the following amendments: reword section 11.6

Comments were received from the committee and it was agreed that these would be incorporated and a further draft policy circulated before the end of January.

Action: IP to incorporate comments, apply Trust template and submit to Trust policy group for final approval.

17. Counter Fraud Presentation

HW provided the committee with a presentation on counter fraud.

18. Audit Recommendation Tracker

TA presented a full list of all outstanding internal/external audit recommendations. The committee noted that outstanding recommendations had reduced from 74 to 47 in the last quarter. For the remaining outstanding recommendations the implementation dates will be reviewed to ensure they are all in the future.

19. Audit Committee Terms of Reference

The committee reviewed the Terms of reference and it was agreed there were no changes required.

20. Any other business

PB stated that the Audit Committee needs to be evaluated and that this would be achieved through the use of the evaluation tools recently purchased by the Trust.

AUDIT COMMITTEE

**Minutes of Meeting 3rd June 2009
Trust Offices Meeting Room**

| | | |
|-----------------------|--|---|
| Present: | Stephen Hay (Chair) Eric Sorensen (ER) Imelda Redmond (IR) Michael Keith (MK) | Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director |
| In attendance: | Nancy Hallett (NH) Pauline Brown (PB) Anna Anderson (AA) Tom Alden (TA) Fleur Nieboer (FN) Phil Johnstone (PJ) Hannah Wenlock (HW) John Baker (JB) Iain Patterson (IP) | Chief Executive Chief Nurse & Director of Governance Director of Finance Assistant Director of Finance KPMG, Internal Audit Audit Commission, External Audit RSM Bentley Jennison, Counter Fraud Service RSM Bentley Jennison, Counter Fraud Service Associate Director of HR |
| Minutes: | David Bridger (DB) | Head of Governance |

1. Apologies

2. Minutes of last Meeting on 25th March 2009

The following amendment was made to the minutes for the meeting on 25th March 2009. Item 12 Internal Audit – 2009 -10 Annual Plan, this item was agreed by the committee.

3. Matters arising

Actions relating to the Fraud and Corruption Policy and Raising Concerns at Work Policy were not yet complete as the policies are awaiting formal approval by the Trust Policy Group.

4. Head of Internal Audit Opinion

International Financial Reporting Standards (IFRS) implementation plan

FN presented a paper summarising the work of internal audit conducted in 2008-09. She was able to provide substantial assurance for seven of the eight reviews performed during the year. She highlighted the limited assurance regarding Statutory and Mandatory Training however actions associated with this are being implemented and the Trust has reviewed the associated policies. The committee noted the report.

5. Audit Commission Annual Governance Report

PJ presented the Audit Commission Annual Governance Report summarising the findings from the 2009/09 audit. He notified the committee that all work had been completed. He outlined a number of amendments including those relating to fixed assets that have been agreed on the financial statements submitted for audit. Unadjusted misstatements in the accounts included overstated expenditure for CNST premiums. The Trust has charged part of the substantial increase in the premium in 2009/10 to 2008/09 as the increase relates in part to historical costs and therefore this is a prudent approach. The Audit Committee supported this view. In discussing key areas of risk it was

agreed that the table in the report describing these should be amended to reflect that the balances are not significant. TA and AA acknowledged that there was work required around asset accounting and that the Trust is committed to addressing the issues raised by audit. A full revaluation of the Trusts assets is planned for January 2010. The committee approved the letter of representation on behalf of the Trust.

6. Approval of Annual Accounts 2008/09

TA presented the full version of the Annual Accounts for 2008/09. TA thanked his team for their hard work in ensuring that the draft accounts were submitted on time and the full set of working papers were available on Day 1 of the audit. The way the Trust had amended the value of its Land and Building assets during the audit was explained and one adjustment of £90k relating to this was discussed as it was not contained in the version of the accounts sent out to the Audit Committee in the papers for the meeting. It was noted the Statement of Internal Control required minor amendments relating to the role of the Senior NED and stakeholder involvement. The committee agreed to adopt the accounts on behalf of the Trust Board.

As this was his last Audit Committee meeting the chair thanked TA for all his hard work whilst working for the Trust.

7. Annual Report

PB tabled the draft 2008/09 Annual Report. She stated that it contained all necessary statutory information however some reordering and additional figures such as Employee Health data is still required. Comments from the auditors had been included. The surplus needs to be altered and a quality report is to be included. Comments from the committee included an amendment to the costs of external auditors; the need to make explicit the reference to CIP and PEP and the trusts reactions to changes in health provision in NE London. The committee agreed the statutory components of the report.

8. Local Counter Fraud Specialist (LCFS) Annual Report

HW presented the LCFS annual report. Summarising work completed and investigations undertaken by the LCFS against the 2008/09 work plan. She explained that the draft report had been submitted to the Counter Fraud and Security Management Service (CFSMS) as evidence for the compound indicator declaration. The committee accepted the report with one amendment to a typographical error in paragraph 1.8.

9. Compound Indicator Report.

HW presented the Counter Fraud compound indicators report submitted to the CFSMS on 30th April. AA stated that the document was quite lengthy and difficult to interpret. It was considered to be a repletion of the LCFS annual report. This was acknowledged by LCFS and it was agreed this would be feedback to CFSMS. The Committee acknowledged the report.

10. Audit Commission PbR Assurance Framework Summary Report.

PJ presented the executive summary of the Payment by Results Data Assurance Framework Report commissioned by the PCT. It was noted that there appears to be a high error rate for clinical coding when compared to the rest of London. This was discussed by the committee and it was felt that this was due in part to the fact that not all co-morbidities were being picked up and coded and possible problems with the use of contract coders. The committee felt that the Trust needs to improve in the areas highlighted by the report. The committee also considered the impact of the move towards the more complex HRG4 and that Simon Weldon should be invited to the next committee meeting to provide an update in respect of this.

Action: Simon Weldon to be invited to the September meeting of the Audit Committee

11. Internal Audit Report - Risk Management and Standards for Better Health

FN presented the results of the review of Risk Management and Standards for Better Health. She was able to provide substantial assurance for this review. She noted that the Trust has produced good work despite changes in the staff responsible for the management of these areas. She discussed some of the key recommendations with the committee including the need to produce a timetable for the management of the standards, the provision of guidance for individual leads and directors, the process for managing Trust policies, the monitoring of risks to compliance and the use of waivers. The audit committee acknowledged the findings of the report and the associated recommendations.

12. Internal Audit Report – Terms of Authorisation

FN presented the results of the review of the Trust Terms of Authorisation. She was able to provide substantial assurance for this review. She highlighted some of the key recommendations including formalising the location where responsibility for all 25 conditions is assigned and compliance recorded. The audit committee acknowledged the findings of the report and the associated recommendations.

13. Internal Audit Progress Report

FN presented the Internal Audit progress report. She stated that KPMG had completed all planned work. Future planned work will be looking at Estates Management, Data protection and a Divisional audit focussing on GEM. The committee noted the report.

14. Standing orders waivers report

TA presented the schedule of waivers to standing orders produced by the procurement department. No comments were received. The Committee noted the report.

18. Audit Recommendation Tracker

TA presented a full list of all outstanding internal/external audit recommendations. There are a total of 62 recommendations outstanding of which 46 have been implemented and await audit verification, 14 are awaiting implementation and 2 are new recommendations. For the recommendations still to be implemented the responsible officer has provided an update on implementation and the revised implementation date has been recorded on the tracker. The committee noted the position with outstanding recommendations.

IP joined the meeting for the next item.

19. Salary Overpayments Report

IP presented a report reviewing the Trust status regarding salary overpayments. He stated that in 2008/09 overpayments of £420K were generated as a result of a number of factors. He summarised what these factors were and the actions taken to reduce overpayments. Factors included those generated internally by the Homerton and externally by the North East London Pay Consortium. It was agreed that the continued internal action is required and that this requires Executive review. The committee recognised that the cost to the trust is not merely financial but involves considerable administrative work in retrieving back overpayments. For low paid employees there can also be hardship involved in having to repay overpayments. This issue needs resolution. The committee thanked IP for his report.

20. Any other business

PB stated that the Audit Committee needs to be evaluated and that this would be achieved through the use of the evaluation tools recently purchased by the Trust.

Action: DB to coordinate the Audit Committee appraisal.

Date of next meeting Wednesday 30th September 2009

AUDIT COMMITTEE

**Minutes of Meeting 3rd June 2009
Trust Offices Meeting Room**

| | | |
|-----------------------|--|---|
| Present: | Stephen Hay (Chair) Eric Sorensen (ER) Imelda Redmond (IR) Michael Keith (MK) | Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director |
| In attendance: | Nancy Hallett (NH) Pauline Brown (PB) Anna Anderson (AA) Tom Alden (TA) Fleur Nieboer (FN) Phil Johnstone (PJ) Hannah Wenlock (HW) John Baker (JB) Iain Patterson (IP) | Chief Executive Chief Nurse & Director of Governance Director of Finance Assistant Director of Finance KPMG, Internal Audit Audit Commission, External Audit RSM Bentley Jennison, Counter Fraud Service RSM Bentley Jennison, Counter Fraud Service Associate Director of HR |
| Minutes: | David Bridger (DB) | Head of Governance |

1. Apologies

2. Minutes of last Meeting on 25th March 2009

The following amendment was made to the minutes for the meeting on 25th March 2009. Item 12 Internal Audit – 2009 -10 Annual Plan, this item was agreed by the committee.

3. Matters arising

Actions relating to the Fraud and Corruption Policy and Raising Concerns at Work Policy were not yet complete as the policies are awaiting formal approval by the Trust Policy Group.

4. Head of Internal Audit Opinion

International Financial Reporting Standards (IFRS) implementation plan

FN presented a paper summarising the work of internal audit conducted in 2008-09. She was able to provide substantial assurance for seven of the eight reviews performed during the year. She highlighted the limited assurance regarding Statutory and Mandatory Training however actions associated with this are being implemented and the Trust has reviewed the associated policies. The committee noted the report.

5. Audit Commission Annual Governance Report

PJ presented the Audit Commission Annual Governance Report summarising the findings from the 2009/09 audit. He notified the committee that all work had been completed. He outlined a number of amendments including those relating to fixed assets that have been agreed on the financial statements submitted for audit. Unadjusted misstatements in the accounts included overstated expenditure for CNST premiums. The Trust has charged part of the substantial increase in the premium in 2009/10 to 2008/09 as the increase relates in part to historical costs and therefore this is a prudent approach. The Audit Committee supported this view. In discussing key areas of risk it was

agreed that the table in the report describing these should be amended to reflect that the balances are not significant. TA and AA acknowledged that there was work required around asset accounting and that the Trust is committed to addressing the issues raised by audit. A full revaluation of the Trusts assets is planned for January 2010. The committee approved the letter of representation on behalf of the Trust.

6. Approval of Annual Accounts 2008/09

TA presented the full version of the Annual Accounts for 2008/09. TA thanked his team for their hard work in ensuring that the draft accounts were submitted on time and the full set of working papers were available on Day 1 of the audit. The way the Trust had amended the value of its Land and Building assets during the audit was explained and one adjustment of £90k relating to this was discussed as it was not contained in the version of the accounts sent out to the Audit Committee in the papers for the meeting. It was noted the Statement of Internal Control required minor amendments relating to the role of the Senior NED and stakeholder involvement. The committee agreed to adopt the accounts on behalf of the Trust Board.

As this was his last Audit Committee meeting the chair thanked TA for all his hard work whilst working for the Trust.

7. Annual Report

PB tabled the draft 2008/09 Annual Report. She stated that it contained all necessary statutory information however some reordering and additional figures such as Employee Health data is still required. Comments from the auditors had been included. The surplus needs to be altered and a quality report is to be included. Comments from the committee included an amendment to the costs of external auditors; the need to make explicit the reference to CIP and PEP and the trusts reactions to changes in health provision in NE London. The committee agreed the statutory components of the report.

8. Local Counter Fraud Specialist (LCFS) Annual Report

HW presented the LCFS annual report. Summarising work completed and investigations undertaken by the LCFS against the 2008/09 work plan. She explained that the draft report had been submitted to the Counter Fraud and Security Management Service (CFSMS) as evidence for the compound indicator declaration. The committee accepted the report with one amendment to a typographical error in paragraph 1.8.

9. Compound Indicator Report.

HW presented the Counter Fraud compound indicators report submitted to the CFSMS on 30th April. AA stated that the document was quite lengthy and difficult to interpret. It was considered to be a repletion of the LCFS annual report. This was acknowledged by LCFS and it was agreed this would be feedback to CFSMS. The Committee acknowledged the report.

10. Audit Commission PbR Assurance Framework Summary Report.

PJ presented the executive summary of the Payment by Results Data Assurance Framework Report commissioned by the PCT. It was noted that there appears to be a high error rate for clinical coding when compared to the rest of London. This was discussed by the committee and it was felt that this was due in part to the fact that not all co-morbidities were being picked up and coded and possible problems with the use of contract coders. The committee felt that the Trust needs to improve in the areas highlighted by the report. The committee also considered the impact of the move towards the more complex HRG4 and that Simon Weldon should be invited to the next committee meeting to provide an update in respect of this.

Action: Simon Weldon to be invited to the September meeting of the Audit Committee

11. Internal Audit Report - Risk Management and Standards for Better Health

FN presented the results of the review of Risk Management and Standards for Better Health. She was able to provide substantial assurance for this review. She noted that the Trust has produced good work despite changes in the staff responsible for the management of these areas. She discussed some of the key recommendations with the committee including the need to produce a timetable for the management of the standards, the provision of guidance for individual leads and directors, the process for managing Trust policies, the monitoring of risks to compliance and the use of waivers. The audit committee acknowledged the findings of the report and the associated recommendations.

12. Internal Audit Report – Terms of Authorisation

FN presented the results of the review of the Trust Terms of Authorisation. She was able to provide substantial assurance for this review. She highlighted some of the key recommendations including formalising the location where responsibility for all 25 conditions is assigned and compliance recorded. The audit committee acknowledged the findings of the report and the associated recommendations.

13. Internal Audit Progress Report

FN presented the Internal Audit progress report. She stated that KPMG had completed all planned work. Future planned work will be looking at Estates Management, Data protection and a Divisional audit focussing on GEM. The committee noted the report.

14. Standing orders waivers report

TA presented the schedule of waivers to standing orders produced by the procurement department. No comments were received. The Committee noted the report.

18. Audit Recommendation Tracker

TA presented a full list of all outstanding internal/external audit recommendations. There are a total of 62 recommendations outstanding of which 46 have been implemented and await audit verification, 14 are awaiting implementation and 2 are new recommendations. For the recommendations still to be implemented the responsible officer has provided an update on implementation and the revised implementation date has been recorded on the tracker. The committee noted the position with outstanding recommendations.

IP joined the meeting for the next item.

19. Salary Overpayments Report

IP presented a report reviewing the Trust status regarding salary overpayments. He stated that in 2008/09 overpayments of £420K were generated as a result of a number of factors. He summarised what these factors were and the actions taken to reduce overpayments. Factors included those generated internally by the Homerton and externally by the North East London Pay Consortium. It was agreed that the continued internal action is required and that this requires Executive review. The committee recognised that the cost to the trust is not merely financial but involves considerable administrative work in retrieving back overpayments. For low paid employees there can also be hardship involved in having to repay overpayments. This issue needs resolution. The committee thanked IP for his report.

20. Any other business

PB stated that the Audit Committee needs to be evaluated and that this would be achieved through the use of the evaluation tools recently purchased by the Trust.

Action: DB to coordinate the Audit Committee appraisal.

Date of next meeting Wednesday 30th September 2009

AUDIT COMMITTEE

Minutes of Meeting 30th September 2009 Trust Offices Meeting Room

Present: Stephen Hay (Chair) Non-Executive Director
Eric Sorensen (ER) Non-Executive Director
Imelda Redmond (IR) Non-Executive Director

In attendance: Pauline Brown (PB) Chief Nurse & Director of Governance
Anna Anderson (AA) Director of Finance
David Freer (DF) Assistant Director of Finance
Fleur Nieboer (FN) KPMG, Internal Audit
Neil Thomas (NT) KPMG, Internal Audit
Phil Johnstone (PJ) Audit Commission, External Audit
Hannah Wenlock (HW) RSM Bentley Jennison, Counter Fraud Service
Iain Patterson (IP) Associate Director of Workforce
Andrew Panniker (AP) Director of Environment

Minutes: David Bridger (DB) Head of Governance

1. Apologies

Michael Keith (MK) Non-Executive Director
Nancy Hallett (NH) Chief Executive

2. Minutes of last Meeting on 3rd June 2009

The minutes were agreed.

Item 10: It was noted that the COO was not present to update the committee on the coding issues and AA agreed to take responsibility for this at the next meeting.

4. Audit Commission Progress report

PJ presented the Audit Commission (AC) progress report summarising the progress made on the Audit Commission's 2009/09 audit plan. He stated that there was no new activity to report. The AC have been finalising the examination of the Charitable Funds financial statements. He also stated that the AC are due to review the Trusts restated 2008/09 accounts under IFRS. He also brought to the attention of the committee a AC event 'High Performing Boards' taking place in London on 28th and 29th October to which members were invited. The committee noted the contents of the report

5. Annual Audit Letter

PJ presented the Annual Audit Letter summarising completed work for 2008/09. This had been discussed with the Chief Executive and Finance Director. He noted that he had attended the Trusts Annual Members Meeting as the representative of the Trusts Auditors and that no questions had been put to him. The audit committee approved the letter.

6. Internal Audit Progress Report

FN presented the Internal Audit progress report. She stated that KPMG had completed all planned work over the last quarter. She provided the committee with three technical updates, these were: Monitor report on Foundation Trust Performance for 2008-09; Monitor – Consultation on the role of Governors and Financial Reporting Council review of effectiveness of the combined code. The committee noted the report.

AP joined the meeting for this item.

7. Internal Audit Report – Estates Management Review

FN presented the results of the review of Estates Management. She was able to provide limited assurance for this review in light of the number, not necessarily the severity, of the recommendations raised. The recommendations were discussed of which there was one deemed high priority associated with capital planning and the need to consider developments in the wider health community. It was felt that the Trust needs to be aware of the expansion plans of other hospitals through the Strategic Capital Planning process at NHS London and local intelligence. In total there were nine medium priority and four low priority recommendations. It was acknowledged that there was also going to be further audit looking at the Trusts carbon footprint. An amendment was required to the flow chart on page 8 of the report. The audit committee acknowledged the findings of the report and the associated recommendations.

8. 2008-09 Audit Committee Annual Report

NT presented the draft 2008/09 Audit Committee Annual Report summarising the key issues that had been received and reviewed by the Audit Committee during the year. The audit committee acknowledged the report which will now be presented to the Board of Directors. The assessment of the performance of the Audit Committee was discussed and it was agreed that FN would forward a copy of the self-assessment proforma that KPMG have to PB. This would then be circulated to the members of the Audit Committee for completion.

9. Local Counter Fraud Specialist (LCFS) Progress Report

HW presented the LCFS progress report. She summarised two cases of identity fraud where the perpetrators had been successfully arrested and prosecuted. She summarised the other work undertaken to date. A question was raised regarding the time allocated for reactive work which had used 23 days to date. It was explained that no days were timetabled for this activity and it was not part of the 75 days allocated in the work plan. The committee accepted the report. The committee discussed with HW how to most effectively publicise these results bearing in mind the sensitivities involved. It was agreed that HW would agree next steps with AA.

10. IFRS update.

DF presented the IFRS update. He stated that the restatement of the annual accounts in a format compatible with IFRS was made to Monitor by September 4th. The Trust is now preparing financial reports in compliance with IFRS requirements and he summarised those areas where descriptions had changed. The Trust needs to assess the impact of the revaluation of the estate and further discuss the consolidation of Trust and Charitable Fund Accounts. The committee approved the actions to date.

IP joined the meeting for the next item.

11. Salary Overpayments Report

IP presented an update report regarding salary overpayments. He stated that as of August 2009 it would appear that the overpayments trend since March 2009 indicates a reduction in the number generated as well as the total value, showing reductions of 47% and 52% respectively. In respect of

causes the numbers generated by the workforce has reduced and focussed action is still required with managers and medical staffing. The actions being taken were summarised along with the processes for recovering overpayments. It was considered that the Trust is now much better at picking up and responding to overpayments. The committee thanked IP for his report and asked that he provide a further update at the next Audit Committee.

12. Standing orders waivers report

DF presented the schedule of waivers to standing orders produced by the procurement department. It was felt that the waiver for Pitney Bowes needs to be taken to the next Board of Directors meeting for approval. The Committee noted the report.

13. Audit Recommendation Tracker

DF presented a list of 18 outstanding internal/external audit recommendations. For the recommendations still to be implemented the responsible officer has provided an update on implementation and the revised implementation date has been recorded on the tracker. The committee noted the position with outstanding recommendations.

14. Any other business

None

Date of next meeting Wednesday 16th December 2009

AUDIT COMMITTEE

Minutes of Meeting 16th December 2009 Trust Offices Meeting Room

| | | |
|-----------------------|--|--|
| Present: | Stephen Hay (Chair) Eric Sorensen (ER) Imelda Redmond (IR) Michael Keith (MK) | Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director |
| In attendance: | Nancy Hallett (NH) Pauline Brown (PB) Anna Anderson (AA) David Freer (DF) Fleur Nieboer (FN) Neil Thomas (NT) Phil Johnstone (PJ) Anthony Smith (AS) David Foley (DFo) Karl Munslow Ong (KMO) | Chief Executive Chief Nurse & Director of Governance Director of Finance Interim Assistant Director of Finance KPMG, Internal Audit KPMG, Internal Audit Audit Commission, External Audit Audit Commission, External Audit RSM Bentley Jennison, Counter Fraud Service Deputy Chief Operating Officer |
| Minutes: | David Bridger (DB) | Head of Governance |

Members of the Audit Committee met in private with the Trust auditors prior to the main meeting.

1. Apologies

Hannah Wenlock (HW) RSM Bentley Jennison, Counter Fraud Service

2. Minutes of last Meeting on 30th September 2009

The minutes were agreed.

3. Matters Arising

As this was her last meeting Stephen Hay thanked Anna Anderson for all her hard work supporting the Trust and the Audit Committee.

4. Coding and Income Recovery

KMO presented a paper updating the committee on progress around income recovery and providing assurance regarding the prospective systems in place to ensure income loss is mitigated wherever possible. He provided an overview of the issue associated with loss of income resulting from problems with the timeliness and accuracy of recording and coding of activity. He then provided the committee with a summary of the recommendations to strengthen the governance arrangements around data quality and income realisation including data capture and recording; coding; performance management and 2010-11 contract preparation. He stated that the timescale for completion of this work is to be established. The committee noted the contents of the report and requested an update at the March 2010 meeting.

5. Audit Commission Update Report

PJ and AS presented the Audit Commission (AC) progress report summarising the progress made on the Audit Commission's 2009/09 and 2009/10 audit plans. He provided the committee with a summary of key emerging national issues and developments.

6. Audit Commission – Draft Audit Plan 2009/10

PJ and AS presented the draft audit plan. It was stated that they had completed the examination of the Charitable Fund financial statement and completed the review of the Trusts restated accounts under IFRS. The risk associated with changes in senior staff among the finance team was highlighted. The fees for the planned work were also presented. The committee agreed the plan.

7. Internal Audit Progress Report

FN presented the Internal Audit progress report. She stated that KPMG had completed all planned work over the last quarter and three reports were currently being considered by management prior to being finalised before end of March. She provided a summary of the planned work over the next quarter. She provided the committee with four technical updates, these were: Monitor consultation on Annual Reporting Requirements for 2009-10; Monitor – Foundation Trusts and Taxation of Commercial Activities; Monitor – Lead Governors and Consolidation of Charities. The committee noted the report.

8. Internal Audit Report –Data Security and Control

FN presented the results of the review of the audit into data security and control. She was able to provide substantial assurance for this review and summarised the seven recommendations. The Trust is in the process of implementing the recommendations through the information governance committee. The audit committee acknowledged the findings of the report and the associated recommendations.

9. Local Counter Fraud Specialist (LCFS) Progress Report

DFo presented the LCFS progress report. He summarised the work carried out to date including ongoing referrals and investigations. Proactive work was also summarised and he highlighted the national exercise to review recruitment agency invoices. This work will be reported back at a future meeting. He stated that the Trust had been issued a provisional rating of 2 (adequate performance) under the compound indicator assessment 2008 by the NHS Counter Fraud Service. The Trust had considered this provisional rating and had decided to submit a request to review which has been submitted and the outcome is awaited. The committee noted the report.

10. IFRS restatement and charitable fund consolidation.

DF presented the IFRS restatement of the annual accounts. He presented the letter from the Audit Commission approving the restated figures. He also presented a paper outlining guidance provided by the Audit Commission stating that IAS27 will require consolidation of NHS charities from 2010/11. It was noted that the Audit Commission will, as part of their audit work, consider whether the Corporate Trustee is acting in accordance with the independence criteria required by the charity commission. The committee noted the report.

11. Annual Accounts and Annual Report – 31st March 2010

DF presented a paper advising the committee of the key dates for the annual accounts and annual report process for the year ending 31st March 2010. The committee noted the timetable.

12. Standing Financial Instructions, Standing Orders and Scheme of Delegation review

DF presented a review of the Trusts SFI's, SO's and Scheme of Delegation. He stated that these had been reviewed by senior staff within the Trust. Key changes included the reference and inclusion of e-procurement and e-tendering. The committee requested sight of the versions that contained the track

changes so that these could be considered in full. DF agreed to send these out to committee members with a short turnaround time so that they could be formally adopted by the committee. The committee approved the amendments subject to review of the track changes.

13 Standing orders waivers report

DF presented the schedule of waivers to standing orders produced by the procurement department for the period 11th September to 3rd December. The Committee noted and approved the report.

13. Audit Recommendation Tracker

DF presented a list of outstanding internal/external audit recommendations. The committee noted the position with outstanding recommendations.

14. Any other business

None

Date of next meeting Wednesday 31st March 2010

AUDIT COMMITTEE

**Minutes of Meeting 31st March 2010
Trust Offices Meeting Room**

| | | |
|-----------------------|---|--|
| Present: | Stephen Hay (Chair) Eric Sorensen (ER) Michael Keith (MK) | Non-Executive Director Non-Executive Director Non-Executive Director |
| In attendance: | Pauline Brown (PB) Jo Farrar (JF) Dominic Tkaczyk David Freer (DF) Cheryl Clements Neil Thomas (NT) Nick Rolfe (FN) Nina Chaudry (NC) Phil Johnstone (PJ) Anthony Smith (AS) Hannah Wenlock (HW) Darriane Garrett (DG) Karl Munslow Ong (KMO) | Chief Nurse & Director of Governance Director of Finance Interim Director of Finance Interim Assistant Director of Finance Director of Workforce and Education KPMG, Internal Audit KPMG, Internal Audit KPMG, Internal Audit Audit Commission, External Audit Audit Commission, External Audit RSM Tenon, Counter Fraud Service RSM Tenon, Counter Fraud Service Deputy Chief Operating Officer |
| Minutes: | David Bridger (DB) | Head of Governance |

1. Apologies

2. Minutes of last Meeting on 16th December 2009

The minutes were agreed.

3. Matters Arising

As this was her last meeting Stephen Hay thanked Pauline Brown for her outstanding work supporting the Trust and the Audit Committee.

One item regarding coding and income recovery has been deferred until the next Audit Committee meeting so that the results of an external audit can be included in the report.

4. Audit Commission Update Report

PJ and AS presented the Audit Commission (AC) progress report summarising the progress made on the Audit Commission's 2009/10 audit plans. One issue of was noted relating to variances in the fixed asset register. The Trust is working to address this issue and there has been an upgrade to the fixed asset register software. Further detail will be provided at the next audit committee meeting in June. The committee were provided with a summary of key emerging national issues and developments. The committee noted the report.

5. Internal Audit Progress Report

NT presented the Internal Audit progress report. He stated that KPMG had completed all planned work over the last quarter. He provided a summary of the planned work over the next quarter. He provided the committee with summary technical updates. The Audit report and quality account report will be presented at the next audit committee. The committee noted the report.

6. KPMG Draft Internal Audit Plan 2010/11

NT presented a paper setting out the proposed programme of internal audit work for 2010/11. He stated that KPMG had worked with the Trust to develop a strategic and operational audit plan. A summary of the areas identified was provided. The following areas were discussed; more work on the PCT relationships given the provider arm changes, further review of service line management (SLM) and implementation of NICE guidance. It was agreed that the plan would be discussed by the executive team. The committee noted the plan

7. Internal Audit Report – 2009-10 Financial Management

NT presented the results of the review of Financial Management. He was able to provide substantial assurance for this review which had previously been given only limited assurance. The recommendations from the previous audit had been implemented. He provided a summary of the eleven recommendations. The audit committee acknowledged the findings of the report and the associated recommendations.

The committee noted that recommendations are sometimes agreed and not fully followed through. This has been apparent in areas such as the adoption of service line reporting, staff reviews and carbon management. The committee accepts that slippage will occur from time to time for understandable reasons but that it needs to be aware that this is happening. The committee discussed how it could obtain greater assurance of the implementation status of agreed recommendations. As a first step the committee wishes to assure itself that all trust strategy documents are up to date.

8. Internal Audit Report – 2009-10 Financial Reporting

NT presented the results of the review of Financial Reporting. He was able to provide substantial assurance for this review. He summarised the eight recommendations highlighting those associated with the implementation of SLM. A multidisciplinary group has been set up to manage this process and a report on the plan for SLM was requested for the June Audit Committee. The audit committee acknowledged the findings of the report and the associated recommendations.

9. Internal Audit Report – Staff Management

NR presented the results of the review of Staff Management. He was able to provide limited assurance for this review. He summarised the ten recommendations highlighting those considered a high priority. These were mandating the use of e-ksf and appraisal completion targets. There are issues associated with the use of e-ksf which are being addressed and the Trust is reviewing its gateway management process. A verbal update on progress was requested for the June Audit Committee. The audit committee acknowledged the findings of the report and the associated recommendations.

10. Internal Audit Report – Review of Division Performance - GEM

This item was deferred until the June Audit Committee.

11. Internal Audit Report – 2009-10 Carbon Reduction and Sustainability

NT presented the results of the review of 2009-10 Carbon Reduction and Sustainability. He was able to provide limited assurance for this review. He summarised the eleven recommendations highlighting the one considered a high priority (carbon footprint calculation). This reflects the fact that key recording, monitoring and reporting arrangements are not yet in place. Whilst areas of good practice

were noted there is a need for the Trust to develop its carbon reduction strategy. The committee were assured that the Trust is working to address the issues raised. The audit committee acknowledged the findings of the report and the associated recommendations.

12. Internal Audit Report – 2009-10 Compliance with Terms of Authorisation

NR presented the results of the review of 2009-10 Compliance with Terms of Authorisation. He was able to provide substantial assurance for this review. He summarised the four recommendations highlighting the one considered a medium priority (private charge cap action plan). The Trust has an action plan in place to address this risk. The audit committee acknowledged the findings of the report and the associated recommendations.

13. Internal Audit Report – 2009-10 Risk Management and Standards for Better Health

NT presented the results of the review of 2009-10 Risk Management and Standards for Better Health. He was able to provide substantial assurance for this review. He summarised the eight recommendations. The finance risk register was discussed and the Trust is working towards ensuring these are captured in the risk management database. The audit committee acknowledged the findings of the report and the associated recommendations.

14. Local Counter Fraud Specialist (LCFS) Progress Report

HW presented the LCFS progress report. She summarised the work carried out to date including ongoing referrals and investigations. She highlighted that the LCFS is currently undertaking a local proactive exercise into pre-employment checks on trust staff, staff time sheets and unauthorised leave. She stated that despite appealing the Trust continues to have a rating of 2 (adequate performance) under the compound indicator assessment 2008 by the NHS Counter Fraud Service. The committee noted the report.

15. Local Counter Fraud Specialist (LCFS) Work Plan 2010/11

HW presented a summary of the LCFS work plan. The committee noted and approved the plan.

16. Charitable Fund Consolidation

DF provided the committee with an update on the latest position with regard to the consolidation of the Trust accounts with those of the charitable fund. The committee noted the current position.

17. Debtor Write Off Q1 to Q3 2009-10

DF presented a paper advising the committee of the level of overdue debt that has been written off during the financial year. It was noted that the largest category of debt was generated from overseas patients. The committee were assured that the Trusts policy regarding overseas patients was being reviewed and strengthened in line with DH guidance. Further work needs to be undertaken to establish the Trusts position in relation to its peers. The committee noted and approved the report.

18. Standards of Business Conduct Policy

DB presented a review of the Trusts Standards of Business Conduct Policy. He stated that this had been circulated and reviewed by senior staff within the Trust. There were no significant changes from the previous version and any comments received had been incorporated. The committee approved the policy.

19. Standing orders waivers report

DF presented the schedule of waivers to standing orders produced by the procurement department for the period 4th December 2009 to 15th March 2010. The committee enquired about the waiver for Bolt Partners and were informed that this was due to a contract extension. The Committee noted and approved the report.

20. Audit Recommendation Tracker

DF presented a list of outstanding internal/external audit recommendations. The committee noted the number with targets due to expire. It was agreed that KPMG would provide an update on the recommendations monthly. The committee noted the position with outstanding recommendations.

21. Terms of Reference

DB presented the audit committee terms of reference. No changes were recommended and the committee approved the current version.

22. Any other business

None

Date of next meeting Thursday 3rd June 2010

Action Table

| Action required | Date action identified | Person responsible |
|---|-------------------------------|---------------------------|
| Coding and income recovery update. | 31 st March | Karl Munslow-Ong |
| Fixed asset register update. | 31 st March | David Freer |
| SLM update. | 31 st March | David Freer |
| E-ksf update. | 31 st March | Cheryl Clements |
| Carry forward KPMG paper on GEM. | 31 st March | Neil Thomas |
| Review the Audit recommendation tracker to ensure that aged issues have been addressed, will be addressed or are no longer relevant. | 31 st March | David Freer |

AUDIT COMMITTEE

**Minutes of Meeting 3rd June 2010
Trust Offices Meeting Room**

| | | |
|-----------------------|---|---|
| Present: | Stephen Hay (Chair) Imelda Redmond David Stewart | Non-Executive Director Non-Executive Director Non-Executive Director |
| In attendance: | Nancy Hallett David Freer Karl Munslow Ong Dylan Jones Hannah Wenlock Phil Johnstone Anthony Smith Fleur Nieboer | Chief Executive Interim Assistant Director of Finance Deputy Chief Operating Officer General Manager GEM RSM Tenon, Counter Fraud Service Audit Commission, External Audit Audit Commission, External Audit KPMG, Internal Audit |
| Minutes: | David Bridger | Head of Governance |
| 1. Apologies | Jo Farrar Neil Thomas | Director of Finance KPMG, Internal Audit |

Stephen Hay welcomed David Stewart, Non-Executive Director (NED) to the meeting, attending in the capacity of NED and also chair of the Risk Committee.

2. Minutes of last Meeting on 31st March 2010

The minutes were agreed.

3. Matters Arising

Fixed Asset Register: David Freer confirmed that the fixed asset register is now up to date and in line with records.

4. Coding and Income Recovery

KMO presented a paper updating the committee on the ongoing work to ensure coding accuracy and maximise income recovery for the work the Trust undertakes. He highlighted that there had been consistent improvements in respect of income loss which had reduced over the past year. He also highlighted the outcome of the Audit Commission review and an internal review of the coding process and the recommendations arising from this which was to strengthen the internal audit process, drive improvements to the discharge summary and improve engagement between clinical staff and coders. He provided a summary of the actions being taken to address the recommendations.

A question was raised regarding the differential in information received by the Board of Directors as part of the performance report. It was explained that the board receive data on the level of coding completed within 10 days which is not necessarily a critical time period in respect of income recovery and to achieve this would require information presented to the Board which was two months in arrears.

The committee noted the report.

5. Approval of Annual Accounts 2009/10

David Freer presented the full version of the Annual Accounts for 2009/10. He stated that there were minor amendments to the notes which had been made on discussion with the auditors. He stated that the Trust showed a surplus of £3.9m and following an impairment adjustment of £0.3m the final figure was £3.6m. One issue was discussed regarding money spent by the Mental Health Trust for works on the Homerton site. This issue is being reviewed.

The committee agreed to adopt the accounts on behalf of the Trust Board.

6. Annual Report

Nancy Hallett presented the Annual Report and Quality Accounts text. She stated that this had been circulated and requires a few minor additional comments. The Quality Accounts section requires a little more development and this will be completed post meeting. The committee agreed the statutory components of the report.

7. Audit Commission Update Report

Phil Johnstone presented the Audit Commission (AC) progress report summarising the progress made on the Audit Commission's 2009/10 audit plans. One issue was noted regarding the requirement to carry an independent examination of charitable funds and that this would incur an increased cost to the Audit Commission fees. He also provided the committee with a summary of the following updates:

- Updated Code of Governance for NHS Foundation Trusts
- Guide to Monitor for Local Involvement Networks
- The Healthy NHS Board: Principles for good governance
- New Chairman of Monitor
- 2010 High Performing Board Events
- NHS accounts guides for Non-Executive Directors and Governors
- Monitor's 2010/11 compliance framework
- Monitor's review of the nine months to 31 December 2009
- Monitor's guidance on the dry run of external assurance on external quality reports in 2010
- National Fraud Initiative 2008/09 (Audit Commission publication)
- Public Sector procurement (NAO/Audit Commission publication)
- NHS Foundation Trust 2010/11 annual planning

The committee noted the report.

8. Audit Commission Annual Governance Report

Phil Johnstone presented the Audit Commission Annual Governance Report summarising the findings from the 2009/10 audit which is substantially complete. He stated that they had been able to issue an unqualified opinion on the financial statements and an unqualified value for money conclusion. He also stated that he was not aware of any governance failings in the Trust. It was noted that they had not identified any material amendments although some minor amendments had been required to the draft financial statements. He noted two matters regarding the letter of representation supporting their audit opinion the most significant regarding how work was carried out on the East Wing by East London Foundation Trust. The committee agreed the Audit Commission recommendations and agreed the accounts. The committee approved the amended letter of representation on behalf of the Trust.

Phil Johnstone thanked David Freer and his team for providing good working papers to support the accounts allowing the audit to be carried out efficiently and effectively.

9. KPMG Internal Audit Progress Report

Fleur Nieboer presented the Internal Audit progress report. She stated that KPMG had completed all planned work. Future planned work will be looking at Business Case Development, PEP Development and Delivery and Data Assurance. The committee noted the report.

10. Internal Audit Report – 2009-10 GEM Division Report

Fleur Nieboer presented the results of the review of GEM Division. She was able to provide limited assurance for this review. It was acknowledged that there were areas of good practice relating to monitoring financial and performance data however the review highlighted a number of areas for development centring on processes for obtaining and reporting assurances over clinical outcomes and the audit programme. She provided a summary of the key recommendations (4 priority one, 6 priority two and 5 priority three) and the summary management responses. It was acknowledged that the programme of work was quite significant within the division and some of the issues arose because of the complex divisional structure. The Governance arrangements for the division were discussed in the context of the complex nature of the division. It was also considered that these issues were potentially reflected in other divisions particularly with ownership of the quality agenda. Responsibility for supporting the implementation of these recommendations and the divisions also sits with the Quality and Risk Department. Further reviews will be carried out for other divisions in the future. The audit committee acknowledged the findings of the report and the associated recommendations.

11. KPMG Internal Audit Report – 2009/10 Quality Accounts

Fleur Nieboer presented the results of the review of 2009/10 Quality Accounts. She was able to provide limited assurance for this review. It was acknowledged that there were areas of good practice particularly in the implementation of the data quality policy and the roll out of KPI and data quality scorecards for each division. She provided a summary of the key recommendations (1 priority one, 7 priority two and 3 priority three) and the summary management responses. These included improving data quality over 18 week RTT performance. It was noted that the Audit Commission would be carrying out a formal review in the current year. It was acknowledged that there were resource requirements to embed the quality and monitor data. The audit committee acknowledged the findings of the report and the associated recommendations.

12. KPMG Internal Audit Report

Fleur Nieboer presented the Internal Audit annual report. The Head of Internal Audit opinion was one of substantial assurance with the Trust having a sound system of internal control. She clarified that they had completed 10 reviews with a total of 100 recommendations 98 of which were accepted by management. Areas of limited assurance related to Quality Accounts, GEM Divisional Audit, Estates Management, Staff Management and Carbon Reduction and Sustainability. The committee noted the report.

13. KPMG Internal Audit Recommendations Follow up Report

Fleur Nieboer presented the Internal Audit report updating the committee on the status of audit recommendations. The high risk recommendations highlighted were those relating to Staff Management which are currently being implemented. The committee noted the report.

14. Local Counter Fraud Specialist (LCFS) Annual Report

Hannah Wenlock presented the LCFS annual report. Summarising work completed and investigations undertaken by the LCFS against the 2009/10 work plan. She explained that the draft report had been reviewed and approved by Jo Farrar, Finance Director. The LCFS annual report has been submitted to the NHS Counter Fraud Service as evidence of the 2010 counter fraud assessment. The committee questioned whether the proposed 79 days was adequate to fulfil all the work required and

this was agreed dependent upon the level of proactive work required. The committee noted the report.

15. Local Counter Fraud Specialist (LCFS) Proactive Report – Review of Pre-Employment Checks for Bank Staff

Hannah Wenlock presented the proactive review undertaken into pre-employment checks conducted by HUH for Bank staff. She provided a summary of the report which had been reviewed by Human Resources. She provided a summary of the key recommendations which had been reviewed by Trust staff. The committee noted the report.

16. Audit Recommendation Tracker

David Freer presented a list of outstanding internal/external audit recommendations. The committee noted the number with targets due to expire. It was agreed the tracker would be routinely monitored by executive team. The committee noted the position with outstanding recommendations.

17. Standing orders waivers report

David Freer presented the schedule of waivers to standing orders produced by the procurement department for the period 16th March 2009 to 27th May 2010. No specific waivers were highlighted. The Committee noted and approved the report.

18. Any other business

None

Date of next meeting Wednesday 29th September

AUDIT COMMITTEE

**Minutes of Meeting 29th September 2010
Trust Offices Meeting Room**

| | | |
|-----------------------|--|--|
| Present: | Stephen Hay (Chair) Eric Sorensen | Non-Executive Director Non-Executive Director |
| In attendance: | Nancy Hallett Andrew Panniker Jo Farrar Fiona l'Anson Phil Johnstone Anthony Smith Neil Thomas Nick Rolfe Darriane Garrett | Chief Executive Director of the Environment Director of Finance Interim Assistant Director of Finance Audit Commission, External Audit Audit Commission, External Audit KPMG, Internal Audit KPMG, Internal Audit RSM Tenon, Counter Fraud Service |
| Minutes: | David Bridger | Head of Governance |
| 1. Apologies | Imelda Redmond David Stewart | Non-Executive Director Non-Executive Director |

2. Minutes of last Meeting on 3rd June 2010

The minutes were agreed.

3. Matters Arising

None.

4. Audit Commission Annual Plan 2010/11

Phil Johnstone presented the Audit Commission annual plan summarising the work proposed to be undertaken in relation to the 2010/11 accounts. There had been no additional significant risks identified. He highlighted one specific risk from the 2009/10 audit in relation to donated assets. The proposed fees for the forthcoming year were noted including those relating to IFRS and the charitable funds audit. The committee noted the report.

5. Audit Commission Charitable Fund Annual Plan 2009/10

Phil Johnstone presented the plan summarising the work proposed to be undertaken in relation to the 2009/10 charitable fund accounts. He highlighted one issue. Given the significant level of donations to the fund worth over £1m in 2009/10, this is now of sufficient value that it requires a full audit as opposed to a limited review. The anticipated increase in audit fee has been agreed with the Director of Finance. Further similar donations are expected in 2010 and 2011. The committee noted the report.

6. Audit Commission Progress Report

Phil Johnstone presented the Audit Commission progress report summarising the progress made on the Audit Commission's 2009/10 audit plans. One issue was raised regarding the recent announcement that, subject to legislation, the Audit Commission is to be abolished. The timescales

being proposed would indicate that this will be by 2012 or 2013. The Audit Commission has a significant number of clients and it is likely that the audit function for these clients will be transferred to the private sector. He assured the committee that at present there is no risk to the continuity of the service provided to the Trust. The other matters covered by his report were noted.

7. KPMG Internal Audit Progress Report

Neil Thomas presented the Internal Audit progress report. He stated that KPMG were on plan to complete all audit work. Future planned work will be looking at PEP delivery, financial reporting, financial management and control and training delivery. The committee noted the report.

8. KPMG Internal Audit Report – Business Case Development Report

Nick Rolfe presented the results of their review of Business Case Development. He was able to provide limited assurance for this review. It was acknowledged that processes for capital business case development had improved since the review of estates management. He provided a summary of the key recommendations (5 priority one, 5 priority two and 3 priority three) and the summary management responses. The Trust accepts the recommendations of the report and provided a summary response and action plan to address all the recommendations. The Trust is currently working up a revised business case approvals process clarifying roles and responsibilities. It is anticipated that in future the Board will be provided with quarterly updates on capital projects. The Audit Committee acknowledged the findings of the report and the associated recommendations and intends to make the report available to the full board.

9. KPMG Internal Audit Recommendations Follow up report

Nick Rolfe presented the Internal Audit report updating the committee on the status of audit recommendations. These had been followed up with the relevant leads. The high risk recommendations highlighted were those relating to Staff Management including implementation of e-ksf, which are currently being implemented. Three non-responses had been noted regarding GEM divisional performance. The committee noted the report.

10. Local Counter Fraud Specialist (LCFS) Progress Report

Darriane Garrett presented the LCFS progress report. She summarised work completed and investigations undertaken by the LCFS against the 2010/11 work plan. She highlighted the proactive work carried out in June to raise fraud awareness. Two new cases of fraud are being investigated. The committee noted the report.

11. Local Counter Fraud Specialist (LCFS) Proactive Report – Recruitment Agencies

Darriane Garrett presented the proactive review undertaken into recruitment agencies which was conducted as part of a national proactive exercise coordinated by the NHS CFSMS. She provided a summary of the key findings and recommendations which had been reviewed by Trust staff. The report had been provided to Human Resources for management comment, which have now been received and incorporated. The final report with management comments was provided to both Jo Farrar, Director of Finance and Internal Audit. The committee noted the report.

12. Standing orders waivers report

Fiona l'anson presented the schedule of waivers to standing orders produced by the procurement department for the period 27th May 2010 to 14th December. Two waivers were highlighted, one for security software the other for haematology consumables. The Committee noted and approved the report.

18. Any other business

None

Date of next meeting : 15th December 2010

AUDIT COMMITTEE

Minutes of Meeting 15th December 2010 Trust Offices Meeting Room

- Present:**
- | | |
|---------------------|------------------------|
| Stephen Hay (Chair) | Non-Executive Director |
| Imelda Redmond | Non-Executive Director |
| Michael Keith | Non-Executive Director |
| Eric Sorensen | Non-Executive Director |
- In attendance:**
- | | |
|------------------|----------------------------------|
| Nancy Hallett | Chief Executive |
| Jo Farrar | Director of Finance |
| Cheryl Clements | Director of Workforce |
| Karl Munslow-Ong | Deputy Chief Operating Officer |
| Phil Johnstone | Audit Commission, External Audit |
| Anthony Smith | Audit Commission, External Audit |
| Neil Thomas | KPMG, Internal Audit |
| Mark Trevallion | RSM Tenon, Counter Fraud |
| Purdy Hewett | RSM Tenon, Counter Fraud |
| Dhilson Davis | Head of Financial Accounts |
- Minutes:**
- | | |
|---------------|-------------------------------|
| Fiona l'Anson | Assistant Director of Finance |
|---------------|-------------------------------|
- 1. Apologies** Darrienne Garrett RSM Tenon, Counter Fraud
 - 2. Minutes of last meeting on 29th September 2010**

The minutes were agreed.
 - 3. Matters Arising**

There were no matters arising.
 - 4. Internal audit – Progress Report**

Neil Thomas presented the internal audit progress report. He stated that they were on target to delivery all work in line with plan. Future planned work included Training Delivery, Strategy Formation and Market Analysis, a Directorate review of DSO and Compliance with Terms of Authorisation. The Committee noted the report.
 - 5. Internal audit – PEP Delivery Report**

Neil Thomas presented the findings of the report and confirmed an assessment of limited assurance in relation to controls in this area. He highlighted the two stages of the audit: firstly how PEP plans are identified and formulated and secondly how effectively these are delivered and monitored. He also highlighted to the Committee the importance of the PEP programme being a continuous exercise and being able to demonstrate how robust schemes are by transparent reporting of the financial status of the programme.

Stephen Hay asked for key areas of best practice that will ensure the Trust achieve the QIPP challenges. Neil Thomas confirmed that the Trust should always look to achieve savings beyond a minimum target and also ensure there are robust challenge processes in place to review progress against schemes, both from an operational and financial perspective.

Jo Farrar noted that in light of the future QIPP challenges, a Programme Management Office led by the Chief Operating Officer has been set up. Their role will be to lead on monitoring of PEP schemes and also assist in identify large programmes of work that can deliver savings over a number of months. Karl Munslow-Ong added that monthly monitoring arrangements with divisions were in place on PEP schemes where plans could be challenged on an ongoing basis.

The Committee noted the report.

6. Internal Audit – Financial Management Report

Neil Thomas presented the findings of the report and confirmed an assessment of substantial assurance. He noted that there had been improvement in this area since the prior year however there were still a number of recommendations that needed to be addressed, particularly in relation to debt collection. He concluded that weaknesses were found in the operation of controls rather than the design.

Michael Keith queried how the situation with aged debt could be improved. Fiona l'Anson confirmed there were two specific points to improve on, firstly in relation to timely escalation of disputed invoices and secondly improved communication with PCT colleagues, particularly over the coming months when there will be significant change in the configuration of the commissioning finance teams.

The Committee noted the report.

7. Internal Audit – Financial Reporting Report

Neil Thomas presented the findings of the report and confirmed an assessment of substantial assurance. He confirmed the findings of the review were positive with clear improvements since prior years and a small number of recommendations.

The Committee noted the report.

8. Internal Audit – Data Assurance Update Report

Neil Thomas confirmed the purpose of this review was to provide an update on progress made on developments and improvement with data quality at the Trust, particularly in relation to data underpinning the information assurance framework. He concluded that there were still improvements required however if these were completed within the timescales provided by management adequate assurance would be achieved. Karl Munslow-Ong confirmed that all recommendations were agreed and whilst there had been delays to implementation of recommendations due to resourcing restrictions all actions would be implemented. He confirmed there will be a proposal to the March Board meeting regarding data assurance for the production of the annual Quality Report.

The Committee noted the report.

9. External Audit – Progress Report

Phil Johnstone gave the committee an update regarding the abolition of the Audit Commission. He confirmed there was still a lack of clarity around the future audit practice however it is likely this will be confirmed early in 2011.

Anthony Smith presented the external audit progress report highlighting the changes to International Standards on Auditing (ISAs). Whilst this is likely to increase the audit procedures that will need to be carried out the Audit Commission will use its own efficiency savings to absorb the cost of any additional requirements, thus fees for the Trust will not be affected.

The Committee noted the report.

10. Counter Fraud – Progress Report

Mark Trevallion presented the progress report summarising work completed since the last Audit Committee. He highlighted successful proactive fraud work that has led to three new referrals and positive feedback from staff members and confirmed that work on the Fraud Risk Assessment is underway, with the intention that the final report will be presented to the next Audit Committee. He also confirmed that the Trust retained a score of two for its 2010 Counter Fraud Qualitative Assessment and it had been agreed with the Director of Finance that this was not going to be appealed. The focus of the LCFS for the remainder of the year will be on completing the workplan and working towards a higher score in future years. Eric Sorensen asked what would need to be done to achieve a level three in the future. Mark Trevallion stated that they had been disappointed with the score for the Trust and there was evidence of inconsistency in scoring methods. Higher scores can be gained by an increase in the number of days of LCFS work planned and number of prosecutions, however the latter may indicate weaknesses in preventative controls at an organisation.

Michael Keith asked what risks should be considered in relation to fraud as a result of the integration with Community Health Services. Mark Trevallion confirmed that there may be a higher risk on areas such as travel expenses due to the difference in service delivery. Jo Farrar also noted that the location of staff across a number of sites would increase the inherent risk of fraud however this was not considered significant and would be taken in to consideration with future workplans.

The Committee noted the report.

11. Counter Fraud – LPE Report – Pre-employment checks

Mark Trevallion presented the report in relation to pre-employment checks for substantive staff. Cheryl Clements confirmed that all recommendations within the report had been agreed and actions are in place to address them. Stephen Hay asked about the number of substantive staff that did not have a signed contract. Cheryl Clements confirmed that this was an issue at the Trust and is common across the NHS, however when an individual begins working and being paid for their employment, they have effectively accepted the terms and conditions of the contract. Eric Sorensen stated that it appeared a large number of the systems were still paper based. Cheryl Clements confirmed that this was the case. She stated that ESR, the information system that manages staff personnel records was currently only used by the central workforce team, however the Trust will be rolling out a manager self service tool that will reduce the paper trail going forward.

The Committee noted the report.

12. Audit Recommendations Tracker

Fiona l'Anson presented a report updating the committee on the status of the audit recommendations. These had been followed up with the relevant lead directors and officers. All the high risk areas were either being implemented or in progress.

Jo Farrar confirmed that following a review of the tracker it had been agreed that just one date for each recommendation would be presented and the Committee will be informed if they are not able to meet that date. *Action: Fiona l'Anson to update the presentation of the tracker for future meetings*

The Committee noted the report.

13. Audit Committee Annual Report 2009-10

Fiona l' Anson presented a report detailing the terms of reference of the Audit Committee and key achievements during the year 2009/10. Stephen Hay requested that the report include that David Stewart had been invited to attend meetings as part of his role as Chairman of the Risk Committee.
Action: Fiona l'Anson to update the report

The Committee approved the report.

14. 2010-11 Annual Accounts Process

Fiona l'Anson presented the paper summarising the annual accounts process noting the timetable has not changed significantly from last year. A key date of the 2nd of June has been set as the Audit committee date to approve the accounts. She also confirmed that meetings had taken place with the Audit Commission to agree dates for a systems audit in early January to ensure that the tight submission deadlines could be met.

The Committee noted the report.

15. Requests for waivers of standing orders

Fiona l'Anson presented the schedule of waivers to standing orders for the period 15th September to 6th December 2010.

The Committee noted and approved the report.

16. Losses and Compensations Summary

Fiona l'Anson presented a summary of all losses and special payment made to date during the year 2010/11. Stephen Hay asked about the payment to 6 staff members who were subject to fraud by independent financial advisors introduced to them by the Trust. Nancy Hallett confirmed that a number of NHS Trusts had been targeted by one individual who has since been imprisoned. Procedures for inviting advisors to the Trust had been reviewed and controls in place to prevent a reoccurrence.

The Committee noted the report.

17. 2009-10 Charitable Funds Annual Report and Accounts

Fiona l'Anson presented the Annual Report and Annual Accounts to the committee and confirmed that due to the value of donated assets within the accounts a full audit was conducted as opposed to an independent examination.

Stephen Hay requested that the statement on page 9 of the annual report regarding short-term investment levels should be reviewed prior to finalising the report. *Action: Fiona l'Anson to review the section with Charitable Fund Committee members prior to submission of annual report.*

The Committee noted the report and accounts.

18. External Audit – 2009/10 Charitable Funds Governance Report

Anthony Smith presented the Charitable Fund Annual Governance report.

The Committee noted the report.

19. Invoice Authorisation Hierarchy

Dhilson Davis presented the paper to confirm how the Trust SFIs would be met following the introduction of the invoice scanning system being implemented in the Trust. He highlighted the benefits of the new system as additional levels of accountability and control on spend and more efficient invoice processing reducing the amount of time clinicians will be required to spend on administration.

The Committee noted the report.

20. AOB

None

Stephen Hay closed the meeting and asked Committee members to discuss Item no. 21 on the agenda.

21. **This item was discussed under reserved business**

Action Table

| Action required | Date action identified | Person responsible |
|---|-------------------------------|---------------------------|
| Audit recommendation tracker update to one date for implementation | 15 th Dec 2010 | Fiona l'Anson |
| Audit Committee annual report to include attendance of Risk Committee Chair | 15 th Dec 2010 | Fiona l'Anson |
| Charitable Funds Annual Report review of investment level narrative | 15 th Dec 2010 | Fiona l'Anson |

AUDIT COMMITTEE

**Minutes of Meeting 30th March 2011 12-14:00
Trust Offices Meeting Room**

Present: Stephen Hay (Chair) Non-Executive Director
Imelda Redmond Non-Executive Director (items 1 to 8)
Michael Keith Non-Executive Director

In attendance: Nancy Hallett Chief Executive
Cheryl Clements Director of Workforce
Phil Johnstone Audit Commission, External Audit
Anthony Smith Audit Commission, External Audit
Neil Thomas KPMG, Internal Audit
Nick Rolfe KPMG, Internal Audit
Darriane Garrett RSM Tenon, Counter Fraud
Purdy Hewett RSM Tenon, Counter Fraud
Dhilson Davis Head of Financial Accounts
David Bridger Head of Governance

Minutes: Fiona l'Anson Assistant Director of Finance

1. **Apologies** Eric Sorensen Non-Executive Director

2. **Minutes of last meeting on 15th December 2010**

The minutes were agreed.

3. **Matters Arising**

- *Audit Committee Annual report 2009/10*

Fiona l'Anson confirmed that the report had been updated to include specific reference to attendance of the Risk Committee chair during the year.

- *Charitable Funds audit report 2009/10*

Fiona l'Anson confirmed the report had been amended to clarify the investment policy in place prior to submission to the Charity Commission in January 2011.

4. **Internal audit – Progress Report**

Neil Thomas presented the internal audit progress report. He confirmed there had been three changes made to the 2009/10 workplan. The service line management review was postponed and two new reviews requested: a review of the payroll transfer of staff from City & Hackney ESR systems and the use of purchase orders and procurement. Both of these reviews are in progress and will be finalised prior to the June audit committee.

In relation to the City & Hackney ESR review Stephen Hay asked if the risk of salary overpayment had been incorporated in to the processes. Neil Thomas confirmed that this was part of the review and within their work they had validated the source of the payroll information as well as accuracy of

transfer. They had concluded that through the manual verification systems in place the risk should be minimal.

The Committee noted the report.

5. Internal audit – Training Delivery Report

Nick Rolfe presented the findings of the report and confirmed an assessment of limited assurance. He noted that the level of assurance was primarily due to compliance rates for attendance at training and the need for increased accountability for attendance at mandatory training within departments.

Cheryl Clements confirmed that progress had been made on compliance rates but recognised there was still work to do. She confirmed the rate of compliance was aided by a reduction in vacancy levels across the organisation and set training days set up for mandatory training.

Stephen Hay asked how prescriptive the mandatory training needed to be and Cheryl confirmed this was nationally directed. The committee discussed the consequences of poor attendance at training in the organisation. Nancy Hallett stated that despite low attendance records on mandatory training other KPIs such as infection control outcomes do not suggest that the organisation has serious competency issues however she noted that in order to ensure best practice we need to look at different ways of delivering training to staff. This includes visiting wards to deliver training.

Michael Keith asked whether there were any issues with data quality and recording of attendances on the OLM system. Nick Rolfe confirmed there were no significant issues in relation to accuracy of data but confirmed one recommendation had been raised in respect of this following audit work completed.

The Committee noted the report.

6. Internal Audit – CQC Registration and Risk Management

Nick Rolfe presented the findings of the report and confirmed an assessment of limited assurance. He highlighted the need for the Trust to complete self assessments against quality outcomes and the importance of this work in order that the Board can self certify on areas of compliance. Neil Thomas confirmed that the limited assurance rating was primarily a result of the timing of work that needs to be completed which is common across the NHS rather than a view on any work completed to date.

Stephen Hay asked when the Board can expect an update on the self assessment work. David Bridger confirmed these will be presented to the Trust Board in June 2011.

The Committee noted the report.

7. Internal Audit – Terms of Authorisation

Nick Rolfe presented the findings of the review and confirmed an assessment of substantial assurance. Two low priority recommendations were raised and agreed by management.

The Committee noted the report.

8. Internal Audit – Review of Division Performance – Diagnostics, Surgical and Outpatients

Nick Rolfe presented the findings of the review and confirmed an assessment of limited assurance. He highlighted that a number of recommendations had been raised in relation to clinical audit programme of work and service line management. He noted that a number of the recommendations were similar to those identified in the GEM divisional report from 2009/10 and brought the committee's attention to Appendix C of the report which provided a cross reference of findings between the two divisional reports.

Stephen Hay asked if the final audit reports were shared with key stakeholders within all directorates to ensure best practice is shared. Neil Thomas noted that needed to be a focus for the work going forward and it had been decided that in 2011/12 a divisional report would not form part of the internal audit plan. This would give the organisation the opportunity to embed recommendations across all clinical divisions.

The Committee noted the report.

9. External Audit – Progress Report

Phil Johnstone gave the committee an update on work completed since the last meeting in relation to the financial statements and data quality of 2009/10 reference cost submissions. The interim audit was completed in February and there were no findings to bring to the committee's attention. Reliance had been placed upon internal audit work where possible. The data quality fieldwork was now complete however the final report was not yet available. This piece of work is being undertaken at all acute and specialist trusts as part of the Payment by Results Data Assurance Framework.

The Committee noted the report.

10. Counter Fraud – Progress Report

Darriane Garrett presented the progress report detailing progress against the 2010/11 workplan. She confirmed that proactive work had continued since the last meeting however one change had been in relation to the Trust induction sessions. The training now takes the form of a promotional stand which is optional to visit as opposed to a direct presentation which is mandatory to attend. Fiona l'Anson confirmed that this change was as a result of ensuring the Trust induction focused on delivery of staff mandatory training to raise compliance levels across the organisation and the impact of this change on fraud awareness would be reviewed after six months.

Darriane summarised other work that had been ongoing including a review of patient travel expenses, a policy review, NFI matches and the launch of the staff survey. In addition to this investigations were also ongoing.

The Committee noted the report.

11. Counter Fraud – Provider Risk Paper

Darriane Garrett presented the findings from their review of Community Health Services (CHS). It was noted that this review was completed prior to any formal handover with Parkhill, the current providers of counter fraud services for CHS and the review was focused on the generic fraud risks within businesses of this type and how Homerton should aim to manage these effectively. She noted that the logistics of operating many service lines and the remote working within community services often gave rise to higher incidences of timesheet fraud and working whilst sick. A number of recommendations were included in the report and management responses had been obtained for each.

Michael Keith asked about the Bribery Act 2010 and whether there were any specific requirements for this in relation to community health services. Darriane confirmed that there were additional considerations for CHS in respect of the bribery act and any training requirements included in the 2011/12 workplan would cover all aspects of the new legislation.

The Committee noted the report.

12. Counter Fraud – Strategic Fraud Risk Assessment

Darriane Garrett introduced the findings from the strategic fraud risk assessment. This was a proactive piece of work to review arrangements within Homerton against the good practice set out in CIPFA guidance *“Managing the Risk of Fraud – Actions to Counter Fraud and Corruption”*. It was noted that Homerton had an overall ‘green’ rating across all seven areas of assessment. A number of recommendations had been raised and management responses obtained.

The Committee noted the report.

13. Counter Fraud – Policy Review document

Darriane Garrett presented the findings of the review on five policies which had led to twelve recommendations. She highlighted the importance of ensuring all policies were updated and considered fraud risks in order that these can be referenced in any criminal actions following fraud investigations.

The Committee noted the report.

14. Audit Recommendations Tracker

Dhilson Davis presented the audit recommendations tracker. He confirmed that this now includes recommendations raised by local counter fraud service and the tracker had been updated to include only two dates for each recommendation: the date that was originally agreed and the anticipated completion date if different. Since the last meeting there had been nineteen new recommendations added, fourteen from internal audit and five from counter fraud.

Michael Keith asked when the Carbon Management Plan would be completed. Stephen Hay confirmed this was in final draft stage following a review at the Environment Committee.

Fiona l’Anson confirmed that the tracker was currently circulated on a quarterly basis to ensure the status of all recommendations was updated. Nancy Hallett noted that this report was a useful management tool and the intention is to extend its use beyond the audit committee reporting going forward.

The Committee noted the report.

15. Audit Committee Draft Self Assessment

Fiona l’Anson presented the draft self-assessment questions and confirmed the intention to circulate this to all committee members during April 2011. The results would then be incorporated in to the Audit Committee workplan for 2011/12 that will be presented in June 2011.

The Committee reviewed and approved the self assessment questions.

16. Audit Committee Terms of Reference

The terms of reference were reviewed by the Committee members. It was noted the only change was to the secretarial arrangements from the Trust Secretary to Assistant Director of Finance.

The Committee approved the terms of reference.

17. Requests for waivers of standing orders

Fiona l’Anson presented the schedule of waivers to standing orders for the period 4th December 2010 to 15th March 2011.

The Committee noted and approved the report.

18. External audit tender

Fiona l'Anson presented a paper updating the committee on the process for the tender of external audit services. She confirmed the panel members had been agreed and an indicative timetable was in place to ensure the full process is completed by August 2011.

The Committee noted the report.

19. 2010/11 Annual Accounts Update

The report was presented to the Committee for information.

Stephen Hay closed the meeting and asked Committee members to discuss Item no. 20 on the agenda.

20. *Item number 20 was discussed under reserved business*****

Date of next meeting: Thursday 2nd June 12 – 2pm, Trust Office Meeting Room

AUDIT COMMITTEE

**Minutes of Meeting 2nd June 2011 12-14:00
Trust Office Meeting Room**

| | | |
|-----------------------|---|--|
| Present: | Stephen Hay (Chair) Eric Sorensen | Non-Executive Director Non-Executive Director |
| In attendance: | Nancy Hallett Jo Farrar Phil Johnstone Anthony Smith Nick Rolfe Darriane Garrett Dhilson Davis Charlie Sheldon | Chief Executive Director of Finance Audit Commission, External Audit Audit Commission, External Audit KPMG, Internal Audit RSM Tenon, Counter Fraud Head of Financial Accounts Chief Nurse & Director of Governance (Items 1 to 6.2 only) |
| Minutes: | Fiona l'Anson | Assistant Director of Finance |
| 1. Apologies | Michael Keith Imelda Redmond | Non-Executive Director Non-Executive Director |

2. Minutes of last meeting on 30th March 2011

The minutes were agreed.

3. Matters Arising

There were no matters arising other than those included elsewhere on the agenda.

4. Statutory Reporting

4.1 2010/11 Annual Accounts

JF presented the draft annual accounts to the Audit Committee confirming a trading surplus of £1.9m had been achieved in 2010/11. He confirmed that the accounts had been subject to external audit and no significant issues had arisen. ES asked what the impairment of £5.1m was in relation to. JF confirmed this was primarily due to the difference in the valuation of the new perinatal centre compared to the amount spent on the project. He also confirmed that impairments of this nature were expected following completion of new builds.

The Committee approved the 2010/11 Annual Accounts.

4.2 2010/11 Annual Report

NH presented the final version of the Annual Report that had previously been presented to the Trust Board for comments. The Annual Report which includes the Quality Accounts for 2010/11 had also been subject to external audit to ensure all the technical requirements had been met.

ES asked whether the hospital was an outlier in relation to the patient activity data contained within the report. NH confirmed that in general we have a higher number of maternity cases and A&E attendances and a lower number of elective cases than other comparable NHS organisations however the activity figures have been steady for the last two years and we were not considered to be an outlier in any area.

The Committee approved the 2010/11 Annual Report.

5 External Audit

5.1 Annual Governance Report

PJ presented the Annual Governance Report that summarised work on the audit of the financial statements and the assessment of arrangements to secure value for money. He confirmed they would be issuing an unqualified opinion for both areas of work.

He confirmed the accounts were of a high quality and that none of the amendments had been of a material nature. All proposed amendments had been agreed and adjusted by management therefore there were no outstanding issues that needed to be brought to the Committee's attention.

The Committee noted the report.

5.2 Quality Accounts Report

PJ presented the report and noted that this was the first year a formal limited assurance report on Quality Accounts was required. He also noted that the term 'limited assurance' is Monitor's required form of reporting and conclusion on the Quality Report and does not refer to the findings of their work.

PJ confirmed they will be issuing an unqualified limited assurance conclusion on the Quality Report. He noted one area of improvement for future years relating to stakeholder engagement during the production of the Quality Accounts. CS confirmed that management had agreed with the recommendations within the report that there were plans in place to ensure further engagement of governors and the wider community in the future. He did highlight that a number of stakeholders approached for feedback and statements were late to respond which did cause unavoidable delays. PJ confirmed this had also been the case in a number of other Foundation Trusts.

The Committee noted the report.

5.3 PbR Data Assurance Framework Report

AS presented the report with findings of work completed on the data quality across the Trust's reference cost submissions. He concluded that the reference cost information was materially accurate and highlighted a number of recommendations contained within the report that had all been agreed by management. AS confirmed this was the first year such an audit had been required.

SH noted that the reports should be sent to the PCTs and asked whether this would be needed in the future if PCTs were no longer in existence. PJ stated that all external auditors would be directed by the Audit Commission if this was no longer necessary and this is likely to be a decision taken by the PbR Assurance Board. PJ agreed to forward more information in relation to the Board to NH.

JF asked if this report could be used by commissioners as a way of challenging Trust's activity data. PJ confirmed that the Audit Commission had issued guidance to all PCTs stating that these reports should not be used for that purpose.

The Committee noted the report.

6. Internal audit

6.1 Progress Report

NR presented the progress report detailing the work carried out since the last Audit Committee. He confirmed that two reviews have been completed: a payroll review for the CHS integration and a procurement review. He noted that there were delays to the delivery of the Market Analysis review and the final report would be presented to the next Audit Committee. NR also drew the Committee's attention to the technical update included within the progress report.

SH asked for further clarification on what Monitor would be expecting in relation to Board development. The technical update includes a direction that Boards should assess their performance regularly, by reference to third party advisors. NR to provide further information.

The Committee noted the report.

6.2 Quality Accounts

NR presented the report on Quality Accounts and confirmed an assessment of substantial assurance. He confirmed that external audit had referenced this work in order to provide an opinion on the Quality Accounts for 2010/11.

SH noted the recommendation in relation to incident reporting and requested assurance that data that is sent to the Board is complete. CS stated that the recommendation had arisen due to a technical problem and this was mitigated by a central sense check on all data conducted by the clinical risk manager.

The Committee noted the report.

6.3 Procurement report

NR presented the report and confirmed an assessment of substantial assurance. He highlighted a number of key recommendations in relation to contract management, service level agreements and how procurement can work more closely with pharmacy going forward.

JF confirmed that management had accepted all the recommendations and are developing a detailed workplan to enhance the management of contracts going forward which included scrutiny by the Investment Committee.

The Committee noted the report.

6.4 2010/11 Annual Report

NR presented the report that summarised all the reviews undertaken during 2010/11 along with a summary of the follow up of recommendations. He confirmed he had liaised closely with the DD to ensure this was consistent with information presented in the audit tracker. He highlighted that the report also included the Head of Internal Audit Opinion which concluded that significant assurance could be given that there is a generally sound system of internal control on key financial and management processes.

The Committee noted the report.

6.5 2011/12 Audit Workplan

NR presented the workplan confirming this had been discussed and agreed with management and had been compiled following a risk based analysis of our operations. He noted that the proposed reviews were split between mandatory reviews and potential areas of focus that would be confirmed during the year. SH asked about the context of the CQUIN review. JF confirmed this would be to ensure robust monitoring processes surrounding CQUIN target achievement were in place. It was agreed this review should be brought forward to quarter 1 of the plan. NR to update the plan.

The Committee approved the workplan.

7 Counter Fraud

7.1 2010/11 Annual Report

DG presented the report that provided details of the work carried out by RSM Tenon across all areas. She confirmed this included details of all investigations and proactive work including specific reviews requested during the year in relation to patient travel expenses and a risk review of the CHS integration.

The Committee noted the report.

7.2 2011/12 Workplan

DG presented the proposed workplan highlighting an increase from 2010/11 of 11 days required to deliver the additional work required following the integration with CHS. She confirmed the focus for the new staff members would be to create an anti-fraud culture and manage the different fraud risks that are present within a community based setting. She noted that the presence of counter fraud as an integral part of the Trust induction would also be reviewed during 2011/12.

The Committee approved the workplan.

8 Audit Committee business

8.1 Audit Committee 2011/12 Workplan

FI presented the draft workplan, setting out the core requirements for the Audit Committee during the financial year. She confirmed this had been devised with reference to the Audit Committee handbook detailing best practice and feedback from the self assessment exercise undertaken.

The Committee approved the workplan.

8.2 Bribery Act Policy

JF presented the draft policy and confirmed that the introduction of the new legislation represented a relatively low risk due to the processes we already have in place. SH asked where training would be most valuable and DG suggested that one of the most affected staff groups would be hospital doctors. She confirmed bribery act training had been included in the 2011/12 workplan.

The Committee approved the policy.

8.3 Audit Recommendation Tracker

DD presented the latest report and highlighted that there had been a significant number of additional recommendations as the tracker now included all local counter fraud recommendations. He summarised the new reporting arrangements in place to ensure the tracker is kept up to date including regular Executive Director review.

The Committee noted the report.

8.4 Losses and Compensations Report

DD presented the report of all losses and special payments made during 2010/11. This included details of exit packages and redundancy payments made during the year. SH asked about the circumstances surrounding the consultation fee. FI to confirm the details of this payment to the Committee.

The Committee noted the report.

8.5 Requests for waivers of standing orders

FI presented the list of waivers that have been approved since the last meeting.

The Committee noted the report.

8.6 External audit tender update

FI presented the update on the external audit tender process. She confirmed that bids had been received from four suppliers and initial shortlisting was due to take place after the Audit Committee meeting, with presentations on 30th June 2011 for any shortlisted suppliers.

The Committee noted the report.

9 Any other business

None.

Action Table

| Action required | Date action identified | Person responsible |
|--|-------------------------------|---------------------------|
| Information on the PbR Assurance Board to be sent to the Trust for further circulation as appropriate | 2 nd June 2011 | Phil Johnstone |
| Information on what type of third party advisors Monitor is referring to for future Board development to be sent to the Trust for further circulation as appropriate | 2 nd June 2011 | Nick Rolfe |
| Update Internal audit plan to reflect CQUIN review in quarter 1 of 2011/12 | 2 nd June 2011 | Nick Rolfe |
| Confirm details of the payment made for private consultation included in the losses and special payments | 2 nd June 2011 | Fiona l'Anson |

Date of next meeting: Wednesday 28th September 12 – 2pm, Trust Office Meeting Room

AUDIT COMMITTEE

**Minutes of Meeting 28th September 2011
Trust Office Meeting Room**

| | | |
|-----------------------|--|---|
| Present: | Stephen Hay (Chair) Eric Sorensen Michael Keith Imelda Redmond | Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director |
| In attendance: | Nancy Hallett Jo Farrar Heather Bygrave Neil Thomas Nick Rolfe Darriane Garrett Dhilson Davis Tracey Fletcher Cheryl Clements Charlie Sheldon | Chief Executive Director of Finance Deloitte, External Audit KPMG, Internal Audit KPMG, Internal Audit RSM Tenon, Counter Fraud Head of Financial Accounts Chief Operating Officer (Items 4.5 only) Director of Workforce (Item 4.4 only) Chief Nurse & Director of Governance (Items 4.2 to 4.3 only) |
| Minutes: | Fiona l'Anson | Deputy Director of Finance |

1. Apologies

2. Minutes of last meeting on 2nd June 2011

The minutes were agreed.

3. Matters Arising

There were no matters arising other than those included elsewhere on the agenda.

4. Internal audit

4.1 Progress Report

NT presented the progress report detailing the work carried out since the last Audit Committee. He noted there had been one change to the original plan: the addition of an ESR audit and the deferral of the "*Management of partnerships*" review to future years. NT also drew the Committee's attention to the technical update included within the progress report.

SH asked for further information on how we were progressing against SLM in light of the framework and assessment tool update included in the report. JF confirmed we were moving forward with the pilot areas and the recent restructuring will provide us with an opportunity to embed SLM going forward. JF did note that we were not as far ahead with SLM as we would like at this stage and it was now a strategic priority.

The Committee noted the report.

4.2 CQUIN report

NT presented the report on CQUINs and confirmed an assessment of 'requires improvement'. The review included analysis of how targets are set, the arrangements for reporting and monitoring processes internally and the effective delegation and communication of responsibility for CQUIN achievement.

CS confirmed that all recommendations within the report were agreed and highlighted to the Committee how targets are set. SH asked whether these were all mandatory and if they result in staged payments through the year. CS confirmed it was a mixture of mandatory and locally agreed targets with commissioners and there were different payments stages for each one. In addition to agreement on setting the targets we also negotiate with commissioners to agree reasonable ways of measuring achievement, particularly for the more qualitative targets.

JF noted that the internal reporting for the CQUIN achievement had now been agreed with clinical divisions and this would be used to formalise steps that can be taken to drive up performance. SH asked how CQUIN achievement was included in Board reporting. JF confirmed that the trajectory for CQUIN achievement was factored in to financial information to the Board and performance against targets was included in the quality reports.

MK asked NT to clarify what the report recommended in relation to incentivising clinical divisions. NT noted they had observed best practice at other hospitals who have set up 'SLM rulebooks' and formally delegated responsibility for achievement with associated financial incentives to clinical areas. JF stated that this approach was under review and no decision had yet been made in relation to the most appropriate way to incentivise clinical divisions.

ES asked whether due to the ambiguous nature of some of the more qualitative targets it was difficult to translate to staff exactly what a CQUIN target led to in terms of day to day practice. NH confirmed this was an area of challenge that we are working on, focusing on communicating CQUINs as a measure of implementing quality healthcare for our patients that staff can directly impact rather than purely a financial one.

The Committee noted the report.

4.3 Quality Governance Report

NT presented the report. He noted that they had now completed the review in sixteen other organisations and we were by no means an outlier. As a result they would be reissuing a report reflecting a "downgrading" of all red risks included in the draft report to amber. This paper had been reviewed by the board earlier that morning and some concern had been expressed over the red ratings. The Committee was relieved to hear that the ratings were not in fact red but amber and that gremlins in the KPMG production department were responsible for some of the confusion. KPMG promised to share a forthcoming report based on work with all their FT clients on this topic as it is still a work in progress for most institutions. This information has subsequently been communicated to members of the board who were not present at the Audit Committee to reassure them of the true opinion of the auditors.

NT also confirmed that twelve of the sixteen other organisations reviewed have already declared full compliance to Monitor. On this basis NT believed the Board would be in a position to make the declaration in the required form at the end of Q2. He confirmed none of the recommendation priorities had changed since the report presented to the Committee.

NT highlighted to the Committee three points of significance within the report: making quality objectives meaningful that are in line with divisional action plans, setting aspirational quality priorities and embedding a systematic process for gaining assurance over the quality of information.

MK noted the report included a number of observations in relation to how information on quality flows up to Non-Executive Directors and the subsequent system of challenge.

NT highlighted specific recommendations in relation to this that should be considered: including NEDs on First Tuesday visits and an independent review of the Board every three years.

NH confirmed that we would value expressions of interest for NED involvement in visits. JF noted that we currently do not feedback First Tuesday outcomes to the Board and we can consider a short summary of themes to be considered at Board level going forward.

SH noted the recommendation in relation to the Board driving aspirational targets and suggested this be taken as a topic in a future Trust Board meeting to be specifically discussed.

The Committee noted the report.

4.4 ESR Report

NR presented the report that summarised the ESR review findings. JF noted that all recommendations had been agreed and one of the ways in which we are now improving performance is by putting in place robust processes for managing the payroll consortium.

IR asked if these issues had affected all consortium members. JF confirmed this was the case, however Homerton are an outlier in terms of the scale of the errors and financial consequences.

SH asked if the errors had occurred as a result of input errors or if they were systemic in nature.

NT stated that if the process worked as designed there should not be problems. He agreed that performance management of the relationship was paramount and suggested a scorecard could be agreed with the consortium or any other outsourced function.

The Committee noted the report.

4.5 Market Analysis Report

NT set out the scope of the internal audit review and noted this was the final report from the 2010/11 annual plan. A limited assurance opinion was provided. TF confirmed agreement with the recommendations and stated the implementation of these recommendations would be the focus of a new high level post that has been created as part of the restructure. This post will be embedded within the clinical divisions.

SH asked if there was one organisation that showed good practice. NT confirmed there was not one organisation where he felt that strong market analysis and understanding was fully embedded.

MK asked whether the actions that we need to take would be directly affected by changes in statute and the focus on patient choice. NT agreed to provide an update on this in the progress report to the next Audit Committee.

The Committee noted the report.

5 Counter Fraud

5.1 Progress report

DG presented the progress report which details the work completed to date. Proactive work includes attendance at induction events, workshops and the review of policies. The report also included details of ongoing reactive investigations.

MK asked whether there should be any concerns around the achievement of all proactive days in the plan as a number of reactive days to date was high.

DG confirmed the plan only included proactive days and reactive days were agreed on a case by case basis. There were no risks to achievement of planned days in the year.

The Committee noted the report.

6 External audit

6.1 External audit tender summary

JF presented the report confirming the process had been completed in line with the timetable.

The Committee noted the report.

6.2 2011/12 Annual workplan

HB presented the draft annual workplan. She confirmed this had been developed following meetings with a number of key stakeholders at the Trust and whilst there may be small changes to the scope of the audit work following the publication of the Annual Reporting Manual from Monitor in December, it is unlikely that these will be significant. She noted the audit of the content of the Quality report has been extended in 2011/12 and will include the need to provide a limited assurance opinion on two mandatory performance indicators. HB brought to the Committee's attention the risks identified within the plan and how these would be dealt with as part of the audit and highlighted the likely shortened timetable for annual accounts approval in 2012 by one week to 31st May 2012.

The Committee approved the workplan.

7 Audit Committee business

7.1 Audit Committee annual report

SH presented the annual report that summarised the Committee's achievements in 2010/11 and how it met its terms of reference during that period.

The Committee approved the report.

7.2 Audit recommendation tracker

DD presented the latest report and highlighted that whilst significant progress had been made in implementing recommendations, there were still a number outstanding. He noted that all outstanding recommendations were due to be completed by the end of December 2011.

The Committee noted the report.

7.3 SFIs, SOs and Scheme of Delegation

DD presented the report that summarised the proposed changes to the documents to ensure they are consistent and updated.

The Committee approved the report and proposed changes.

7.4 Hospitality Policy

JF presented the revised hospitality policy.

IR asked that in section 3.0 it should be made clear that it is the responsibility of all staff to follow this policy, not just senior staff as currently drafted. FI to make change to policy.

The Committee approved the policy.

7.5 Private Patients and Fee Paying Policy

JF presented the revised policy.

NH asked for two amendments to the draft:

Paragraph 8.1: 'Trust approval' in paragraph 8.1 to be replaced by 'Executive Director approval'.

Paragraph 9.1: Additional sentence to confirm that following formal agreement, conditions set out below must be met.

The Committee approved the policy. FI to make change to policy.

7.6 Requests for waivers of standing orders

FI presented the list of waivers that have been approved since the last meeting.

The Committee noted the report.

8 Any other business

None.

Action Table

| Action required | Date action identified | Person responsible |
|--|---------------------------------|---------------------------|
| Updated Quality Governance report to be circulated | 28 th September 2011 | Neil Thomas |
| Topic of Board setting aspirational targets to be considered | 28 th September 2011 | Nancy Hallett |
| Update on the effect of changes in statute on market analysis work to be included in the next internal audit progress report | 28 th September 2011 | Neil Thomas |
| Amend draft hospitality policy as noted above | 28 th September 2011 | Fiona l'Anson |
| Amend draft fee paying policy as noted above | 28 th September 2011 | Fiona l'Anson |

Date of next meeting: Wednesday 21st December 12 – 2pm, Trust Office Meeting Room

AUDIT COMMITTEE

Minutes of Meeting 21st December 2011 Trust Office Meeting Room

| | | |
|-----------------------|---|--|
| Present: | Stephen Hay (Chair) Michael Keith Imelda Redmond | Non-Executive Director Non-Executive Director Non-Executive Director |
| In attendance: | Nancy Hallett Jo Farrar Heather Bygrave Neil Thomas Nick Rolfe Darriane Garrett Charlie Sheldon | Chief Executive Director of Finance Deloitte, External Audit KPMG, Internal Audit KPMG, Internal Audit RSM Tenon, Counter Fraud Chief Nurse & Director of Governance (Item 4.2 only) |
| Minutes: | Fiona l'Anson | Deputy Director of Finance |

1. Apologies

2. Minutes of last meeting on 2nd June 2011

The minutes were agreed.

3. Matters Arising

There were no matters arising other than those included elsewhere on the agenda.

4. Internal audit

4.1 Progress Report

NT presented the progress report detailing the work carried out since the last Audit Committee. He noted two changes to the plan since the last meeting: the removal of the CHS integration review and replacement of management of partnerships with a specific Medirest contract review. MK asked about the rationale for not going ahead with the CHS integration review. NT confirmed that following discussions with management and review of terms of reference it was found that issues to cover in the audit such as assurance over data and governance since the transfer would be covered in other internal audit reviews already scheduled. JF added that we would consider reinstating the review in future internal audit plans as appropriate.

The Committee noted the report.

4.2 Complaints report

NT presented the report on Complaints and confirmed an assessment of 'adequate assurance'. He confirmed the review focused on the adequacy of the complaints processes to comply with the regulations set out in April 2009. The review found the system in place was robust however there were two medium priority recommendations raised to improve the system further, both of which had been agreed by management.

SH asked how our performance compared to other Trusts. NT confirmed that our processes were aligned with others, particularly around our use of systems as Datix is common software for incident reporting.

IR asked if we had looked at the length of time to responding to complaints as this had previously been a concern raised at Board. CS confirmed this had been tested as part of the internal audit and all those tested were compliant with the 25 day deadline. This showed an improvement in performance.

The Committee noted the report.

4.3 Financial Management report

NR presented the report and confirmed an assessment of 'adequate assurance'. He noted that whilst progress had been made in this area over the past three years, a budget holder survey completed as part of the internal audit highlighted areas of improvement, particularly in relation to the new Qlikview reporting tool. He confirmed all recommendations had been agreed by management.

The Committee noted the report.

4.4 Financial Systems report

NR presented the report and confirmed an assessment of 'adequate assurance'. He confirmed there had been steady improvement in controls in this area, however confirmed three best practice recommendation and one medium priority recommendation had been raised.

SH asked about the £5 limit for debtor write offs. FI confirmed this was an error in the documentation that had now been corrected.

The Committee noted the report.

5 Counter Fraud

5.1 Progress report

DG presented the progress report. She confirmed they were on track to complete all of the proactive work planned for the 2011/12. She also confirmed we had been given an overall rating of 2 for our counter fraud arrangements in 2010/11 which is 'adequate'.

SH asked what we would need to do to increase our score. DG stated that it was not always clear on how scores could be increased and the methodology for assessment was currently under review with a view to improving its transparency in the future.

The Committee noted the report.

6 External audit

6.1 Progress report

HB presented the progress report and summarised the work completed to date. She noted a team had already been on site focusing on documentation of systems and review of Committee minutes and there have been no issues reported to date to affect the original risk assessment in the audit plan.

HB confirmed one of the main changes since the last Committee meeting related to how we need to account for the City and Hackney community health services integration. Following a decision from the Financial Reporting Advisory Board (FRAB) we are no longer required to apply full merger accounting.

HB confirmed their work to date had included testing on some of indicators included in the Quality Accounts, including CDiff and MRSA. SH asked how this testing was completed. HB stated that a sample of cases (both confirmed and unconfirmed) were tested checking the reporting back to lab reports and ensuring dates etc. were accurately recorded.

The Committee noted the report.

7 Audit Committee business

7.1 Losses and Compensations Policy

FI presented the losses and compensations policy. IR asked who the target audience was for the policy and asked if the language in the policy was appropriate for the readership. NH asked for clarification of the audience in the document. FI agreed to review the policy to address the points raised by the Committee.

7.2 Losses and Compensations Report

FI presented the losses and compensations report. SH asked about the loss of the mobile phone. FI confirmed we were liable for the payment due to a breakdown in Trust procedures.

The Committee noted the report.

7.3 Audit recommendation tracker

FI presented the audit recommendation tracker report noting that whilst there was a slight increase in the total number of outstanding recommendations, there was a reduction in those overdue. A thematic review highlighted two areas where recommendations are outstanding: service line management (SLM) and quality.

SH asked that that dates for implementation of recommendations in relation to SLM were presented at the next Committee.

The Committee noted the report.

7.4 IFRS 8 – Segmental reporting

FI presented the proposal in relation to segmental reporting for 2011/12. She provided an overview of the standard and confirmed our proposal to report on one segment was in line with other Foundation Trusts and our own prior year reporting. She confirmed that this had been discussed with Deloitte, our external auditors who were in agreement in principal to a one segment approach in 2011/12. HB confirmed that this appeared reasonable however in future years there may be changes in the sector as to how this is applied.

The Committee approved the proposal in respect of segmental reporting.

7.5 Requests for waivers of standing orders: none to report

8 Any other business

None.

Action Table

| Action required | Date action identified | Person responsible |
|--|-------------------------------|---------------------------|
| To review the draft losses and compensations policy | 21/12/11 | Fiona l'Anson |
| To confirm dates for SLM audit recommendation implementation | 21/12/11 | Dhilson Davis |

Date of next meeting: Wednesday 28th March 12 – 2pm, Trust Office Meeting Room

AUDIT COMMITTEE

Minutes of Meeting 28th March 2012 Trust Office Meeting Room

| | | |
|-----------------------|--|--|
| Present: | Stephen Hay (Chair) Imelda Redmond | Non-Executive Director Non-Executive Director |
| In attendance: | Nancy Hallett Jo Farrar Heather Bygrave James Barker Neil Thomas Nick Rolfe Darriane Garrett John Coakley Charlie Sheldon Dhilson Davis | Chief Executive Director of Finance Deloitte, External Audit Deloitte, External Audit KPMG, Internal Audit KPMG, Internal Audit RSM Tenon, Counter Fraud Medical Director (Item 4.2 only) Chief Nurse & Director of Governance (Items 4.3 and 4.4 only) Head of Financial Accounts |
| Minutes: | Fiona l'Anson | Deputy Director of Finance |

1. Apologies

Michael Keith Non-Executive Director

2. Minutes of last meeting on 21st December 2012

The minutes were agreed.

3. Matters Arising

There were no matters arising other than those included elsewhere on the agenda.

4. Internal audit

4.1 Progress Report

NT presented the progress report detailing the work carried out since the last Audit Committee. He noted the review of the Medirest contract was now completed and the final report will be presented at the next Audit Committee.

The Committee noted the report.

4.2 Information Governance Toolkit Report

NT presented the report and confirmed an assessment of 'requires improvement'. He highlighted the audit had focused on adequacy of policies, systems and operational activities in place to submit the annual information governance toolkit scores. The key messages from the report were that the Trust should focus on ensuring the agreed action plans were implemented. He also highlighted the results of the testing in Appendix A which set out whether KPMG agreed with the self assessment. It was noted that there was only one instance where it was believed the Trust assessment was overstated.

JC confirmed the Trust recognise the areas highlighted in the report and these have been considered in detail at the Information Governance Committee. This included a review of the one overstated assessment for which a specific action plan had been agreed. He noted the main area where we were non-compliant is in relation to information governance training.

SH asked if we could focus on key staffing groups. JC responded the current view was to ensure all staff are trained, but noted the solution to how training should be delivered may differ between staffing groups. He also confirmed he had liaised with other NHS organisations to understand how compliance could be achieved and will include this in plans on training delivery.

The Committee noted the report.

4.3 BAF/Risk Management Report

NT presented the report and confirmed an assessment of 'adequate assurance'. The purpose of the review was to understand how the risk management framework for the organisation operated since the integration of community health services. He highlighted the two medium priority recommendations in relation to the Board Assurance Framework (BAF) and training.

SH asked why we had only partially agreed with a recommendation on CHS risks upon integration. CS clarified that we agreed with the recommendation to ensure the current risks are on the register, however the register would not include risks prior to the transfer that had been superseded. NT noted it was important that we had access to the risk information pre-transfer and CS confirmed these were included in the due diligence work.

SH asked for further clarification on the links between the Executive team and Trust Board in respect of the BAF. NT confirmed their assessment was that the BAF was currently a top-down desktop exercise and if the risk register was used as its basis in the future this would encourage the risks to be linked with strategic risks and objectives. He noted the Trust could consider presenting a dashboard of risks to the Board that has been reviewed by the Executive team. NT agreed to forward some examples of dashboards for review.

The Committee noted the report.

4.4 Equality and Diversity Report

NR presented the report and confirmed an assessment of 'adequate assurance'. He confirmed that overall the Trust was taking a very positive approach to the equality and diversity agenda. One theme supported through interviews with senior nurses was the need for additional training on the new legislation and this finding was agreed by CS.

The Committee noted the report.

4.5 Pharmacy Report

NR presented the report and confirmed an assessment of 'requires improvement'. He highlighted the medium priority recommendations in relation to management of drug stocks. NH noted that as there was no representation from the division to respond to detailed queries the report should be brought to the next Committee meeting.

The Committee agreed a review of the report should be deferred until the meeting.

4.6 KPMG Internal Audit Plan 2012/13

NT presented the draft audit plan which had been devised following meetings with the Executive Directors. He highlighted the proposed reviews which were split between those that have been identified as either mandatory or confirmed priorities and those that are to be confirmed. SH noted that four of the priority reviews were in relation to the revalidation of doctors and the reasons for this were discussed and agreed by the Committee. SH asked that the delivery of sustainable CIPs review be brought forward to the beginning of the financial year. NT agreed to update the plan accordingly.

The Committee agreed the plan subject to changes noted above.

5 Counter Fraud

5.1 Progress report

DG presented the progress report and confirmed they were on track to complete all of the proactive work planned for the 2011/12. She noted specific proactive work that had been completed including fraud awareness training and newsletter circulation. The report included an update on investigations and DG confirmed they will be doing a root cause analysis in respect of one fraud investigation that had recently been concluded. NH asked if there was any urgent issues that should be addressed prior to the outcome of the analysis and DG stated she was not aware of any at this time.

The Committee noted the report.

5.2 LPE Report: Change in bank suppliers

DG presented the report which summarised the findings of one of the local proactive exercises completed during the year. She confirmed that there were best practice recommendations to implement and these had all been agreed with management.

The Committee noted the report.

5.3 Draft LCFS Workplan 2012/13

DG presented the draft workplan which set out the proposed days for proactive work which had been discussed and agreed with the Director of Finance. She noted the number of days on proactive work is the same as in prior years and the intention was to complete two proactive exercises during the year. She highlighted potential areas which these exercises could focus on including sickness absence, gifts and hospitality policies and practice and the Olympics. The Committee discussed the areas identified and raised concerns on the scope of an Olympics review. The Committee asked that DG agree the scope of any review with JF prior to going ahead.

The Committee agreed the workplan subject to confirmation on LPEs as noted above.

6 External Audit

6.1 Audit Status and Sector Update

JB presented the paper that provided an overview of the work completed since the last meeting and a summary of current sector issues. He confirmed that the interim audit work is currently underway which brings forward testing as appropriate to reduce work at year end. He highlighted the three audit risks that have been identified: agreement of balances exercise, the donated asset reserve restatement and the fixed asset valuation. Work on these risks was summarised and noted by the Committee.

The Committee noted the report.

7 Audit Committee business

7.1 Terms of Reference

SH presented the terms of reference for the Committee. NT noted one required amendment and suggested the responsibilities of the LCFS are included. FI to update the ToR.

The Committee approved the terms of reference subject to the changes being made as noted above.

7.2 Losses and Compensations Policy

FI presented the policy which had been updated since the last meeting.

The Committee approved the Policy.

7.3 Audit Recommendation Tracker

DD presented the audit recommendation tracker which showed an overall decrease in the number of outstanding recommendations. He highlighted that six recommendations in relation to Service Line

Management (SLM) had also been merged in to one. JF noted that the revised timescale for SLM implementation had been included so the introduction of SLM was in line with the clinical leadership model. SH asked that the Audit Committee be a forum for updates on SLM to be presented. It was agreed a project plan for SLM with milestones should be presented to the next Committee meeting.

The Committee noted the report.

7.4 Requests for waivers of standing orders

The Committee noted the report.

8 Any other business

None.

Action Table

| Action required | Date action identified | Person responsible |
|--|------------------------|-------------------------------|
| To forward examples of Board dashboards to support the Board Assurance Framework | 28/03/12 | Neil Thomas |
| To include the Pharmacy report at the next Audit Committee meeting with representation from the division to respond to queries | 28/03/12 | Fiona l'Anson |
| To update the Internal audit plan for 2012/13 to reflect Committee discussions | 28/03/12 | Neil Thomas |
| To confirm the scope of LPE exercise on the Olympics | 28/03/12 | Darrienne Garrett / Jo Farrar |
| To update the ToR | 28/03/12 | Fiona l'Anson |
| To include a SLM action plan and milestones paper to the next Audit Committee. | 28/03/12 | Tracey Fletcher |

Date of next meeting: Monday 28th May 12 – 2pm, Trust Office Meeting Room

AUDIT COMMITTEE

Minutes of Meeting 28th May 2012 IT Training Suite

| | | |
|-----------------------|---|--|
| Present: | Stephen Hay (Chair) Imelda Redmond | Non-Executive Director Non-Executive Director |
| In attendance: | Jo Farrar Heather Bygrave James Barker Nick Rolfe Darriane Garrett Nancy Hallett David Bridger Susan Ash Iola Williams Sallie Rumbold Zaman Hussain | Director of Finance Deloitte, External Audit Deloitte, External Audit KPMG, Internal Audit RSM Tenon, Counter Fraud Chief Executive (items 7.1 to 8.4 only) Head of Governance (items 4.1 to 6.5 only) Interim Operational Manager for Environment (item 6.3 only) Chief Pharmacist (item 6.4 only) Divisional Operational Director (items 6.4 only) Associate Director of Information (item 6.5 only) |
| Minutes: | Fiona l'Anson | Deputy Director of Finance |

1. Apologies

Michael Keith Non-Executive Director

2. Minutes of last meeting on 28th March 2012

The minutes were agreed.

3. Matters Arising

There were no matters arising other than those included elsewhere on the agenda.

4. Statutory Reporting

4.1 Annual Accounts 2011/12

JF presented the Annual Accounts for 2011/12 confirming we had achieved a surplus of £6.2m before impairments of £0.9m. He confirmed the audit of the Accounts had now been concluded and there was one management representation required with respect to calculation of provisions.

SH asked whether we are required to have revaluations of the Trust estate on an annual basis. JF confirmed that our policy was to do a full revaluation every five years, with interim desktop revaluations at least every twelve months.

The Committee approved the Accounts.

4.2 Annual Report 2011/2

DB presented the Annual Report which included the Quality Accounts. These have both been subject to external audit. DB highlighted two areas that had been updated since the papers were circulated in relation to complaints response times and nursing education and confirmed we were still awaiting final comments from Hackney Overview and Scrutiny Committee which would be included in the final report.

SH asked for more details to be added regarding the SHMI targets including a reference to QUEST. The Committee approved the Annual Report subject to the final amendments noted.

5 External Audit

5.1 Statutory Audit Report

HB introduced the report and confirmed an unqualified auditors' opinion would be issued as a result of the work undertaken. She noted there was still a small amount of work outstanding in relation to the Agreement of Balances exercise that would be completed to meet the required deadlines.

JB took the Committee through the detailed audit work that had been completed. He noted the draft Accounts provided were of a high standard and the audit had gone well. He highlighted a number of recommendations that had been agreed by management and noted that there were no unrecorded misstatement in the Accounts.

HB confirmed they were able to conclude that the Trust has appropriate arrangements in place to secure Value for Money which is a requirement within Monitor's Audit Code.

SH queried the EBITDA margin reported for the current year and JB agreed this would be reviewed adjusted within the final report.

The Committee noted the report and approved the draft management representations letter.

5.2 Quality Accounts Report

HB presented the report on the audit work completed on the Quality Accounts. She confirmed that they were able to provide an unqualified limited assurance opinion based on their findings. She noted that the 'limited assurance' opinion related to the limited scope of the work rather than any issues that had arisen during the audit. She highlighted recommendations within the report that had all been agreed with management.

The Committee noted the report.

6 Internal Audit

6.1 Annual Report 2011/12 and Head of Internal Audit Opinion

NR presented the report that summarised all the reviews undertaken during 2011/12 along with a summary of the follow up of recommendations. He highlighted that the report also included the Head of Internal Audit Opinion which concluded that significant assurance could be given that there is a generally sound system of internal control on key financial and management processes.

The Committee noted the report.

6.2 Progress Report

NR presented the report that summarised the work completed since the last Audit Committee. He confirmed there was only one outstanding review from the 2011/12 workplan in relation to the assurance checklist which will be concluded in the next quarter. He drew the Committee's attention to the technical update included in the report.

The Committee noted the report.

6.3 Medirest Contract Management Review

NR presented the report and confirmed an assessment of inadequate assurance. He highlighted the significant issues that the review had found in relation to monitoring of both the catering and cleaning contracts. SA confirmed she had been asked to address the findings of the report, looking at verification and validation of data in respect of the service being delivered, confirmation of KPIs within the contract and governance arrangements for contract management going forward.

The Committee discussed the implications of the review including how major contracts are tendered and managed going forwards including procedures for Board approval. It was agreed that as the

report raised a number of significant issues the Committee required an update on progress against the recommendations to be presented at the next meeting.

The Committee noted the report.

6.4 Pharmacy Report and Management Action Plan

IW presented the management response to the Internal Audit Pharmacy report. She updated the Committee on progress against each of the recommendations, highlighting that a number of these had already been addressed in full and specific issues in relation to systems development were ongoing. IW provided the Committee with explanations on drug returns and waste procedures in place.

The Committee noted the report.

6.5 Quality Accounts and Information Assurance Report

NR presented the report and confirmed an assessment of 'requires improvement'. He noted that whilst they had seen improvements in the area of information assurance, there were still a number of areas of development in respect of data quality that needed to be addressed and these had been raised as recommendations within the report. ZH confirmed all recommendations had been agreed. SH asked which Committee should take this forward and provide assurance to the Board and it was confirmed that Information Governance was a standing agenda item on the Risk Committee so they look at this area in more detail. SH asked that a progress report be presented to the December Audit Committee.

The Committee noted the report.

7. Counter Fraud

7.1 Annual Report 2011/12

DG presented the report that provided details of the work carried out by RSM Tenon across all areas. She confirmed this included details of all investigations and proactive work carried out. During 2011/12 a Qualitative Assessment was completed and the Trust was awarded a rating of '2' which is in line with the majority of other Foundation Trusts.

The Committee noted the report.

7.2 Progress Report

DG gave a verbal update on progress against the 2012/13 workplan to date. She confirmed proactive work was ongoing and highlighted the status of three reactive cases that were ongoing.

8 Audit Committee Business

8.1 Audit recommendation tracker

FI presented the tracker which provides the most up to date position on outstanding recommendations. SH asked for further clarification on progress against the market analysis recommendations. NH summarised the current status and noted that further details would be included in the Board seminar planned for June.

8.2 Service Line Management action plan

JF confirmed that we are still in the process of developing a detailed action plan to develop service line management and this would be presented at the next Committee meeting.

8.3 Audit tender update

FI presented the paper confirming that we would be completing a tender process for our internal audit and local counter fraud services during 2012/13.

The Committee noted the report.

8.4 Requests for waivers of standing orders

FI presented the list of waivers that have been approved since the last meeting.

The Committee noted the report.

9 Any other business

SH confirmed this would be his last meeting as Chair of the Audit Committee and thanked members of the Committee for their support.

NH thanked Stephen on behalf of the Trust for his work as Chair of the Audit Committee.

Action Table

| Action required | Date action identified | Person responsible |
|---|------------------------|--------------------|
| To update the Annual Report with final amendments as discussed | 28/05/12 | David Bridger |
| To present an update on the recommendations from Medirest report at next Audit Committee meeting | 28/05/12 | Charlie Sheldon |
| To present an update on the Information Assurance recommendations at December Audit Committee meeting | 28/05/12 | Tracey Fletcher |
| To provide an update on Service Line Management project at next Audit Committee meeting | 28/05/12 | Tracey Fletcher |

Date of next meeting: Wednesday 26th September 12 – 2pm, Trust Office Meeting Room

AUDIT COMMITTEE

**Minutes of Meeting 26th September 2012
Trust Office Meeting Room**

| | | |
|-----------------------|--|--|
| Present: | Michael Keith David Stewart | Non-Executive Director Non-Executive Director (Chair) |
| In attendance: | Nancy Hallett Jo Farrar Charlie Sheldon John Coakley Heather Bygrave Neil Thomas Colin Edwards | Chief Executive Director of Finance Chief Nurse and Director of Governance (item 6.3 only) Medical Director (item 6.4 only) Deloitte, External Audit KPMG, Internal Audit RSM Tenon, Counter Fraud |
| Minutes: | Dhilson Davis | Head of Financial Control |

1. Apologies

Imelda Redmond Non-Executive Director

2. Minutes of last meeting on 28th May 2012

The minutes were agreed.

3. Matters Arising

There were no matters arising other than those included elsewhere on the agenda.

4 Counter Fraud

4.1 Progress Report

CE presented the counter fraud progress report detailing the proactive and reactive counter fraud work undertaken at the Trust since 1st April 2012. He highlighted that the National Fraud Initiative is about to commence and he will be working closely with the Finance team over the coming weeks on this. He also confirmed that he would bring a gifts and hospitality report to the next Committee.

CE highlighted significant outcomes from investigations including an Illegal worker receiving a 3 year sentence since the last Audit Committee.

MK suggested that the progress report would benefit from an executive summary highlighting the salient points to bring to the Audit Committee's attention. As drafted, the report was a challenging read and it was not easy to distil the key points of note. CE agreed to take the comments on board and refine the reports presented to future meetings.

5 External Audit

5.1 Statutory Audit Report

HB gave an oral update on the current developments that could affect the Trust.

PCT Estate: HB informed the Committee that the mechanism enabling the transfer of PCT properties to NHS trusts is likely to be confirmed by the Department of Health shortly. Transfers are expected to be at book value mirrored by a corresponding PDC amount.

Private Patient Cap: HB informed the Committee that the private patient cap would be lifted at the beginning of October. However, there may still be a need to disclose the private patient income and Non NHS income in the Annual Report. Monitor is expected to their definition of Non NHS income in the coming months.

Quality Accounts: Monitor is also expected to launch a consultation on this year's local and national indicators in the coming weeks. HB informed the Committee that the outcome indicators are likely to be part of this consultation exercise. MK asked whether the indicators would be applied retrospectively. HB confirmed that they would be reported in the Quality Accounts for the year ended 31 March 2013.

Charitable Funds: HB informed the Committee that International Accounting Standards would require organisations to consolidate Charitable Trusts from 2013/14 if they are deemed to exert significant influence over the Charitable Trust. There will be a requirement for prior period adjustments with a need to produce comparative information for 2012/13. HB also indicated that some FT's have changed their Trustee structure to avoid consolidating.

JF informed the Committee that charitable fund would be unlikely to change its Trustee structure and consolidation was therefore likely.

6 Internal Audit

6.1 Progress Report

NR presented the report that summarised all the work undertaken between June and September 2012. He also outlined a programme of work for the next quarter together with the results of a budget holder survey and the quality report benchmarking findings.

NR highlighted that across the 38 Trusts that were audited most have done well on mandated indicators but a high percentage need to improve on local indicators.

He highlighted that the budget holder survey results for the Homerton were positive in comparison to other trusts. No specific areas for development were highlighted.

The Committee noted the reports.

6.2 Assurance Health Check

NT presented a report focussing on lessons learnt from progress with the implementation of Internal Audit recommendations over the past four years. He highlighted to the Committee that training and development and information systems were areas where the Trust has made improvements.

The Committee noted the report.

6.3 Quality Governance

NT presented the report on the progress with implementing Quality Governance recommendations. He noted that the level of assurance has improved to "adequate" from "requires improvement". There remained a small number of areas where further work was required, such as in cascading of quality goals within the organisation and evidencing quality impact assessments of QIPP initiatives.

CS informed that Committee that the recommendations have been accepted.

The Committee noted the report.

6.4 Revalidation of Doctors

NT presented the report that reviewed the Trust's progress in preparing for revalidation. NT mentioned that the assessment has been given a rating of "requires improvement" mainly because of the current appraisal completion rate.

He also informed the Committee that KPMG has undertaken a similar assessment in 17 Trusts. There are some areas where Homerton compared favourably, namely our IT systems and the method of gathering information.

JC was confident that by April 2013 we would have developed an action plan to improve the low appraisal rate.

The Committee noted the report.

7 Audit Committee Business

7.1 Audit recommendation tracker

DD presented the audit tracker. DS asked if recommendations were being implemented as the total number outstanding to not appear to have changed. NT said that there were a similar number of new recommendations to those implemented in the period. As a result, the number of outstanding recommendations has remained relatively static.

NH enquired whether there was a reason why there was a significant number of outstanding recommendations, asking whether it was a reflection of recommendations that were now superseded, deadlines that were overly ambitious, or in-action on our part. NT confirmed that it was due to a combination of factors. He suggested that we should review anticipated implementation dates to ensure they were realistic.

DS asked for JF to work with NT to review the tracker to ensure that it only contains relevant recommendations with realistic deadlines.

7.2 Draft Annual Report

JF presented the draft annual report for the Audit Committee reporting the key achievements of 2011/12.

The Committee approved the report.

7.3 Audit Committee work plan

JF presented the proposed work plan for 2012/13, which the Committee approved.

7.4 Medirest Report update

JF presented the report and informed the Committee that the Trust recognised it needed to more business like in monitoring and managing the performance on significant contracts. The trust has established an Operational Group to monitor the quality aspects of the services provided by Medirest and a Contract Group to manage commercial aspects of the contract.

The Committee noted the report.

7.5 Audit Tender update

JF informed the Committee that the Internal Audit and Local Counter Fraud Service contracts were coming to the end of their term as a result tenders are being invited for these.

The Committee noted the report.

7.6 Requests for waivers of standing orders

JF presented the list of waivers that have been approved since the last meeting.

The Committee noted the report.

Action Table

| Action required | Date action identified | Person responsible |
|---|------------------------|--------------------|
| To provide an update on Service Line Management project at next Audit Committee meeting | 28/05/12 | Tracey Fletcher |
| To review and refine the Audit Tracker for the next Committee meeting | 26/09/12 | Jo Farrar |

Date of next meeting: Wednesday 19th December 12 – 2pm, Trust Office Meeting Room

AUDIT COMMITTEE

**Minutes of Meeting 19th December 2012
Trust Office Meeting Room**

| | | |
|-----------------------|---|---|
| Present: | David Stewart Imelda Redmond Michael Keith | Non-Executive Director (Chair) Non-Executive Director Non-Executive Director |
| In attendance: | Tracey Fletcher Jo Farrar David Bridger Heather Bygrave Neil Thomas Nick Rolfe Darriane Garrett | Chief Operating Officer Director of Finance Head of Governance (items 6.4 & 6.5 only) Deloitte, External Audit KPMG, Internal Audit KPMG, Internal Audit RSM Tenon, Counter Fraud |
| Minutes: | Fiona l'Anson | Deputy Director of Finance |

1. Apologies

Nancy Hallett Chief Executive

2. Minutes of last meeting on 26th September 2012

The minutes were agreed.

3. Matters Arising

There were no matters arising other than those included elsewhere on the agenda.

4 Counter Fraud

4.1 Progress Report

DG presented the progress report confirming the work was continuing in line with the agreed workplan for the year. She highlighted that specific activities that are ongoing included fraud awareness work for the community staff, submissions for the national fraud initiative and issuing of any fraud alerts as appropriate, including one in relation to health tourism. DS asked if this was a specific issue that Homerton faced. TF confirmed we did have a number of cases, particularly within our maternity services.

MK asked if the fraud case reference FS/446/12 that resulted in a court case had given rise to any negative publicity for the Trust. DG confirmed there had been none and the RSM Tenon team worked with the Homerton communications lead to ensure they were up to date with the latest information on the case.

The Committee noted the report.

5 External Audit

5.1 Annual Audit Plan

HB presented the draft planning report to the Committee. She noted that the Monitor consultation on the draft Annual Reporting Manual had just closed and Deloitte had provided feedback, and the consultation on the Quality Accounts requirements had not yet been published. The current

expectation on Quality Accounts was therefore that there would be limited changes to the scope of work required by external audit since the prior year.

She highlighted the four significant audit risks within the report that had been identified as part of the planning process: recognition of revenue, the recovery of NHS balances, valuation of property assets and management override of controls. An assessment of the impact of all these risks would form part of the audit work for the 2012/13 year.

The Committee approved the workplan.

6 Internal Audit

6.1 Progress Report

NT presented the report that summarised all the work undertaken between September and December 2012 and highlighted the outstanding reviews due for completion during the remainder of the financial year. He also noted the plans to improve the recommendations tracking process that had been developed in conjunction with the finance team since the last Audit Committee meeting that were included in the report.

DS asked what the outputs were from the Medirest review and how we were progressing in addressing the issues. JF confirmed an internal review of the contract was underway being led by the new Director of Estates and Facilities that included a benchmarking exercise of KPIs and costs. These results would help inform us whether we should consider tendering the service prior to end of the existing contract period.

The Committee noted the report.

6.2 Financial Management

NR presented the report confirming this review had an 'adequate' assessment. He noted that overall systems and controls are working well within the systems reviewed including finance reporting, capital planning and cash investments.

NR highlighted to the Committee that the results of the budget holder survey were not included in the report as they were waiting results from other clients so detailed benchmarking could be included. He confirmed these findings would be brought to the next meeting.

The Committee noted the report.

6.3 Financial Systems

NR presented the report confirming this review had an 'adequate' assessment. He noted one level two recommendation in relation to duplicate payments. DS asked how this could be resolved and FI summarised the plans in place.

The Committee requested a more detailed report to be presented at the next meeting to set out how the duplicate payments had arisen and how these would be managed in future.

The Committee noted the report.

6.4 CQC Compliance

NR presented the report confirming this review had an 'adequate' assessment. The review considered the adequacy of the arrangements to ensure compliance with CQC standards, looking specifically at evidence gathered for Outcomes 2 & 3. He noted only one recommendation had been raised, in relation to adherence to the Standard Operating Procedure (SOP) document.

The Committee noted the report.

6.5 Risk Management

NR presented the report confirming this review had an 'adequate' assessment. DB confirmed this report had been presented to the Risk Committee in December and the recommendations had been agreed.

DS queried how we were going to ensure we addressed the three recommendations in respect to the Audit Committee roles that had been highlighted in a letter from Monitor regarding self-certification. These were:

- Ensuring the Audit Committee and Information Governance Committee review their operations to ensure they provide appropriate levels of assurance to the management and the Board;
- Audit Committee operations need to embrace the full remit of the NHS Audit Committee Framework; and
- The Audit Committee should review the accuracy of self-certification declarations made to Monitor.

It was agreed that these would be considered and at the next meeting, we would propose a way to manage these requirements.

7 Audit Committee Business

7.1 Audit recommendation tracker

JF presented the paper which set out the overdue recommendations as at 12th December 2012. He noted the recommendations had now been put in to themed headings and for the majority of overdue actions, there was now a date for resolution set by the end of March 2013. NT confirmed the tracker identified all the correct areas that they expect to see as a result of their reviews.

The Committee noted the report.

7.2 Update on Service Line Management

JF presented an update on the programme which was focusing on Patient Level Costing System (PLICS) and Service Line Reporting (SLR). He confirmed the steering group in place led by the information team have been working through detailed technical issues to ensure a realistic timeframe can be put in place for when this can be embedded.

IR asked for more detail on what the incentives may mean that are included in the objectives of the paper. JF described how incentivising may operate such as expanded investment should service meet certain levels of contribution, and how these levels can be set transparently and equitably across all services. MK asked if there were any issues with the specific systems we have in place to capture information to take the project forward. JF stated that we had now invested in patient level costing system that has been made specifically for the NHS so will meet our needs for data capture and reporting.

The Committee noted the report.

7.3 Update on Information Assurance

TF presented the update paper on the Information Assurance recommendations. The paper set out the current progress against four recommendations raised and an appendix setting out further details on the Information Assurance Framework.

The Committee noted the report.

7.4 Losses and Special Payments

DD presented the paper which set out the all losses and special payments made from April to November 2012.

The Committee noted the report.

7.5 Requests for waivers of standing orders

DD presented the paper that provided details of three waivers that had been approved in the period 18th September to 10th December 2012.

The Committee noted the report.

7.6 Recommendation for Internal Audit and Local Counter Fraud Contracts***

This item was discussed under reserved business.

Action Table

| Action required | Date action identified | Person responsible |
|---|------------------------|--------------------|
| Findings from the budget holder survey to be brought to the next Audit Committee meeting | 19/12/12 | Nick Rolfe |
| Report on management of duplicate payments to the next Audit Committee meeting | 19/12/12 | Fiona l'Anson |
| To consider the recommendations regarding the Audit Committee from Monitor and feedback how these will be managed at the next Audit Committee meeting | 19/12/12 | Jo Farrar |

Date of next meeting: Wednesday 27th March 12 – 2pm, Trust Office Meeting Room

Items discussed under reserved business

7.7 Recommendation for Internal Audit and Local Counter Fraud Contracts***

DS summarised the findings from Internal Audit and Local Counter Fraud tender process that was finalised on 5th December 2012. JF presented the final scoring that the panel had agreed, confirming the proposal was for the following appointments to be made:

Internal Audit Services: RSM Tenon

Counter Fraud Services: Parkhill

The Committee discussed the findings and agreed subject to satisfactory references being obtained, the appointments were approved.

Subsequent to the meeting, Jo Farrar, Director of Finance received satisfactory references and confirmed the appointment of the above providers.

AUDIT COMMITTEE
Wednesday 15th December
12-14:00
Trust Office Meeting Room
A G E N D A

Attachment

1. Apologies

For discussion/approval

| | | |
|--|----|-------|
| 2. Minutes of last meeting held on 29th Sept 2010 | SH | 10-27 |
| 3. Matters arising not covered elsewhere on the agenda | | |
| 4. Internal audit – Progress Report | NT | 10-28 |
| 5. Internal audit – PEP Delivery Report | NT | 10-29 |
| 6. Internal Audit – Financial Management Report | NT | 10-30 |
| 7. Internal Audit – Financial Reporting Report | NT | 10-31 |
| 8. Internal Audit – Data Assurance Update Report | NT | 10-32 |
| 9. External Audit – Progress Report | AS | 10-33 |
| 10. Counter Fraud – Progress Report | DG | 10-34 |
| 11. Counter Fraud – LPE Report – Pre-employment Checks | DG | 10-35 |
| 12. Audit Recommendations Tracker | FI | 10-36 |
| 13. Audit Committee Annual Report 2009-10 | FI | 10-37 |
| 14. 2010/11 Annual Accounts Process | FI | 10-38 |
| 15. Requests for waivers of standing orders | FI | 10-39 |

16. Losses and Compensations Summary FI 10-40

For Information

17. 2009/10 Charitable Funds Annual Report and Accounts FI 10-41

18. External Audit – 2009/10 Charitable Funds Governance Report AS 10-42

19. Invoice Authorisation Hierarchy DD 10-43

20. AOB

For Committee Members Only

21. External Audit Tender Process FI 10-44

Date of next meeting: Wednesday 30th March 2011 12-2pm

AUDIT COMMITTEE

Thursday 3rd June 2010

12-14:00

Trust Office Meeting Room

A G E N D A

| | Attachment |
|--|------------|
| 1. Apologies | |
| 2. Minutes of last meeting held on 31 st March 2010 | SH 10-01 |
| 3. Matters arising not covered elsewhere on the agenda Fixed asset register update. | |
| 4. Coding and Income Recovery update | KMO 10-02 |
| 5. Approval of Annual Accounts 2009/10 | DF 10-03 |
| 6. Annual Report | NH 10-04 |
| 7. Audit Commission - Update Report | AS 10-05 |
| 8. Audit Commission - Annual Governance Report | AS 10-06 |
| 9. Internal Audit – Progress Report | FN 10-07 |
| 10. Internal Audit – GEM Directorate Report | FN 10-08 |
| 11. Internal Audit – Quality Accounts Report | FN 10-09 |
| 12. Internal Audit – Annual Report | FN 10-10 |
| 13. Internal Audit –Recommendations Follow Up Report | FN 10-11 |
| 14. Counter Fraud – Annual Report | HW 10-12 |
| 15. Counter Fraud – Pre-employment checks LPE Report | HW 10-13 |
| 16. Audit recommendation tracker | DF 10-14 |
| 17. Requests for waivers of standing orders | DF 10-15 |
| 18. AOB | |

Date of future meetings: Wednesday 29th September 2010 12-2pm
 Wednesday 15th December 2010 12-2pm
 Wednesday 30th March 2011 12-2pm

AUDIT COMMITTEE

Wednesday 31st March 2010

12-14:00

Trust Office Meeting Room

A G E N D A

| | Attachment | | |
|--|------------|----|-------|
| 1. Apologies | | | |
| 2. Minutes of last meeting held on 16 th December 2009 | SH | AC | 09-37 |
| 3. Matters arising not covered elsewhere on the agenda | | | |
| 4. Audit Commission Update Report | AS | AC | 09-38 |
| 5. Internal Audit – Progress Report | FN | AC | 09-39 |
| 6. Internal Audit – Draft 2010-11 Internal Audit Plan | FN | AC | 09-40 |
| 7. Internal Audit – Financial Management Report | FN | AC | 09-41 |
| 8. Internal Audit – Financial Reporting Report | FN | AC | 09-42 |
| 9. Internal Audit – Staff Management Report | FN | AC | 09-43 |
| 10. Internal Audit – GEM Directorate Report | FN | AC | 09-44 |
| 11. Internal Audit – Carbon Reduction and Sustainability Report | FN | AC | 09-45 |
| 12. Internal Audit – Compliance with Terms of Authorisation Report | FN | AC | 09-46 |
| 13. Internal Audit – Risk Management and SfbH Report | FN | AC | 09-47 |
| 14. Counter Fraud – Update Report | HW | AC | 09-48 |
| 15. Counter Fraud – Draft LCFS work plan 2010-11 | HW | AC | 09-49 |
| 16. Consolidation of Charitable Funds – Update | DF | AC | 09-50 |
| 17. Debtor Write Offs Q1 to Q3 in 2009-10 | DF | AC | 09-51 |
| 18. Standards of Business Conduct Policy | DB | AC | 09-52 |
| 19. Requests for waivers of standing orders | DF/DS | AC | 09-53 |
| 20. Audit recommendation tracker | DF | AC | 09-54 |

21. Audit Committee Terms of Reference

SH AC 09-55

22. AOB

Date of future meetings: All 12-2 pm in the Trust Offices Meeting Rooms
Thursday 3rd June 2010 (Approval 09/10 accounts & report)
Wednesday 29th September 2010
Wednesday 15th December 2010
Wednesday 30th March 2011

AUDIT COMMITTEE

Wednesday 29th September 2010

12-14:00

Trust Office Meeting Room

A G E N D A

| | Attachment | |
|--|-------------------|-------|
| 1. Apologies | | |
| 2. Minutes of last meeting held on 3 rd June 2010 | SH | 10-16 |
| 3. Matters arising not covered elsewhere on the agenda | | |
| 4. Audit Commission – Audit Opinion Plan 2010/11 | AS | 10-17 |
| 5. Audit Commission – Charitable Fund Opinion Plan 2009/10 | AS | 10-18 |
| 6. Audit Commission - Update Report | AS | 10-19 |
| 7. Internal Audit – Progress Report | NT | 10-20 |
| 8. Internal Audit – Business Case Development Report & | NT | 10-21 |
| Business Case Development Action Plan | FI | 10-22 |
| 9. Internal Audit –Recommendations Tracker Report | NT | 10-23 |
| 10. Counter Fraud – LCFS Progress Report | DG | 10-24 |
| 11. Counter Fraud – NPE Report Recruitment Agencies | DG | 10-25 |
| 12. Requests for waivers of standing orders | FI | 10-26 |
| 13. AOB | | |

Date of future meetings: Wednesday 15th December 2010 12-2pm
 Wednesday 30th March 2011 12-2pm

AUDIT COMMITTEE

**Minutes of Meeting 19th December 2012
Trust Office Meeting Room**

| | | |
|-----------------------|---|---|
| Present: | David Stewart Imelda Redmond Michael Keith | Non-Executive Director (Chair) Non-Executive Director Non-Executive Director |
| In attendance: | Tracey Fletcher Jo Farrar David Bridger Heather Bygrave Neil Thomas Nick Rolfe Darriane Garrett | Chief Operating Officer Director of Finance Head of Governance (items 6.4 & 6.5 only) Deloitte, External Audit KPMG, Internal Audit KPMG, Internal Audit RSM Tenon, Counter Fraud |
| Minutes: | Fiona l'Anson | Deputy Director of Finance |

1. Apologies

Nancy Hallett Chief Executive

2. Minutes of last meeting on 26th September 2012

The minutes were agreed.

3. Matters Arising

There were no matters arising other than those included elsewhere on the agenda.

4 Counter Fraud

4.1 Progress Report

DG presented the progress report confirming the work was continuing in line with the agreed workplan for the year. She highlighted that specific activities that are ongoing included fraud awareness work for the community staff, submissions for the national fraud initiative and issuing of any fraud alerts as appropriate, including one in relation to health tourism. DS asked if this was a specific issue that Homerton faced. TF confirmed we did have a number of cases, particularly within our maternity services.

MK asked if the fraud case reference FS/446/12 that resulted in a court case had given rise to any negative publicity for the Trust. DG confirmed there had been none and the RSM Tenon team worked with the Homerton communications lead to ensure they were up to date with the latest information on the case.

The Committee noted the report.

5 External Audit

5.1 Annual Audit Plan

HB presented the draft planning report to the Committee. She noted that the Monitor consultation on the draft Annual Reporting Manual had just closed and Deloitte had provided feedback, and the consultation on the Quality Accounts requirements had not yet been published. The current

expectation on Quality Accounts was therefore that there would be limited changes to the scope of work required by external audit since the prior year.

She highlighted the four significant audit risks within the report that had been identified as part of the planning process: recognition of revenue, the recovery of NHS balances, valuation of property assets and management override of controls. An assessment of the impact of all these risks would form part of the audit work for the 2012/13 year.

The Committee approved the workplan.

6 Internal Audit

6.1 Progress Report

NT presented the report that summarised all the work undertaken between September and December 2012 and highlighted the outstanding reviews due for completion during the remainder of the financial year. He also noted the plans to improve the recommendations tracking process that had been developed in conjunction with the finance team since the last Audit Committee meeting that were included in the report.

DS asked what the outputs were from the Medirest review and how we were progressing in addressing the issues. JF confirmed an internal review of the contract was underway being led by the new Director of Estates and Facilities that included a benchmarking exercise of KPIs and costs. These results would help inform us whether we should consider tendering the service prior to end of the existing contract period.

The Committee noted the report.

6.2 Financial Management

NR presented the report confirming this review had an 'adequate' assessment. He noted that overall systems and controls are working well within the systems reviewed including finance reporting, capital planning and cash investments.

NR highlighted to the Committee that the results of the budget holder survey were not included in the report as they were waiting results from other clients so detailed benchmarking could be included. He confirmed these findings would be brought to the next meeting.

The Committee noted the report.

6.3 Financial Systems

NR presented the report confirming this review had an 'adequate' assessment. He noted one level two recommendation in relation to duplicate payments. DS asked how this could be resolved and FI summarised the plans in place.

The Committee requested a more detailed report to be presented at the next meeting to set out how the duplicate payments had arisen and how these would be managed in future.

The Committee noted the report.

6.4 CQC Compliance

NR presented the report confirming this review had an 'adequate' assessment. The review considered the adequacy of the arrangements to ensure compliance with CQC standards, looking specifically at evidence gathered for Outcomes 2 & 3. He noted only one recommendation had been raised, in relation to adherence to the Standard Operating Procedure (SOP) document.

The Committee noted the report.

6.5 Risk Management

NR presented the report confirming this review had an 'adequate' assessment. DB confirmed this report had been presented to the Risk Committee in December and the recommendations had been agreed.

DS queried how we were going to ensure we addressed the three recommendations in respect to the Audit Committee roles that had been highlighted in a letter from Monitor regarding self-certification. These were:

- Ensuring the Audit Committee and Information Governance Committee review their operations to ensure they provide appropriate levels of assurance to the management and the Board;
- Audit Committee operations need to embrace the full remit of the NHS Audit Committee Framework; and
- The Audit Committee should review the accuracy of self-certification declarations made to Monitor.

It was agreed that these would be considered and at the next meeting, we would propose a way to manage these requirements.

7 Audit Committee Business

7.1 Audit recommendation tracker

JF presented the paper which set out the overdue recommendations as at 12th December 2012. He noted the recommendations had now been put in to themed headings and for the majority of overdue actions, there was now a date for resolution set by the end of March 2013. NT confirmed the tracker identified all the correct areas that they expect to see as a result of their reviews.

The Committee noted the report.

7.2 Update on Service Line Management

JF presented an update on the programme which was focusing on Patient Level Costing System (PLICS) and Service Line Reporting (SLR). He confirmed the steering group in place led by the information team have been working through detailed technical issues to ensure a realistic timeframe can be put in place for when this can be embedded.

IR asked for more detail on what the incentives may mean that are included in the objectives of the paper. JF described how incentivising may operate such as expanded investment should service meet certain levels of contribution, and how these levels can be set transparently and equitably across all services. MK asked if there were any issues with the specific systems we have in place to capture information to take the project forward. JF stated that we had now invested in patient level costing system that has been made specifically for the NHS so will meet our needs for data capture and reporting.

The Committee noted the report.

7.3 Update on Information Assurance

TF presented the update paper on the Information Assurance recommendations. The paper set out the current progress against four recommendations raised and an appendix setting out further details on the Information Assurance Framework.

The Committee noted the report.

7.4 Losses and Special Payments

DD presented the paper which set out the all losses and special payments made from April to November 2012.

The Committee noted the report.

7.5 Requests for waivers of standing orders

DD presented the paper that provided details of three waivers that had been approved in the period 18th September to 10th December 2012.

The Committee noted the report.

7.6 Recommendation for Internal Audit and Local Counter Fraud Contracts***

This item was discussed under reserved business.

Action Table

| Action required | Date action identified | Person responsible |
|---|------------------------|--------------------|
| Findings from the budget holder survey to be brought to the next Audit Committee meeting | 19/12/12 | Nick Rolfe |
| Report on management of duplicate payments to the next Audit Committee meeting | 19/12/12 | Fiona l'Anson |
| To consider the recommendations regarding the Audit Committee from Monitor and feedback how these will be managed at the next Audit Committee meeting | 19/12/12 | Jo Farrar |

Date of next meeting: Wednesday 27th March 12 – 2pm, Trust Office Meeting Room

Items discussed under reserved business

7.7 Recommendation for Internal Audit and Local Counter Fraud Contracts***

DS summarised the findings from Internal Audit and Local Counter Fraud tender process that was finalised on 5th December 2012. JF presented the final scoring that the panel had agreed, confirming the proposal was for the following appointments to be made:

Internal Audit Services: RSM Tenon

Counter Fraud Services: Parkhill

The Committee discussed the findings and agreed subject to satisfactory references being obtained, the appointments were approved.

Subsequent to the meeting, Jo Farrar, Director of Finance received satisfactory references and confirmed the appointment of the above providers.

AUDIT COMMITTEE

**Minutes of Meeting 27th March 2013
Trust Office Meeting Room**

| | | |
|-----------------------|---|--|
| Present: | David Stewart Imelda Redmond | Non-Executive Director (Chair) Non-Executive Director |
| In attendance: | Tracey Fletcher Jo Farrar Dylan Jones Charlie Sheldon Heather Bygrave Neil Thomas Nick Rolfe Mark Trevallion Matthew Tattersall | Chief Executive Director of Finance Chief Operating Officer (items 6.3 & 6.4 only) Chief Nurse and Director of Governance (item 6.2 only) Deloitte, External Audit KPMG, Internal Audit KPMG, Internal Audit RSM Tenon, Counter Fraud Deputy Director of Finance |
| Minutes: | Dhilson Davis | Head of Financial Control |

1. Apologies

2. Minutes of last meeting on 19th December 2012

The minutes were agreed.

3. Matters Arising

JF informed the committee that estates are reviewing the Medirest contract and will be doing a benchmarking exercise before proposing changes.

4 Counter Fraud

4.1 Progress Report

MTr presented the progress report summarising the work undertaken between April 2012 and March 2013. He highlighted that specific activities that are ongoing included, submissions for the national fraud initiative and issuing of any fraud alerts as appropriate. He also mentioned that the Gifts and Hospitality report and the Sickness Absence Fraud report will be coming to the next Audit Committee.

MTr informed the committee that as a part of their hand over with Parkhill (Trust's new LCFS) they will be passing on new frauds and all on-going proactive exercises.

DS asked if there was a specific issue with emerging frauds by sales representatives that Homerton faced. MTr confirmed that controls in the gifts and hospitality policy and the whistleblowing policy should mitigate these risks.

The Committee noted the report and thanked RMS Tenon for the work they did acting as the Trust's Local Counter Fraud Service.

5 External Audit

5.1 Annual Audit Plan

HB presented an audit update informing the Committee on principal matters that have arisen during the interim audit for the year ending 31 March 2013 and main changes to the Annual Reporting Manual released on the 5th of March. She noted that the 2012/13 audit is progressing within the agreed timetable and no additional audit risks or significant control weaknesses have been identified. She also highlighted that in comparison to our peers Homerton's NHS debtor days are low.

The other reporting changes she mentioned were; CHS property transfer needs to be reported in a post balance sheet events note, and reporting of Non NHS income as opposed to private patient income. However, the interpretation of what constitutes Non NHS income is not covered by guidance and the Trust will need to take a view and disclose the basis of its calculation.

The Committee noted the report.

6 Internal Audit

6.1 Progress Report

NT presented the report that summarised all the work undertaken between April 2012 and March 2013. He assured the Committee that a generally sound system of internal control which is designed to meet Trust's objectives is in place and that generally controls are being consistently applied in all the core areas reviewed. NT was pleased to give a Head of Internal Audit opinion of 'substantial assurance' for the year 2012/13, though this would remain "draft" until March 31st.

The Committee noted the report.

6.2 Clinical Audit

NR presented the report stating that it had a rating of "requires improvement". He said that this report looked at clinical audit as a function and noted several improvements that could be made. A key recommendation is around initiation and completion of audits. However, NR stated that national audits and complying with NICE guidelines are more robustly controlled and undertaken on time.

DJ wanted to know if a possibility could be to make the audit process more prescriptive. NT mentioned that a framework is certainly needed.

The committee asked CS to implement the recommendations in the short term while DJ and the medical director were to discuss the possibility of a framework and how to embed this at a divisional level in the longer term.

The Committee noted the report.

6.3 Community Services Data Quality

NR informed the Committee that the report was rated as "requires improvement". DJ agreed to the recommendations and was asked to report back to the next Audit Committee..

The Committee noted the report.

6.4 HR Management

NR presented the report confirming this review had an 'adequate' rating. The review looked at the Trust's arrangements for statutory and mandatory training and HR data management. NR also highlighted that the process has substantially improved since their first review.

The Committee noted the report.

DS thanked NT and his team for their service as the Trust's internal auditors.

7 Audit Committee Business

7.1 Annual review of Terms of Reference

The Committee's Terms of Reference were reviewed and agreed.

7.2 Audit recommendation tracker

MT presented the paper which set out the overdue recommendations as at 18th March 2013. He noted that total outstanding recommendations had reduced from 25 to 19 and for the majority of overdue actions, there was now a date for resolution set by the end of May 2013.

The Committee noted the report.

7.3 Monitor recommendations concerning self-certification

JF presented a paper on Monitor plans to assess governance at NHS foundation trusts under the Risk Assessment Framework by monitoring their compliance with NHS foundation trust condition 4, the governance condition.

He highlighted the elements of the Board Statements that the Trust will be required to make as part of the Annual Plan submission in early June.

DS enquired that as the deadline for self-certification is in May what the next steps are. JF confirmed that a plan is needed to enable the Trust Board to sign off the self-certification. He proposed using Internal Auditors to help assess the level of assurance we have in the areas in which a statement is required and to support us in providing additional assurance in the areas where we believe there to be gaps

The Committee noted the report.

7.4 Management of duplicate payments

MT presented the update paper on the management of duplicate payments. He assured the Committee that the mitigating actions taken to prevent the payment of duplicate invoices would substantially reduce this control risk.

The Committee noted the report.

7.5 Losses and Special Payments

DD presented the paper which set out the all losses and special payments made from January to March 2013.

The Committee noted the report.

7.6 Requests for waivers of standing orders

JF presented the paper that provided details of nine waivers that had been approved in the period 11th December 2012 to 18th March 2013.

The Committee noted the report.

Action Table

| Action required | Date action identified | Person responsible |
|--|------------------------|--------------------|
| Findings from the gifts and hospitality report to be brought to the next Audit Committee meeting. | 27/03/13 | Mark Trevallion |
| Findings from the Sickness Absence Fraud report to be brought to the next Audit Committee meeting. | 27/03/13 | Mark Trevallion |
| Discuss framework for clinical audit with Medical Director and report back to next Audit Committee meeting. | 27/03/13 | Dylan Jones |
| Report progress on implementing recommendations in the Community Services Data Quality report to the next Audit Committee meeting. | 27/03/13 | Dylan Jones |

Date of next meeting: Friday 24th May 09:00 – 11:00pm, Trust Office Meeting Room

AUDIT COMMITTEE

**Minutes of Meeting 24th May 2013
Trust Office Meeting Room**

| | | |
|-----------------------|-------------------|--|
| Present: | David Stewart | Non-Executive Director (Chair) |
| | Chris Griffiths | Non-Executive Director (via conference call) |
| In attendance: | Tim Melville-Ross | Chairman |
| | Tracey Fletcher | Chief Executive |
| | Jo Farrar | Director of Finance |
| | Matt Tattersall | Deputy Director of Finance (minutes) |
| | Dhilson Davis | Head of Financial Control |
| | David Bridger | Head of Governance |
| | Heather Bygrave | Deloitte, External Audit |
| | James Barker | Deloitte, External Audit |
| | Kim Anderson | Deloitte, External Audit |
| | Nick Atkinson | RSM Tenon, Internal Audit |
| | Macks Robertson | Parkhill, Counter Fraud |

1. Apologies

Imelda Redmond

2. Minutes of last meeting on 27th March 2013

The minutes were agreed.

3. Matters Arising

None.

4. Statutory Reporting

4.1 Annual Accounts 2012/13

JF presented the accounts to the Committee. He explained that the Trust had achieved its forecast surplus of £3.8m. This surplus was prior to accounting for a £3.5m impairment charged to the Statement of Comprehensive Income. The impairment resulted from a reduction in the value of the Trust's assets following a revaluation exercise undertaken by the District Valuer (a further £1.7m impairment was written back against previous upward movements in the revaluation reserve). This impairment is not included by Monitor for the purposes of calculating the Trust's financial risk rating.

4.2 Annual Report 2012/13

DB presented the annual report to the Committee.

5 External Audit

5.1 Statutory Audit Report

HB confirmed that all the external audit work was complete with the exception of the Management Letter and the review of any post balance sheet events, these would be completed at the point of signing the accounts. In summary, she would be issuing an unmodified opinion; had not identified any issues in relation to arrangements for securing VFM; had reached a satisfactory conclusion on the key audit risks; reported that the draft accounts had been of good quality, and that the new income disclosure required in the Annual Report exceeded the disclosures made by their other clients and represented best practice.

JB talked through the significant audit risks.

- *Revenue Recognition:* Revenue is not materially misstated and the review of the Agreement of Balance exercise confirms that the Trust has applied the correct treatment.
- *Recovery of NHS balances:* Recovery rates are relatively high and the level of debtors is appropriate. A provision for NHS bad debt has been created this year and is appropriate.
- *Valuation of property assets:* The level of downward revaluation is not unusual for a Trust of this size in London.
- *Management override of controls:* Testing has not identified any inappropriate journals.

DS summarised the position as there only being “minor risks”, which Deloitte confirmed.

JB highlighted the results of some benchmarking undertaken amongst their client group.

- *Debtor days:* These were below average last year and have reduced significantly this year which is good.
- *Agency/Bank spend:* This was significantly above average and had worsened in year. DS highlighted that the Trust were already very aware of the issue and JF stated that this was already being addressed through a QIPP plan.
- *CCG contract:* Like most Trusts, contracts were unsigned, but the Trust was maintaining its cash flow.
- *Income disclosure:* The Trust’s disclosure was one of the fuller disclosures they had audited and this represented good practice.

JB commented that the stock count in pharmacy did not appear robust, although applying the error across the entire stock count did not create a material issue, but in light of previous internal audit recommendations in this area, the Trust should consider improvements in recording movements of stock in pharmacy. JF confirmed this was in hand. JB also commented on the complexities of auditing the Trust income as the mappings from the coding to the accounts were unnecessarily complex. MT confirmed that this was being reviewed in Q1.

JB thanked JF, MT & DD for both the quality of the draft accounts and the help and support provided to the audit team over the course of the audit. DS thanked Deloitte for their audit.

The Committee approved the 2012/13 Annual Accounts and Annual Report.

5.2 Quality Accounts Report

HB explained to Committee members that External Audit are required to provide a report on the Quality Accounts for the Council of Governors, but that this is not a public report. The Trust has to report on 2 of 3 national indicators and has chosen cDiff and Cancer 62 days. There is also a mandated standard to report against, namely incidents resulting in severe harm. The audit report is not on the Trust’s performance against these indicators, but on the arrangements for reporting against them e.g. data quality issues. In relation to cancer 62 days, the testing identified one issue with the data, so testing was then widened, but no further errors found. For cDiff there were no data errors found. The severe harm standard is new in 2012/13 and is affected by significant clinical judgement issues. Consequently, the Chief Executive statement will need to be appropriately caveated.

The Committee formally approved the Quality Accounts to go to Trust Board.

6 Internal Audit

6.1 Draft Internal Audit Plan 2013/14

NA presented the plan highlighting the key issues that were considered in its developments, namely; the response to the Francis Report; the new Monitor Licence; Board Development requirements; the QIPP requirement; staff training, and the governance arrangements concerning community integration. DS was pleased to see Clinical Audit as a key review and asked RSM Tenon to provide a

report for the September meeting, specifically covering off progress against the recommendations made in the last audit. He also asked that the Monitor Licence is kept to the fore as we progress through the year. TMR commented that the plan was good and covered the key priorities.

The Committee approved the Internal Audit Plan 2013/14.

6.2 Draft review of: Standing Orders; Standing Financial Instructions; Reservation of Powers and Scheme of Delegation

NA explained that the Trust had asked for support in reviewing these key policies and the report made recommendations of areas the Trust should consider. JF thanked NA for the review and said that the Trust would work through the recommendations and, combined with changes the Trust was already proposing, would bring revised policies to the September Committee for consideration and approval.

7 Counter Fraud

7.1 Annual Report 2012/13

NA presented the annual report on behalf of RSM Tenon, the provider of the LCFS service during 2012/13. He highlighted the key areas of work in the year and that meetings had taken place with Parkhill, the new provider, to ensure a seamless handover. The report included a summary of investigations undertaken. JF noted that the employee who was an illegal worker and was subsequently jailed, had actually undertaken work for the Trust. Consequently, the Trust had not suffered a financial loss, but the worker had received a pecuniary advantage. TMR highlighted that 86 days were delivered on proactive activity and 100 days on reactive and asked if fraud at the Trust was worse than elsewhere. NA clarified that these figures were not out of line with other Trusts.

7.2 Draft LCFS Plan 2013/14

MR presented the plan highlighting that it covered the four key strategies as defined by NHS Protect, namely: strategic governance; hold to account; inform and involve, and prevent and deter. The plan had been discussed with JF and MT. JF said that TF had not yet had an opportunity to provide any feedback, but would do so outside the meeting.

The Committee approved the plan, subject to any final amendments from TF.

7.3 Progress Report 2013/14

MR stated that the report was very short given that Parkhill had only been providing the LCFS since 1st April. He confirmed that adequate handover had taken place with RSM Tenon.

7.4 Sickness Absence Fraud

NA presented the review highlighting that, whilst no fraud had been identified, Trust policy was not being applied consistently. A number of recommendations had been made and accepted by the Trust for enhancing the reporting and management of sickness reporting.

7.5 Gifts and Hospitality and Declarations of Interest

NA presented the review which concluded that the Trust was compliant with its current policy, but the policy should be extended to cover all budget holders, not just directors. There also needed to be a campaign to raise awareness as it is an area where there is a risk of under reporting.

8 Audit Committee Business

8.1 Monitor recommendations concerning self-certification

JF presented a paper updating the Committee on the Board Statements Confirming Compliance with Governance Standards as required by Monitor as part of the Annual Plan submission. The topic had been discussed at a meeting of the Trust Chair, Audit Committee Chair, Chief Executive and Director of Finance, and the conclusions from that meeting were reflected in the paper. Each of the

statements is owned by an executive lead and the Trust is in a good position to make the required declaration at its next Board meeting. JF drew attention to three particular statements. Firstly, that the Trust remains compliant with its Licence: NA confirmed that Internal Audit was part of the work plan to monitor and ensure ongoing compliance. Secondly, that Board members have the capability to discharge their functions effectively: TMR confirmed a review of the Board would be undertaken to inform a Board Development Programme. Thirdly, that the Board is satisfied that the Trust complies with the law: JF said that each executive had been through a questionnaire and as far as each individual was aware, the Trust was compliant with the law. DS summarised that the Trust was either OK with each declaration or a plan was in place. JF said that there was provision in the internal audit work plan to ensure on-going review of compliance with the standards. DS said the document was helpful.

The Committee discussed and approved the draft declaration for final consideration by the Trust Board.

8.2 Review of Counter Fraud Policy

MT presented a paper summarising proposed changes to the Trust's Counter Fraud Policy. In addition to reflecting the change in LCFS provider, the policy has been updated to include the requirements of The Bribery Act 2010.

The Committee approved the revised policy.

8.3 Audit recommendation tracker

MT presented the report highlighting that, whilst there had been progress in clearing some of the outstanding recommendations, further recommendations had now become overdue. DS expressed concern that progress was not satisfactory. TMR also made clear that the position was not acceptable and that managers and directors had to take responsibility for implementing agreed audit actions in a timely manner. JF said that he would present the outstanding list to the executive each month and that it should also form part of the divisional performance review process.

8.4 Requests for waivers of standing orders

JF presented the report highlighting that there were 11 waivers in the period. This was partly due to the annual renewal of some of the advocacy services. The agency waiver was in relation to overseas recruitment of neo-natal nurses and the consultancy waivers were to assist with QIPP schemes. DS reiterated that there is no good reason for waivers to be retrospective.

Date of next meeting: 25th September 12.30-2pm, Trust Office Meeting Room

Action Table

| Agenda item | Action required | Deadline | Person responsible |
|-----------------------------------|--|-----------------|---------------------------|
| Draft Internal Audit Plan 2013/14 | Present a report on Clinical Audit to the next Committee meeting, specifically addressing the recommendations from the previous audit. | 18/9/13 | Nick Atkinson |
| Draft review of SO/SFIs/RoP& SoD | Respond to internal audit review and present revised policies for review at next meeting. | 18/9/13 | Jo Farrar |
| Draft LCFS Plan 2013/14 | TF to review the plan and provide any final feedback to MR | 31/5/13 | Tracey Fletcher |
| Audit recommendation tracker | Report outstanding recommendations to the executive team and in the divisional performance reviews | On-going | Jo Farrar |

AUDIT COMMITTEE

Minutes of Meeting 18th December 2013 Trust Office Meeting Room

| | | |
|-----------------------|-------------------|-------------------------------------|
| Present: | David Stewart | Non-Executive Director (Chair) |
| | Imelda Redmond | Non-Executive Director |
| In attendance: | Tim Melville-Ross | Chairman |
| | Tracey Fletcher | Chief Executive |
| | Jo Farrar | Director of Finance |
| | Dylan Jones | Chief Operating Officer |
| | Matt Tattersall | Deputy Director of Finance |
| | Mark Pockett | Head of Financial Control (minutes) |
| | James Barker | Deloitte, External Audit |
| | Nick Atkinson | Baker Tilly, Internal Audit |
| | Macks Robertson | TIAA, Counter Fraud |
| | William Simpson | TIAA, Counter Fraud |

1. Apologies

John Gieve

2. Minutes of the last Audit Committee meeting held on 25th September 2013

The minutes were agreed.

3. Minutes of the last Finance & Performance Committee meeting held on 28th August 2013

The minutes were agreed.

4. Matters arising not on the agenda

JB confirmed that “non-operating expenses” is not specifically defined and is treated differently by different Trusts, therefore comparisons are difficult.

JB advised that Deloitte were not aware of any NHS body sourcing external finance from a commercial source.

NA said he would circulate information concerning current fraud issues in the NHS immediately after the close of the meeting.

JF confirmed that the Board Effectiveness programme was being developed and would be discussed with TM-R.

5. External Audit

5.1 External Audit update

JB informed the Committee that Monitor had just published the NHS FT Annual Reporting Manual 2013/14. It did not contain any surprises, clarified requirements in respect of consolidating the Trust's Charity into the accounts but did not raise any concerns. He had met with representatives from the Governing Body to consider how reporting to them could be improved and some changes had been agreed. He said that they would be reviewing the Trust's utility costs as they were significant across a number of their clients. He explained that he would be interested in the Trust's response to the CQC findings having had an initial informal briefing from MT. He confirmed that the Interim Audit would be undertaken in January with any finding reported back to the March 2014 Committee.

6 Internal Audit

6.1 Progress Report

NA introduced the report by saying that three reports had been issued since the last meeting (Mandatory Training Phase 1 having been reported to the last Committee). A number of other reports were in draft and awaiting final comments from management. DS asked if lack of progress was a problem. NA confirmed that there were no current delays and the backlog of work related to the need for the new Chief Nurse to have time to agree scopes of work earlier in the year. There was good engagement with the Chief Nurse and MT was sitting in on all audit debriefs to help ensure the process was working and the outcomes meaningful. NA confirmed that they will back on plan by the end of the financial year. NA stated that internal audit were looking to help support the Trust with the new CQC approach by asking “how does this feel to you” rather than simply providing assurances.

6.2 Review of Whistleblowing Policy

NA explained that internal audit had been asked to look at the Raising Concerns at Work (Whistleblowing) Policy in the light of the Francis report to see if it encouraged appropriate whistleblowing. The conclusion was that the policy was clear, contained what would be expected, and compared favourably with similar policies at other organisations. DS said that the context for this was that there was a perceived weakness with the policy. NA reiterated that the policy was sound, but that testing would be required once it was sufficiently embedded to test the effectiveness of the policy. IR asked if the policy was used. TF confirmed it had been, but that there was a fine line between whistleblowing and vexatious complaints, so it was important for people to follow the proper processes for dealing with issues/grievances etc. IR commented on experience elsewhere when someone effectively became a notorious “whistleblower” rather than use appropriate channels. NA agreed it was a difficult area and would liaise with TF to agree how the effectiveness of the policy could be tested.

6.3 Budgetary Control and Financial Reporting

NA introduced the report confirming it was rated Green (substantial assurance). There was an issue about the Barts Central Team deleting data concerning approvers of budget adjustments. DS asked if this had been rectified. MT explained that it could not be retrieved retrospectively but that a report had been put in place to capture this data going forward. NA explained that the results of the budget holder survey were very positive, certainly compared with other organisations, but that a common theme was that further training was required. JF confirmed that this recommendation was accepted and additional training was being developed.

6.4 Financial Feeder Systems

NA introduced the report confirming it was rated Amber/Green (reasonable assurance). He commented that the review was broadly pretty good though the same issue with the Barts Central Team had been identified as in the Budgetary Control report. The Trust had accepted that the evidence showing how debtors were tracked could be improved and this was being addressed. The segregation of duties issues had been addressed and MT confirmed this was implemented on 30th November. NA commented that the audit had not identified any major concerns and the recommendations were to be expected from a new team reviewing these systems for the first time.

7 Counter Fraud

7.1 Progress Report

MR introduced the report and said that there had been good progress on training as: counter Fraud was now on the Induction Programme, training had been delivered to the Finance and Procurement Directorate, and the LCFS had been part of a Financial Governance training session. He said that there were technical issues with rolling out the eLearning package that the IT department were looking into. The LCFS had supported the HR department procure a scanner that checks passports and visas that will reduce the risk of the Trust employing an illegal worker. There were two ongoing investigations, one is with HR for consideration of disciplinary action and the other requires further evidence to prove timesheet fraud. DS asked if there were any particular trends/issues the Trust should be aware of. MR said that Mandate Fraud was a current issue, but that had been covered in the training to the Finance and Procurement team. WS said that Procurement Fraud was an ongoing problem across the NHS and NHS Protect was looking to

undertake a national proactive exercise on this. The issue is across the whole process and included: tendering issues; waivers; contract award, and bribery. NA commented that this wasn't new but the NHS was getting better at identifying the fraud that was already occurring. DS commented that all waivers are reported to the Committee. JB said that making awards to companies that belonged to the people making the award was a problem. DS queried where we were with updating our declarations of interest policy. The Committee had approved the new policy in September and JF said he would ask the Head of Governance for an update on implementation.

7.2 Benchmarking Report

MR presented a benchmarking report for 2012/13. DS queried why levels of fraud appeared high at Homerton, was this due to greater levels of fraud or better reporting? MR clarified that the level was largely related to how referrals had been made by the overseas visitor team and then cases opened by the previous LCFS. MR suggested that there was little value in this approach as opening investigations had not led to recovery of any outstanding amounts. Having reviewed the process, MR was content that the overseas visitors' policy and procedures were robust and being followed and he would not be opening fraud investigations unless specific fraud was identified. In relation to identity fraud, this would reduce as a result of the purchase of the passport scanner.

8 Financial Performance and Planning

8.1 Capital Update

JF introduced the paper by highlighting that the Trust was forecasting capital spend of £19.1m against funding of £19.2m. The largest item was the Boiler Replacement project. The current underspend was due to slippage on equipment that was forecast to catch up by year end. He said that the figures for 14/15 and 15/16 were to be treated with caution as they reflected current bids for funds and had not been validated or prioritised. The DoH had, in principle, approved a loan for the funding of the Pathology and Maternity projects. IR asked if the plan would look ahead further than just the next 2 years. JF clarified that we were required to plan for the next 5 years and this would have to include our strategic priorities over that period.

8.2 Treasury Management

MT explained that any investments outside of the GBS accounts incurred a 3.5% interest (PDC) charge. This method of calculating the Trust's PDC was new for 2013/14 and given the current interest rates achievable on investments were below 3.5%, the Trust were not holding any investments.

MT reported that debtors had increased to £20m and the bank balance had reduced to £15.6m as a result of the on-going underpayments by commissioners.

There was no longer a requirement for an FT to hold a working capital facility, however given our cash forecast and income underpayment the Trust was looking to extend the current £10m facility as we will have a cash requirement by the end of the financial year if the issues were not resolved. The cost of the facility was likely to increase from 0.5% to 0.75% and no other providers were willing to offer the facility. The current facility expires at the end of January 2014.

The Committee approved the extension of the Trust's £10m working capital facility, but asked that this only be acted on if the cash position was still at risk due to the contractual dispute with commissioners.

MT explained that the DoH had agreed in principle to provide a loan to the Trust to fund the Pathology and 2nd Floor Maternity Developments but this would require approval from the Trust Board.

The Committee recommended to the Trust Board approval in principle to the DoH loan to pay for the Pathology and 2nd Floor Maternity Developments.

8.3 Budget Setting, Business Planning and the Annual Plan

JF explained that the timetable reflected all known dates at this stage but would be updated as and when further deadlines were known. The first submission of the Annual Plan will be due at the start of April and will require a two year plan. A second submission is due in June and will cover a five year period.

The Committee will need to review the draft 2 year plan, prior to submission, in March and the 5 year plan, prior to submission, in May.

The 2013/14 forecast was in line with the plan, however, this remained dependant on the outcome of the contracting issues.

The Income for the 2014/15 plan has been adjusted for known changes including 1.9% deflation and CQUIN. Expenditure updated for the non-recurrent items and full year effect of investment decisions. The planning assumptions are for a £2.6m surplus which will give a £11.5m CIP target for the trust.

Any CCG income reductions initiatives will be feed into the scenario planning.

9 Financial Policy & Governance

9.1 Audit Recommendation Tracker

Of the 6 outstanding recommendations from the last Committee, 4 remained outstanding. A further 2 recommendations had become outstanding since the last meeting and 7 had been implemented. Whilst there were dates in place to implement the outstanding recommendations, it was noted that there were a significant number of internal audit reports due in the coming months so the total number of recommendations on the tracker was likely to increase.

9.2 Losses and Special Payments Schedule

The schedule was noted.

9.3 Tender Waiver Schedule

JF presented the tender waiver schedule and confirmed that he had appropriate documentation to support each of the waiver requests.

9.4 Review of Financial Risks

JF highlighted that the main risk related to the issues with the CCG. DS asked if this was becoming a "Red" risk. JF clarified that the RAG rating was driven by the score, but that if the score increased to be above 16, it would turn red. DS asked if there was an additional risk to include concerning the costs of compliance with increasing level of standards that were being demanded. JF said this would be reviewed.

9.5 Investment Committee Report

MT presented a paper updating the Committee on the work of the Investment Committee. Since the last Finance and Performance Committee 20 business cases and 23 investment approval documents had been approved.

10 Audit and Finance Committee Business

10.1 Audit and Finance Committee Terms of Reference

These were provided for information, having already been approved by Trust Board.

10.2 Draft Audit and Finance Committee Workplan

JF said this set out the key tasks the Committee would undertake and when. TMR asked what the training was and JF replied this would be informed by the self assessment exercise planned for March. There was a standard process for this produced by the DoH and the Healthcare Financial Management Association. TMR suggested it should dovetail with the Board assessment he was

planning. It was agreed to undertake the process in March and that MT would forward the proposed self-assessment to DS and TMR for review.

Date of next meeting: To be confirmed

Action Table

| Agenda item | Action required | Deadline | Person responsible |
|---------------------------|--|-----------------|---------------------------|
| Matters arising | Circulation of current fraud issues | Dec 2013 | NA |
| Whistleblowing Policy | Liaise with TF to agree how the implementation of the policy can be effectively tested | April 2014 | NA |
| Counter Fraud | Request an update from the Head of Governance on implementation of the new Declarations of Interest Policy | January 2014 | JF |
| Review of Financial Risks | Consider including an additional risk that covers the costs of compliance with the increasing level of standards | January 2014 | JF |
| Committee Workplan | Forward proposed self-assessment tool to DS and TMR | December 2013 | MT |

AUDIT COMMITTEE

**Minutes of Meeting 23rd May 2014
Trust Office Meeting Room**

| | | |
|-----------------------|-------------------|--------------------------------------|
| Present: | David Stewart | Non-Executive Director (Chair) |
| | Sir John Gieve | Non-Executive Director (items 1-5) |
| In attendance: | Tim Melville-Ross | Chairman |
| | Jo Farrar | Director of Finance |
| | Sheila Adam | Chief Nurse |
| | David Bridger | Head of Governance |
| | Matt Tattersall | Deputy Director of Finance (minutes) |
| | Heather Bygrave | Deloitte, External Audit |
| | Gary Wong | Deloitte, External Audit |
| | John Elbake | Baker Tilly, Internal Audit |
| | Macks Robertson | TIAA, Counter Fraud |

1. Apologies

None

2. Minutes of the last Audit Committee meeting held on 24th March 2014

The minutes were agreed.

3. Matters arising not on the agenda

Audit Committee self-assessment would be reported at the September meeting.

4. Statutory Reporting

4.1 Annual Accounts 2013/14

JF introduced the accounts. He explained that the Trust had now completed its assessment of the impact of the revaluation of the estate. The approach taken had been agreed with Deloitte. The result is that the overall increase in value of £10.2m consists of a positive revaluation through reserves of £11.2m and an impairment to the Statement of Comprehensive Income (SOCl) of £1.0m. Whilst the £1.0m is a charge to the SOCl, it is not taken in to account by Monitor when reporting our underlying financial position as it is in effect an accounting adjustment. JG queried why there was an impairment when the net position was a positive revaluation. JF explained that each asset was revalued individually and if there was not a revaluation reserve against a particular asset that was decreasing in value, the impairment had to be charged to the SOCl. HB explained that this was in line with International Accounting Standards and Monitor's requirements.

4.2 Annual Report 2013/14

DB presented the annual report to the Committee.

4.3 Quality Account 2013/14

DB explained that the draft Quality Account had only recently been sent to the CCG for their response, but they had undertaken to respond ahead of the deadline.

5 External Audit

5.1 Statutory Audit Report

HB introduced her report by stating that 2013/14 had been a more complex year. This reflected the issues the Trust had experienced in agreeing contracts with commissioners and had led to a number of changes since the draft accounts were prepared. However, the Trust was not untypical from their other clients. Deloitte were happy with how the Trust had treated the impairment. They anticipated issuing an unmodified opinion and had no concerns with the Annual Governance Statement. 78% of the top 10 receivables had been recovered and management had posted adjustments to the accounts that had increased the provision for bad debt. Whilst some risk remains over the debt with City & Hackney CCG Deloitte had reviewed the Heads of Terms, activity and payments and conclude that the Trust's judgement on recoverability of debt is not unreasonable. Debtor days were better than at their other NHS clients. The Trust had taken a prudent approach in relation to the Agreement of Balances exercise with other NHS bodies. The Trust had followed Monitor's guidance in relation to the transfer of assets from the former City and Hackney PCT. The Trust had appropriate arrangements in place for securing Value for Money and there is nothing to highlight. The annual report was still under review but a number of amendments had been agreed by the Trust based on Deloitte's feedback.

The Committee agreed to recommend approval of the accounts and annual report to the Board.

5.2 Quality Accounts Report

HB explained to Committee members that External Audit are required to provide a report on the Quality Accounts (QA) for the Council of Governors, but that this is not a public report. It is a requirement to consult with commissioners for 30 days, but this timescale is very tight. If feedback is not received they would make their statement "except for" reviewing the commissioner feedback. HB commented that the QA was rather long, but actually easier to read than many they audit. No errors were found in the sample data on either the cancer or cDiff standards. JG asked whether the views of commissioners were important. HB explained that they were, but it would be very unusual for them to raise concerns.

The Committee agreed to recommend approval of the Quality Account to the Board.

6 Internal Audit

6.1 Annual Report

JE introduced the report and explained that there had been no red rated reports during the year. The Committee could draw significant assurance from this. There were four reports that were amber / red and the issues in those reports did require attention. However, there were no major issues that needed to be included in the Annual Governance Statement. There was no change to the draft Head of Internal Audit opinion that had been presented to the Committee in March. DS remarked that the Committee would produce its Annual Report and highlight the Amber/Red reports and the actions that needed following up. JG agreed that action was required on the Amber/Red actions. DS asked that both executive leads and Internal Audit report back in September on progress against the action plans in the amber/red reports.

6.2 IT Audit and Information Security

JE introduced the report and explained that it was rated Amber/Green with some issues to address. JF commented that the Informatics Committee had found the review helpful and was addressing the issues raised.

6.3 Divisional Business Planning

The review is rated green with only one low priority recommendation made.

6.4 Payroll

JE said that the review was rated Amber/Green with four medium and three low priority recommendations made. There was nothing of significant concern raised.

6.5 Patient Feedback

JE said that the review was rated Amber/Red with some issues needing addressing. SA said that this was an area where much work had been undertaken. The Patient Engagement strategy had taken some time to develop given the wide consultation that was undertaken. She said the strategy addressed many of the issues raised. In addition a new contract was being put in place for patient feedback. DS asked if we could be clear on the dates for dealing with the recommendations.

7 Clinical audit

SA introduced the report that responded to the queries raised at the last meeting. There is no clear distinction between Clinical Audit (CA) and Research & Development (R&D). However, R&D is more rigorous and scientific. CA looks at how well a service is performing and therefore you can't draw the same conclusions as an R&D study. CA is useful for undertaking national benchmarking and the Trust is participating in all relevant national audits. The issue for the Trust is the number of local audits that get registered but are not then recorded as complete. This tends to be junior doctors commencing audits for their portfolios but then not completing. SA highlighted that new Clinical Audit strategy is in the final stages of approval and will address the issues raised in the previous review.

DS asked how many audits were still in process. SA stated that there were 289 registered audits in 2013/14, with 167 completed by April 2014. That the next stage was for the divisions to produce their clinical audit plans which SA said would be supported by the divisional quality and risk leads. DS said that whilst the registration of audits may now be covered, it was the follow through that appeared to be the problem. He requested that Clinical Audit becomes a standing item on the agenda and that we have assurance on the process. SA also stated the importance of the lessons learnt from the audits.

8 Counter Fraud

8.1 Annual report 2013/14

MR introduced the report and explained it covered the four areas of: Strategic Governance; Inform and Involve; Prevent and Deter, and Hold to Account. During the year there had been two cases where the Trust had sought sanction and redress. DS asked if there were any current issues the Trust should be aware of. MR replied that mandate fraud remained an issue in the NHS but that the training given to the finance department should mitigate this risk.

8.2 Draft LCFS Plan 2014/15

MR presented the plan which covered the key risks the Trust face.

The Committee approved the plan.

9 Financial Performance and Planning

9.1 Reference Cost plan for submission

JF explained that the Trust would be making its Reference Cost submission at the end of July. The report set out the recommendations from last year's review and the associated action plan. The Board would need to satisfy itself that procedures were in place to ensure a prescribed quality checklist could be completed at the time of submission.

The Committee approved the proposed approach.

9.2 Treasury Management

MT updated the Committee on the latest cash position. He explained that the average cash balance in the year was lower than planned due to the withholding of payments by

commissioners. That had led to a higher dividend payment to the Treasury at the end of the financial year. He confirmed that the Trust had not renewed its working capital facility.

9.3 Capital Update

MT presented the capital update explaining that expenditure at the end of April 2014 was £1.4m and this was in line with plan.

10 Financial Policy & Governance

10.1 Audit Recommendation Tracker

Of the 8 outstanding recommendations from the last Committee 3 had been implemented with a further 1 recommendation becoming outstanding.

10.2 Tender Waiver Schedule

JF presented the tender waiver schedule and confirmed that he had appropriate documentation to support each of the waiver requests. The main items represented a number of bespoke Estates items; the maintenance of equipment in bio-chemistry that had been allowed to lapse and advocacy services. DS stated that better planning would reduce the number of waivers required.

10.3 Review of Financial Risks

JF highlighted that the risks labelled Board Assurance Framework would be reported to the Board. DS asked what the situation was with the tendering of the community contract. JF replied that the Trust was still waiting to hear. DS commented that the push to integrate services appeared inconsistent with a three year tendering cycle.

10.4 Investment Committee Report

MT presented a paper updating the Committee on the work of the Investment Committee. Since the last Committee 5 business cases and 11 investment approval documents had been approved.

11 Any other business

None

Date of next meeting: September 19th 2014, 8.30am-10.30am

Action Table

| Agenda item | Action required | Deadline | Person responsible |
|---------------------------------|---|-----------|----------------------------|
| Audit Committee Self-Assessment | Report back to the September meeting | Sept 2014 | DS |
| Internal Audit Annual Report | Produce a draft Audit Committee Annual Report highlighting the Amber/Red reports | May 2014 | MT |
| Internal Audit Annual Report | Executive leads and Internal Audit to report back in September on progress against the action plans in the amber/red reports. | Sept 2014 | Exec Leads/ Baker Tilly |
| Clinical audit | Add clinical audit as a standing agenda item | Sept 2014 | MT |

AUDIT COMMITTEE

Wednesday 19th December 2012

12:00 – 14:00

Trust Office Meeting Room, Education Centre

A G E N D A

Attachment

1. Apologies

For discussion/approval

2. Minutes of last meeting held on 26th September 2012

DS

12-28

3. Matters arising not covered elsewhere on the agenda

4. Counter Fraud

4.1 Progress Report

DG

12-29

5. External Audit

5.1 Annual Audit Plan

HB

12-30

6. Internal Audit

6.1 Progress Report and technical update

NT

12-31

6.2 Financial Management Report

NT

12-32

6.3 Financial Systems Report

NT

12-33

6.4 CQC Compliance Report

NT

12-34

6.5 Risk Management Report

NT

12-35

7. Audit Committee Business

7.1 Audit recommendation tracker

JF

12-36

7.2 Update on Service Line Management

JF

12-37

7.3 Update on Information Assurance

TF

12-38

7.4 Losses and Special Payments

DD

12-39

7.5 Requests for waivers of standing orders

DD

12-40

7.6 Recommendation for Internal Audit and Local Counter Fraud Contracts*** DS

12-41

8. Any Other Business

Date of next meeting: 27th March 2013, 12-2pm, Trust Offices Meeting Room

*** To be discussed under reserved business

AUDIT COMMITTEE

Wednesday 21st December 2011

12:00 – 14:00

Trust Office Meeting Room

A G E N D A

Attachment

1. Apologies

For discussion/approval

- | | | |
|--|----|-------|
| 2. Minutes of last meeting held on 28 th September 2011 | SH | 11-35 |
| 3. Matters arising not covered elsewhere on the agenda | | |
| 4. Internal Audit | | |
| 4.1 Progress Report | NT | 11-36 |
| 4.2 Complaints Report | NT | 11-37 |
| 4.3 Financial Management Report | NT | 11-38 |
| 4.4 Financial Systems Report | NT | 11-39 |
| 5. Counter Fraud | | |
| 5.1 Progress Report | DG | 11-40 |
| 6. External Audit | | |
| 6.1 Progress Report | HB | 11-41 |
| 7. Audit Committee business | | |
| 7.1 Losses and Compensations Policy | FI | 11-42 |
| 7.2 Losses and Compensations report | DD | 11-43 |
| 7.3 Audit recommendation tracker | DD | 11-44 |
| 7.4 IFRS 8 – Segmental Reporting | FI | 11-45 |
| 7.5 Requests for waivers of standing orders: none to report | | |

8. Any other business

Date of next meeting: 28th March 12-2pm, Trust Office Meeting Room

AUDIT COMMITTEE
Thursday 2nd June 2011
12-14:00
Trust Office Meeting Room
A G E N D A

Attachment

1. Apologies

For discussion/approval

| | | |
|--|----|-------|
| 2. Minutes of last meeting held on 30 th March 2011 | SH | 11-01 |
| 3. Matters arising not covered elsewhere on the agenda | | |
| 4. Statutory Reporting | | |
| 4.1 2010/11 Annual Accounts | JF | 11-02 |
| 4.2 2010/11 Annual Report | NH | 11-03 |
| 5. External Audit | | |
| 5.1 Annual Governance Report | AS | 11-04 |
| 5.2 Quality Accounts Report | AS | 11-05 |
| 5.3 PbR Data Assurance Framework report | AS | 11-06 |
| 6. Internal Audit | | |
| 6.1 Progress Report | NR | 11-07 |
| 6.2 Quality Accounts Report | NR | 11-08 |
| 6.3 Procurement Report | NR | 11-09 |
| 6.4 2010/11 Annual Report | NR | 11-10 |
| 6.5 2011/12 Annual Workplan | NR | 11-11 |
| 7. Counter Fraud | | |
| 7.1 2010/11 Annual Report | DG | 11-12 |
| 7.2 2011/12 Annual Workplan | DG | 11-13 |

8. Audit Committee business

| | | | |
|-----|---|----|-------|
| 8.1 | Audit Committee 2011/12 Workplan | FI | 11-14 |
| 8.2 | Bribery Act Policy | JF | 11-15 |
| 8.3 | Audit recommendation Tracker | DD | 11-16 |
| 8.4 | Losses and Compensations Report | DD | 11-17 |
| 8.5 | Requests for waivers of standing orders | FI | 11-18 |
| 8.6 | External audit tender update | FI | 11-19 |

9. Any other business

Date of next meeting: 28th September 2011 12 – 2pm, Trust Office Meeting Room

AUDIT COMMITTEE

Wednesday 27th March 2013

12:00 – 14:00

Trust Office Meeting Room, Education Centre

A G E N D A

Attachment

1. Apologies

For discussion/approval

2. Minutes of last meeting held on 19th December 2012 DS 12-42

3. Matters arising not covered elsewhere on the agenda

4. Counter Fraud

- 4.1 Progress Report DG 12-43

5. External Audit

- 5.1 Audit Update Paper HB 12-44

- Results from the planning and interim procedures
- Benchmarking of Q3 debt
- Sector update

6. Internal Audit

- 6.1 Annual Report NT 12-45
- 6.2 Clinical Audit NT 12-46
- 6.3 Community Services Data Quality NT 12-47
- 6.4 HR Management NT 12-48

7. Audit Committee Business

- 7.1 Annual review of Terms of Reference DS 12-49
- 7.2 Audit recommendation tracker MT 12-50
- 7.3 Monitor recommendations concerning self certification JF 12-51
- 7.4 Management of duplicate payments MT 12-52
- 7.5 Losses and Special Payments DD 12-53
- 7.6 Requests for waivers of standing orders JF 12-54

8. Any Other Business

Date of next meeting: **24th May 2013, 9.00-11am**, Trust Offices Meeting Room

9. **Committee members to have their annual private meeting with the external auditors**

AUDIT COMMITTEE

Wednesday 28th March 2012

12:00 – 14:00

Trust Office Meeting Room

A G E N D A

Attachment

1. Apologies

- Michael Keith, Non-Executive Director

For discussion/approval

| | | | |
|-----------|--|----|-------|
| 2. | Minutes of last meeting held on 21 st December 2012 | SH | 11-46 |
| 3. | Matters arising not covered elsewhere on the agenda | | |
| 4. | Internal Audit | | |
| 4.1 | Progress report and technical update | NT | 11-47 |
| 4.2 | Information Governance Toolkit report | NT | 11-48 |
| 4.3 | BAF/Risk Management report | NT | 11-49 |
| 4.4 | Equality and Diversity report | NT | 11-50 |
| 4.5 | Pharmacy report | NT | 11-51 |
| 4.6 | Draft Internal audit workplan 2012/13 | NT | 11-52 |
| 5. | Counter Fraud | | |
| 5.1 | Progress report (including investigations update) | DG | 11-53 |
| 5.2 | LPE report: Change in bank suppliers | DG | 11-54 |
| 5.3 | Draft LCFS workplan 2012/13 | DG | 11-55 |
| 6. | External Audit | | |
| 6.1 | Audit Status and Sector Update | HB | 11-56 |
| 7. | Audit Committee business | | |
| 7.1 | Terms of Reference | SH | 11-57 |
| 7.2 | Losses and Compensations Policy | FI | 11-58 |
| 7.3 | Audit recommendation tracker | DD | 11-59 |
| 7.4 | Requests for waivers of standing orders | FI | 11-60 |

8. Any other business

Date of next meeting: 28th May 12-2pm, Trust Office Meeting Room

AUDIT COMMITTEE
Monday 24th March 2014
8.30am-10.30am
Trust Office Meeting Room
AGENDA

| | | Attachment |
|---|----|-------------------|
| 1. Apologies | | |
| For discussion/approval | | |
| 2. Minutes of last Audit Committee meeting held on 18 th December 2013 | DS | 13-49 |
| 3. Matters arising not covered elsewhere on the agenda | | |
| 4. External Audit | | |
| 4.1 Sector Update | HB | 13-50 |
| 4.2 Interim Audit Report | HB | 13-51 |
| 5. Internal Audit | | |
| 5.1 Progress Report | NA | 13-52 |
| 5.2 Internal Audit Strategy 2014/15 – 2016/17 | NA | 13-53 |
| 5.3 Risk Management – Risk Register | NA | 13-54 |
| 5.4 Mandatory Training | NA | 13-55 |
| 5.5 Clinical Audit Follow Up | NA | 13-56 |
| 6. Reference Cost Audit | JF | 13-57 |
| 7. Counter Fraud | | |
| 7.1 Progress Report | MR | 13-58 |
| 8. Financial Performance and Planning | | |
| 8.1 Budget Setting, Business Planning and the Operational Plan | JF | to follow 13-59 |
| 8.2 Treasury Management | MT | 13-60 |
| 8.3 Capital Update | MT | 13-61 |
| 9. Financial Policy & Governance | | |
| 9.1 Audit Recommendation Tracker | MT | 13-62 |
| 9.2 Tender Waiver Schedule | JF | 13-63 |
| 9.3 Review of Financial Risks | JF | 13-64 |
| 9.4 Investment Committee report | MT | 13-65 |
| 10. Audit & Finance Committee Business | | |
| 10.1 Audit Committee Self-Assessment | DS | 13-66 |
| 11. Any Other Business | | |
| 11.1 Members to have private meeting with Internal and External Auditors | | |

Date of next meeting
May 23rd 2014, 8.30am-10.30am

AUDIT COMMITTEE
Monday 24th March 2014
8.30am-10.30am
Trust Office Meeting Room
AGENDA

| | | Attachment |
|---|----|-------------------|
| 1. Apologies | | |
| For discussion/approval | | |
| 2. Minutes of last Audit Committee meeting held on 18 th December 2013 | DS | 13-49 |
| 3. Matters arising not covered elsewhere on the agenda | | |
| 4. External Audit | | |
| 4.1 Sector Update | HB | 13-50 |
| 4.2 Interim Audit Report | HB | 13-51 |
| 5. Internal Audit | | |
| 5.1 Progress Report | NA | 13-52 |
| 5.2 Internal Audit Strategy 2014/15 – 2016/17 | NA | 13-53 |
| 5.3 Risk Management – Risk Register | NA | 13-54 |
| 5.4 Mandatory Training | NA | 13-55 |
| 5.5 Clinical Audit Follow Up | NA | 13-56 |
| 6. Reference Cost Audit | JF | 13-57 |
| 7. Counter Fraud | | |
| 7.1 Progress Report | MR | 13-58 |
| 8. Financial Performance and Planning | | |
| 8.1 Budget Setting, Business Planning and the Operational Plan | JF | to follow 13-59 |
| 8.2 Treasury Management | MT | 13-60 |
| 8.3 Capital Update | MT | 13-61 |
| 9. Financial Policy & Governance | | |
| 9.1 Audit Recommendation Tracker | MT | 13-62 |
| 9.2 Tender Waiver Schedule | JF | 13-63 |
| 9.3 Review of Financial Risks | JF | 13-64 |
| 9.4 Investment Committee report | MT | 13-65 |
| 10. Audit & Finance Committee Business | | |
| 10.1 Audit Committee Self-Assessment | DS | 13-66 |
| 11. Any Other Business | | |
| 11.1 Members to have private meeting with Internal and External Auditors | | |

Date of next meeting

May 23rd 2014, 8.30am-10.30am

AUDIT COMMITTEE

Monday 28th May 2012

12:00 – 14:00

IT Suite, Education Centre

A G E N D A

Attachment

1. Apologies
- Michael Keith, Non-Executive Director

For discussion/approval

- | | | |
|--|-------|--------|
| 2. Minutes of last meeting held on 28 th March 2012 | SH | 12-01 |
| 3. Matters arising not covered elsewhere on the agenda | | |
| 4. Statutory Reporting | | |
| 4.1 Annual Accounts 2011/12 | JF | 12-02 |
| 4.2 Annual Report 2011/12 | NH/DB | 12-03 |
| 5. External Audit | | |
| 5.1 Statutory Audit Report | HB | 12-04 |
| 5.2 Quality Accounts Report | HB | 12-05 |
| 6. Internal Audit | | |
| 6.1 Annual Report 2011/12 and Head of Internal Audit Opinion | NR | 12-06 |
| 6.2 Progress Report | NR | 12-07 |
| 6.3 Medirest Report | NR | 12-08 |
| 6.4 Pharmacy Report & Management Action Plan | NR/SR | 12-09 |
| 6.5 Quality Accounts and Information Assurance Report | NR | 12-10 |
| 7. Counter Fraud | | |
| 7.1 Annual Report 2011/12 | DG | 12-11 |
| 7.2 Progress Report | DG | Verbal |
| 8. Audit Committee Business | | |
| 8.1 Audit recommendation tracker | FI | 12-12 |
| 8.2 Service Line Management action plan | JF | 12-13 |
| 8.3 Audit tender update | FI | 12-14 |
| 8.4 Requests for waivers of standing orders | FI | 12-15 |

9. Any Other Business

Date of next meeting: 26th September 12-2pm, Trust Office Meeting Room

AUDIT COMMITTEE

Friday 24th May 2013

9:00 – 11:00

Trust Office Meeting Room

AGENDA

Attachment

1. Apologies

For discussion/approval

| | | |
|--|-------|-----------|
| 2. Minutes of last meeting held on 27 th March 2013 | DS | 13-01 |
| 3. Matters arising not covered elsewhere on the agenda | | |
| 4. Statutory Reporting | | |
| 4.1 Annual Accounts 2012/13 | JF | 13-02 |
| 4.2 Annual Report 2012/13 | TF/DB | To follow |
| 5. External Audit | | |
| 5.1 Statutory Audit Report | HB | 13-04 |
| 5.2 Quality Accounts Report | HB | 13-05 |
| 6. Internal Audit | | |
| 6.1 Draft Internal Audit Plan 2013/14 | NA | 13-07 |
| 6.2 Draft review of: Standing Orders; Standing Financial Instructions; Reservation of Powers and Scheme of Delegation | NA | 13-08 |
| 7. Counter Fraud | | |
| 7.1 Annual Report 2012/13 | NA | 13-09 |
| 7.2 Draft LCFS Plan 2013/14 | MR | 13-10 |
| 7.3 Progress Report 2013/14 | MR | 13-11 |
| 7.4 Sickness Absence Fraud | NA | 13-12 |
| 7.5 Gifts and Hospitality and Declarations of Interest | NA | 13-13 |
| 8. Audit Committee Business | | |
| 8.1 Monitor recommendations concerning self certification | JF | To follow |
| 8.2 Review of Counter Fraud Policy | MT | 13-15 |
| 8.3 Audit recommendation tracker | MT | 13-16 |
| 8.4 Requests for waivers of standing orders | JF | 13-17 |

9. Any Other Business

Date of next meeting: 25th September 12-2pm, Trust Office Meeting Room

AUDIT COMMITTEE
Friday 23rd May 2014
8.30am-10.30am
Trust Office Meeting Room
AGENDA

| | | Attachment |
|--|----|-------------------|
| 1. Apologies | | |
| For discussion/approval | | |
| 2. Minutes of last Audit Committee meeting held on 24 th March 2014 | DS | 14-01 |
| 3. Matters arising not covered elsewhere on the agenda | | |
| 4. Statutory Reporting | | |
| 4.1 Annual Accounts 2013/14 | JF | 14-02 |
| 4.2 Annual Report 2013/14 | DB | 14-03 |
| 4.3 Quality Account 2013/14 | DB | to follow 14-04 |
| 5. External Audit | | |
| 5.1 Statutory Audit Report | HB | 14-05 |
| 5.2 Quality Accounts Report | HB | 14-06 |
| 6. Internal Audit | | |
| 6.1 Annual Report | JE | 14-07 |
| 6.2 IT Audit and Information Security | JE | 14-08 |
| 6.3 Divisional Business Planning | JE | 14-09 |
| 6.4 Payroll | JE | 14-10 |
| 6.5 Patient Feedback | JE | 14-11 |
| 7. Clinical Audit | | |
| 7.1 Clinical Audit Report | SA | 14-12 |
| 8. Counter Fraud | | |
| 8.1 Annual Report 2013/14 | MR | 14-13 |
| 8.2 Draft LCFS Plan 2014/15 | MR | 14-14 |
| 9. Financial Performance and Planning | | |
| 9.1 Reference Cost plan for submission | JF | 14-15 |
| 9.2 Treasury Management | MT | 14-16 |
| 9.3 Capital Update | MT | 14-17 |
| 10. Financial Policy & Governance | | |
| 10.1 Audit Recommendation Tracker | MT | 14-18 |
| 10.2 Tender Waiver Schedule | JF | 14-19 |
| 10.3 Review of Financial Risks | JF | 14-20 |
| 10.4 Investment Committee report | MT | 14-21 |
| 11. Any other business | | |

Date of next meeting
September 19th 2014, 8.30am-10.30am

AUDIT COMMITTEE

Wednesday 26th September 2012

12:00 – 14:00

Trust Office Meeting Room, Education Centre

A G E N D A

Attachment

1. Apologies

For discussion/approval

- | | | |
|--|----|--------|
| 2. Minutes of last meeting held on 28 th May 2012 | DS | 12-16 |
| 3. Matters arising not covered elsewhere on the agenda | | |
| 4. Counter Fraud | | |
| 4.1 Progress Report | DG | 12-17 |
| 5. External Audit | | |
| 5.1 Progress report | HB | Verbal |
| 5.2 Charitable Funds Consolidation update | HB | Verbal |
| 6. Internal Audit | | |
| 6.1 Progress Report | NT | 12-18 |
| 6.2 2011/12 Assurance Healthcheck | NT | 12-19 |
| 6.3 Quality Governance follow up | NT | 12-20 |
| 6.4 Revalidation of Doctors report | NT | 12-21 |
| 7. Audit Committee Business | | |
| 7.1 Audit recommendation tracker | DD | 12-22 |
| 7.2 Draft Audit Committee Annual Report | JF | 12-23 |
| 7.3 Draft Audit Committee Workplan | JF | 12-24 |
| 7.4 Medirest Report update | JF | 12-25 |
| 7.5 Audit tender update | JF | 12-26 |
| 7.6 Requests for waivers of standing orders | DD | 12-27 |
| 8. Any Other Business | | |

Date of next meeting: 19th December 12-2pm, Trust Office Meeting Room

AUDIT COMMITTEE

Wednesday 28th September 2011

12:30 – 14:00

Trust Office Meeting Room

A G E N D A

Attachment

1. Apologies

For discussion/approval

- | | | |
|--|----|-------|
| 2. Minutes of last meeting held on 2 nd June 2011 | SH | 11-20 |
| 3. Matters arising not covered elsewhere on the agenda | | |
| 4. Internal Audit | | |
| 4.1 Progress Report | NT | 11-21 |
| 4.2 CQUIN Report | NT | 11-22 |
| 4.3 Quality Governance Report | NT | 11-23 |
| 4.4 ESR Report | NT | 11-24 |
| 4.5 Market Analysis Report | NT | 11-25 |
| 5. Counter Fraud | | |
| 5.1 Progress Report | DG | 11-26 |
| 6. External Audit | | |
| 6.1 External audit tender summary | JF | 11-27 |
| 6.2 2011/12 Annual Workplan | HB | 11-28 |
| 7. Audit Committee business | | |
| 7.1 Audit Committee 2010/11 Annual Report | SH | 11-29 |
| 7.2 Audit recommendation tracker | DD | 11-30 |
| 7.3 SFIs, SOs and Scheme of Delegation | DD | 11-31 |
| 7.4 Hospitality Policy | JF | 11-32 |
| 7.5 Private Patients and Fee Paying Policy | JF | 11-33 |
| 7.6 Requests for waivers of standing orders | FI | 11-34 |
| 8. Any other business | | |

Date of next meeting: 21st December 12-2pm, Trust Office Meeting Room

AUDIT COMMITTEE

Wednesday 25th September 2013

12pm - 2pm

Trust Office Meeting Room

AGENDA

| | | Attachment |
|---|----|-------------------|
| 1. Apologies | | |
| For discussion/approval | | |
| 2. Minutes of last meeting held on 24 th May 2013 | DS | 13-18 |
| 3. Matters arising not covered elsewhere on the agenda | | |
| 4. External Audit | | |
| 4.1 Planning report | HB | 13-19 |
| 4.2 Sector development | HB | 13-20 |
| 5. Internal Audit | | |
| 5.1 Progress Report | NA | 13-21 |
| 5.2 Mandatory Training – Phase 1 | NA | 13-22 |
| 6. Counter Fraud | | |
| 6.1 Progress Report | MR | 13-23 |
| 7. Audit Committee Business | | |
| 7.1 Draft Audit Committee Annual Report | JF | 13-24 |
| 7.2 Draft Audit Committee Workplan | JF | 13-25 |
| 7.3 Review of draft: Standing Orders; Standing Financial Instructions; Reservation of Powers and Scheme of Delegation | JF | 13-26 |
| 7.4 Draft Standards of Business Conduct, Declarations of Interest and Gifts and Hospitality Policy | DB | 13-27 |
| 7.5 Draft Secure Management of Patients' Property Policy | DB | 13-28 |
| 7.6 Audit recommendation tracker | MT | 13-29 |
| 7.7 Requests for waivers of standing orders | JF | 13-30 |
| 8. Any Other Business | | |

Date of next meeting: 18th December 12.30-2.30pm, Trust Office Meeting Room

AUDIT COMMITTEE
Friday 19th September 2014
8.30am-10.30am
Trust Office Meeting Room
AGENDA

| | | Attachment |
|--|----|-------------------|
| 1. Apologies | | |
| For discussion/approval | | |
| 2. Minutes of last Audit Committee meeting held on 23 rd May 2014 | DS | 14-22 |
| 3. Matters arising not covered elsewhere on the agenda | | |
| 4. Internal Audit | | |
| 4.1 Progress Report | NA | 14-23 |
| 4.2 Complaints Management | NA | 14-24 |
| 4.3 Incident Management | NA | 14-25 |
| 5. External Audit | | |
| 5.1 Planning Report | HB | 14-26 |
| 5.2 Sector Development | HB | 14-27 |
| 6. Clinical Audit | | |
| 6.1 Clinical Audit Report | SA | to follow |
| 7. Counter Fraud | | |
| 7.1 Progress Report | MR | 14-29 |
| 8. Financial Performance and Planning | | |
| 8.1 Treasury Management | MT | 14-30 |
| 8.2 Capital Update | MT | 14-31 |
| 9. Financial Policy & Governance | | |
| 9.1 Audit Recommendation Tracker | MT | 14-32 |
| 9.2 Tender Waiver Schedule | JF | 14-33 |
| 9.3 Review of Financial Risks | JF | 14-34 |
| 9.4 Investment Committee report | MT | 14-35 |
| 10. Audit Committee Business | | |
| 10.1 Audit Committee Annual Report 2013/14 | DS | 14-36 |
| 10.2 Audit Committee Self-Assessment | DS | 14-37 |
| 11. Any other business | | |

Date of next meeting
December 8th 2014, 8.30am-10.30am

AUDIT COMMITTEE
Wednesday 30th March 2011
12-14:00
Trust Office Meeting Room
A G E N D A

Attachment

1. Apologies

For discussion/approval

| | | |
|--|----|--------|
| 2. Minutes of last meeting held on 15th December 2010 | SH | 10-45 |
| 3. Matters arising not covered elsewhere on the agenda: | | |
| - Annual Report | FI | Verbal |
| - Charitable Funds audit report | FI | Verbal |
| 4. Internal audit – Progress Report and Technical Update | NT | 10-46 |
| 5. Internal audit – Training Delivery Report | NT | 10-47 |
| 6. Internal Audit – CQC and Risk Management Report | NT | 10-48 |
| 7. Internal Audit – Terms of Authorisation Report | NT | 10-49 |
| 8. Internal Audit – DSO Divisional Review Report | NT | 10-50 |
| 9. External Audit – Progress Report | PJ | 10-51 |
| 10. Counter Fraud – Progress Report | DG | 10-52 |
| 11. Counter Fraud – Provider Risk Paper | DG | 10-53 |
| 12. Counter Fraud – Strategic Fraud Risk Assessment | DG | 10-54 |
| 13. Counter Fraud – Policy Review document | DG | 10-55 |

| | | |
|---|----|-------|
| 14. Audit Recommendations Tracker | DD | 10-56 |
| 15. Audit Committee Draft Self Assessment | FI | 10-57 |
| 16. Audit Committee Terms of Reference | FI | 10-58 |
| 17. Requests for waivers of standing orders | FI | 10-59 |
| 18. External audit tender | FI | 10-60 |

For Information

| | | |
|--|----|-------|
| 19. Annual Accounts 2010/11 Update | DD | 10-61 |
| 20. Internal Audit and Counter Fraud Contract update | SH | 10-62 |

21. Any other business:

- Impact of Monitor's new role

Date of next meeting: Thursday 2nd June, 12 – 2pm Trust Office Meeting Room

AUDIT COMMITTEE

**Minutes of Meeting 24th March 2014
Trust Office Meeting Room**

| | | |
|-----------------------|-------------------|--------------------------------------|
| Present: | David Stewart | Non-Executive Director (Chair) |
| | Imelda Redmond | Non-Executive Director |
| | Sir John Gieve | Non-Executive Director |
| In attendance: | Tim Melville-Ross | Chairman |
| | Tracey Fletcher | Chief Executive |
| | Jo Farrar | Director of Finance |
| | Sheila Adam | Chief Nurse (item 5) |
| | Matt Tattersall | Deputy Director of Finance (minutes) |
| | Heather Bygrave | Deloitte, External Audit |
| | Gary Wong | Deloitte, External Audit |
| | Nick Atkinson | Baker Tilly, Internal Audit |
| | Macks Robertson | TIAA, Counter Fraud |

1. Apologies

None

2. Minutes of the last Audit Committee meeting held on 18th December 2013

The minutes were agreed.

3. Matters arising not on the agenda

None

4. External Audit

4.1 Sector update

HB highlighted the introduction of the Better Care Fund and suggested the Trust would need to reflect the impact in its strategic plan. She reminded the Committee that Monitor had split its Annual Plan process in to two documents: an Operational Plan covering 2014/15-2015/16 for submission in April and a Strategic Plan covering 2014/15-2018/19 for submission in June. She highlighted that Monitor and NHS England would be checking the plans against those of commissioners. JG asked what "units of planning" were. JF clarified that CCGs were working together in clusters to develop coordinated plans, however, City and Hackney CCG were designated a unit of planning in their own right. DS asked if the Trust's plans had been reconciled with those of the CCG but JF said that this was not yet possible as the CCG plans needed further development.

4.2 Interim Audit Report

HB explained that Monitor has issued the revised Annual Reporting Manual the previous week, however, it did not contain any changes that had not been anticipated. Guidance on Quality Accounts had only been published on 25th February 2014. The Trust would be assessed against the 62 day cancer and cDiff targets. A third indicator for review would be chosen by the governors.

HB noted that debtor days had increased across many of Deloitte's NHS clients, but that the situation was worse at Homerton. JF responded that it was a consequence of the contractual position with the CCG. He enquired if HB was aware of anything being done across the NHS to address the issues. DS queried who is responsible and TF clarified that NHS England (NHSE) were ultimately responsible for the CCGs, and the Trust would still pursue the issue with NHSE. JF also highlighted the loss to the provider sector as a result of increased PDC costs.

DS queried whether the ongoing level of cost reductions would start to impact service delivery. JF stated that all 2014/15 schemes were subject to a risk assessment, but that there was still a gap in terms of identified schemes. NA commented that with 50% of Trusts in deficit there may already be impacts on quality at other providers. DS said it was good that we were not forecasting a deficit, but JF said that we had still lost income due to the contracting difficulties, including the loss of funding for overheads on the community contract. DS sought assurance that the deletion by [Redacted] of data concerning journal authorisations had now been resolved. JF confirmed that it had going forward, though there was no possibility of recovering the lost data.

5 Internal Audit

5.1 Progress Report

NA introduced the report by saying that three reports had been issued since the last meeting and six were in draft awaiting management comments. Time allocated for location visits had been transferred to a piece of work reviewing the non-emergency patient transport contract. The Procurement review had been deferred to 2014/15 and the days allocated to Quality Accounts (no longer required due to the work being undertaken by External Audit) transferred to the 2014/15 plan. Whilst a number of reports were still to be finalised, as no reports had been issued in year with a Red rating it was likely that the Head of Internal Audit Opinion would give "significant assurance", with some minor caveats reflecting the Amber/Red reports.

5.2 Internal Audit Strategy 2014/15-2016/17

NA explained that the plan had been based on discussions with JF and MT and was influenced by the Head of Internal Audit Opinion and the Trust's strategy. DS asked if anything obvious was missing. NA said no, it covered the key issues and can be flexible and respond to emerging issues, as had been evidenced by the approach taken in 2013/14. IR requested that the work on contracts should cover relationships with the CCG. JG sought assurance over the Trust's definition of severe harm and NA said that he would follow this up through the draft Incidents Management Report. JF explained that a sector wide review, including commissioners and providers, was underway in North East London, sponsored by Monitor, the Trust Development Authority and NHS England. He said that it would be helpful for Internal Audit to review the plans that emerge.

The Committee approved the Internal Audit Strategy.

5.3 Risk Management – Risk Register

NA introduced the report confirming it was rated Amber/Green (reasonable assurance). The report had already been taken to the Risk Committee who would be overseeing the implementation of the recommendations.

5.4 Mandatory Training (phase two)

NA introduced the report confirming it was rated Amber/Green (reasonable assurance). He said the Trust had made good progress in this area but some elements of training are still not achieving the 75% target for completion. In particular, there had been difficulties with some members of staff accessing the Information Governance training. JG asked if the underlying data was robust. NA explained that whilst no issues were identified with the underlying data, as there is not a quality assurance process in place, there is a risk of inaccurate reporting of the figures.

5.5 Clinical Audit Follow Up

NA explained that the report followed up on the recommendations made in the previous year's clinical audit report. Whilst there had been progress, there remained a number of issues to close down. The clinical audit strategy had been drafted, infrastructure supporting clinical audit had been strengthened and learning had been shared at an annual audit day. However, the changes still needed to be embedded. SA explained that each division now had an audit post supporting them and the Trust's Head of Quality was providing a strong lead. She confirmed that we did deliver on the national audits but we were less successful in completing local audits. A new screening process was in place for all new audits. IR asked if the process was properly resourced and SA replied that she felt it was, following the redeployment of posts in to the divisions. JG asked what we audited against and had there be an increase in number since the Francis report.

SA explained that the audits were generally against national standards and were focussed on services. TF explained that the audits fell in to three categories:

- National audits that were very prescribed and had to be submitted nationally.
- Local audits led by senior clinicians that were generally well run and completed.
- Local audits initiated by junior doctors, often to support their professional development, that were sometimes initiated without appropriate support in place.

DS queried the benefit of the local audits. TF explained that a good audit could provide valuable learning for the organisation and also by providing opportunities for junior doctors to undertake audit enhanced the Trust's reputation. DS proposed that SA prepare a paper for the next meeting setting out where the Trust is against the National Audits and at what stage the local audits are at. IR asked for a list of what all the audits actually are. TF confirmed that a paper giving assurance about both the process and completion of audits would be provided

6 Reference Cost Audit

JF introduced the report explaining that Capita had undertaken a review on behalf of the Department of Health (DoH). The overall conclusion had been influenced by a number of factors:

- The Trust had not obtained permission to exclude both the costs and activity associated with the community services. This was a new requirement for this submission.
- Education and Training Income had not been appropriately allocated.

It was also recommended that a formal process be undertaken in future to review and identify any changes in reference cost guidance and this in turn should form the basis of the verification of the submission by senior management. IR asked why we had been subject to the review. JF explained that it was based on previous reports and queries over our draft submission. DS asked what happens next. JF explained that the report was for DoH assurance on the quality of reference costs and the report is not published or reported elsewhere. He confirmed that an action plan was in place to address all the recommendations.

7 Counter Fraud

7.1 Progress Report

MR introduced the report and highlighted that the identity document scanner was now in use by the Workforce team. He also reported that the National Fraud Initiative (NFI) had highlighted 12 employees whose immigration status required checking. This had been undertaken and all employees had provided immigration clearance documentation. The NFI also highlighted 174 payroll queries, but these had all been investigated by MR and no fraud detected. DS enquired about what frauds were current. MR stated that mandate fraud was a particular problem but this had been covered off by training given to the Finance team. JG queried a news report that stated fraud in the NHS was running at £5bn and how did this relate to the figures at Homerton. MR stated that the figure was based on extrapolating various data. It also included the costs of employing people subsequently identified as illegal workers – and whilst this was fraud, it did not represent a true loss as the individuals did undertake work while being paid.

8 Financial Performance and Planning

8.1 Budget Setting, Business Planning and the Operational Plan

JF explained that the draft paper was going to be discussed at the Board meeting. The main area of uncertainty related to the income from commissioners. DS queried if a fall in contract income would be offset by reducing the surplus. JF replied that he did not believe it was an issue of affordability by the CCG and therefore funding should be maintained.

8.2 Treasury Management

MT reminded the Committee that any investments outside of the GBS accounts incurred a 3.5% interest (PDC) charge. This method of calculating the Trust's PDC was new for 2013/14 and given the current interest rates achievable on investments were below 3.5%, the Trust were not holding any investments.

MT reported that following the agreement of Heads of Terms with City and Hackney CCG, £17m of unpaid and underpaid invoices had been settled. A further £5m remained outstanding and the Trust's year end cash balance was now forecast to be £21m.

MT explained that there was no longer a requirement for a Foundation Trust to hold a working capital facility. NatWest were unwilling to continue a facility at the current level of £10m and the cost for a smaller facility was to increase. Given the Trust had no plans to use a facility it was proposed to remove the working capital facility. JG queried the timing of the proposal given the recent cash flow issues with commissioners. JF explained that the Trust could not allow itself to be in the same position again, but did have the option of approaching the bank in future if short term support was required.

The Committee approved the removal of the Trust's working capital facility.

8.3 Capital Update

MT introduced the paper by highlighting that the Trust was forecasting capital spend of £18.1m against funding of £19.9m. The underspend was due to slippage on the boiler project and medical equipment that was being deferred in to 2014/15. The Trust had been successful in a bid to the Nursing Technology Fund and was to receive £677k to be spent in March 2014 on Vital Signs Monitoring. The capital budget had been increased accordingly.

9 Financial Policy & Governance

9.1 Audit Recommendation Tracker

In addition to the 6 outstanding recommendations from the last Committee a further 2 recommendations had become outstanding and 11 new recommendations had all been implemented. DS commented that some of the expected completion dates looked challenging. MT agreed to review the expected completion dates with each director and update where necessary before the next meeting.

9.2 Tender Waiver Schedule

JF presented the tender waiver schedule and confirmed that he had appropriate documentation to support each of the waiver requests.

9.3 Review of Financial Risks

JF highlighted that the ratings for the "commissioning landscape" and "financial performance" risks had been increased to 16.

9.5 Investment Committee Report

MT presented a paper updating the Committee on the work of the Investment Committee. Since the last Committee 7 business cases and 8 investment approval documents had been approved.

10 Audit Committee Business

10.1 Audit Committee Self-Assessment

JF explained that in addition to the self-evaluation form designed in parallel with the Board evaluation form, it was proposed that the Committee also completed the Self-Assessment Checklist from the Audit Committee Handbook. It was also proposed that all attendees at the Committee should complete the evaluations, not just the non-executive members of the Committee. It was agreed that not all attendees would be able to fill out all aspects of both forms, but that they should complete what they were able to.

The Committee agree to undertake both self-assessments and return them to Matt Tattersall by 25th April.

11 Any other business

Members of the Committee then met in private for their annual meeting with the Internal and External Auditors

Date of next meeting: May 23rd, 8.30am-10.30am

Action Table

| Agenda item | Action required | Deadline | Person responsible |
|---------------------------------|--|-----------------|---------------------------|
| Clinical audit follow up | Prepare a paper for the May meeting setting out where the Trust is against national and local audits to provide assurance on both the process and completion of audits | May 2014 | SA |
| Audit recommendation tracker | Agree revised implementation dates with directors as required | May 2014 | MT |
| Audit Committee Self-Assessment | Complete both evaluation forms and return to MT | 25th April 2014 | All Committee attendees |

Remuneration Committee
Wednesday 26 May 2010
13.00 – Trust Offices
Meeting Room

A G E N D A

1. Welcome & Apologies

Minutes Cheryl Clements

2. Minutes of the Last Meeting

To follow

3. Executive Performance 2009/10

NH Paper 1

4. Executive Director Remuneration Report

CC Paper 2

5. Recommendations/Decisions

6. Any other business

7. Date and time of next meeting

Remuneration Committee
Wednesday 26th February 2014
Education Centre
Conf Rm 1

A G E N D A

1. Welcome & Apologies
2. Terms of Reference Paper 1
3. Executive Director Remuneration Report Paper 2
4. Recommendations/Decisions
5. Any other business

Remuneration Committee
Wednesday 30th May 2012
Trust Offices Meeting Room

A G E N D A

1. Welcome & Apologies

Minutes Jo Cutting

2. Executive Performance 2011/12

NH Paper 1

3. Executive Director Remuneration Report

NH/JC Paper 2

4. Recommendations/Decisions

5. Any other business

6. Date and time of next meeting

AUDIT COMMITTEE

Tuesday 12 December at 2.00pm
in Trust Office Meeting Room

A G E N D A

| | | Paper | | Timetable |
|--------------------|---|------------------------|------------|-----------|
| 1. | Apologies: K Costeloe | | | 2.00pm |
| 2. | Minutes of last meeting held on 12 September 2006 | AC 06-13 | SH | 2.05pm |
| 3. | Matters arising not covered elsewhere on the agenda | | | 2.15pm |
| Governance | | | | |
| 4. | To be ratified: a) Waivers of Standing Orders b) Standards of Business Conduct Policy | AC 06-14 AC 06-15 | CC PB | 2.20pm |
| 5. | a) To review the Audit Committee ToR b) To receive the Draft Risk Committee ToR | AC 06-16a AC 06-16b | PB PB | 2.30pm |
| 6. | Performance Monitoring Systems – compliance issues | | CC | 2.40pm |
| 7. | External Audit Reports Progress Report December 2006 KPMG report: response to detailed recommendations | AC 06-17 AC 06-18 | KPMG CC | 2.50pm |
| Performance | | | | |
| 8. | Internal Audit Reports Progress Report December 2006 | AC 06-19 | AA | 3.10pm |
| 9. | Counter Fraud Reports Quarterly Progress Report | AC 06-20 | SCJ | 3.20pm |
| 10. | Trust Financial position | | CC | 3.30pm |
| 11. | Finance & Information Department Restructure | AC 06-21 | CC | 3.40pm |
| | <u>Date of next meeting: 13 March 2007 @ 2pm</u> | | | |
| | <u>Part 2 – Audit Committee Members Only</u> | | | |
| 12. | To discuss the future provision of audit services | | CC | 3.50pm |

Remuneration Committee

Wednesday 27th April 2011 (following Board of Directors)

Trust Offices Meeting Room

A G E N D A

| | Lead | Paper |
|----------------------------------|-------------|--------------|
| 1. Welcome and apologies | | |
| 2. Minutes of previous meeting | | Paper 1 |
| 3. Redundancy | CC | Paper 2 |
| 4. Any other business | | |
| 5. Date and time of next meeting | | |

Remuneration Committee

Wednesday 27th April 2011 (following Board of Directors)

Trust Offices Meeting Room

A G E N D A

| | Lead | Paper |
|----------------------------------|-------------|--------------|
| 1. Welcome and apologies | | |
| 2. Minutes of previous meeting | | Paper 1 |
| 3. Redundancy | CC | Paper 2 |
| 4. Any other business | | |
| 5. Date and time of next meeting | | |

Remuneration Committee

Wednesday 30th March 2011 (following Board of Directors)

Trust Offices Meeting Room

A G E N D A

| | Lead | Paper |
|----------------------------------|-------------|--------------|
| 1. Welcome and apologies | | |
| 2. Minutes of previous meeting | | Paper 1 |
| 3. Mutually Agreed Resignation | CC | Paper 2 |
| 4. Any other business | | |
| 5. Date and time of next meeting | | |

AUDIT COMMITTEE

Tuesday 12 September at 2.00pm
in Chief Executive's office

A G E N D A

| | | Paper | | Timetable |
|--------------------|---|----------------------------------|----------------------------|-----------|
| 1. | Apologies: | | | 2.00pm |
| 2. | Minutes of last meeting held on 13 June 2006 | AC 06-01 | ES | 2.05pm |
| 3. | Matters arising not covered elsewhere on the agenda: a) Standards of Business Conduct Policy b) Risk Management Arrangements and Audit ToR c) Audit Committee Minutes June 2005 d) Review of end of year account processes e) HIV contract | AC 06-02 | PB PB TA CC CC | 2.15pm |
| Governance | | | | |
| 4. | To be ratified: a) Waivers of Standing Orders b) Writing, Developing and Reviewing Corporate Policies | AC 06-03 AC 06-04 | CC PB | 2.25pm |
| 5. | Audit Committee Annual Report | AC 06-05 | ES | 2.40pm |
| 6. | External Audit Reports Progress Report September 2006 Audit Plan 2006/07 Presentation for Annual Member's Meeting | AC 06-06 AC 06-07 AC 06-08 | KPMG KPMG | 2.50pm |
| Performance | | | | |
| 7. | Internal Audit reports Final Outturn 2005/06 Progress Report September 2006 | AC 06-09 AC 06-10 | AA AA | 3.10pm |
| 8. | Counter Fraud reports Quarterly Progress Report Local Fraud Plan 2006/07 | AC 06-11 AC 06-12 | SCJ SCJ | 3.30pm |
| 9. | Trust Financial position | | CC | 3.45pm |
| | <u>Date of next meeting: 12 December 2006 @ 2pm</u> | | | |

AUDIT COMMITTEE

Wednesday 19th December 2007, 11am
Trust Office Meeting Room

A G E N D A

| | | Paper | | Timetable |
|--------------------|--|----------------------------------|----------------|-----------|
| 1. | Apologies: | | | 11.00 |
| 2. | Minutes of last meeting held on 11th September 2007 | AC 07-24 | SH | 11.15 |
| 3. | Matters arising not covered elsewhere on the agenda: - Appointment of Internal and External Auditors - Impact of ESR implementation - Confirmation that audit of Consultants job plans added to Internal Audit plan | | CC CC CC | 11.20 |
| 4. | Appointment of new Director of Finance and Information | | CC | |
| Governance | | | | |
| 5. | External Audit Audit Commission Engagement Letter Audit Commission Audit plan Audit and accounting issues briefing | AC 07-25 AC 07-26 AC 07-27 | SP SP | 11:30 |
| 6 | Waivers to standing orders April to Sept 2007 | AC 07-28 | CC | |
| Performance | | | | |
| 7. | Internal Audit Reports Progress against 2007/8 Internal Audit Plan | AC 07-29 | AS | 11:45 |
| 8. | Counter Fraud Reports LCFS Progress Report | AC 07-30 | CP | 12:00 |
| 9. | Audit Code for NHS Foundation Trusts, October 2007 | AC 07-31 | CC | 12:15 |
| 10. | Audit Recommendation Tracker | AC 07-32 | TA | 12:30 |
| 11. | Clinical Coding update | AC 07-33 | TF | 12:45 |
| 12. | Any other business | | | |

Date of next meeting: 11 March 2008 at 2pm, Trust offices meeting rooms

AUDIT COMMITTEE

Wednesday 16th December 2009, 12pm
Trust Office Meeting Room

A G E N D A

| | Attachment | | |
|---|------------|----|-------|
| 1. Apologies | | | |
| 2. Minutes of last meeting held on 30th September 2009 | SH | AC | 09-25 |
| 3. Matters arising not covered elsewhere on the agenda | | | |
| 4. Coding and Income Recovery | KM-O | AC | 09-26 |
| 5. Audit Commission Update Report | AS | AC | 09-27 |
| 6. Audit Commission – Draft Audit Plan 09/10 | AS | AC | 09-28 |
| 7. Internal Audit – Update Report | FN | AC | 09-29 |
| 8. Internal Audit – Data Security and Control | FN | AC | 09-30 |
| 9. Counter Fraud – Update Report | HW | AC | 09-31 |
| 10. IFRS restatement and Charitable Funds Consolidation | DF | AC | 09-32 |
| 11. Annual Accounts 31 st March 2010 | DF | AC | 09-33 |
| 12. SFIs, SOs & SoD review | DF | AC | 09-34 |
| 13. Requests for waivers of standing orders | DF/DS | AC | 09-35 |
| 14. Audit recommendation tracker | DF | AC | 09-36 |
| 15. AOB | | | |

Date of future meetings: All 12-2 pm in the Trust Offices Meeting Rooms

Wednesday 31st March 2010

Thursday 3rd June 2010 (Approval 09/10 accounts & report)

Wednesday 29th September 2010

Wednesday 15th December 2010

Wednesday 30th March 2011

AUDIT COMMITTEE

Tuesday 5 June at 2.00pm
in Trust Office Meeting Room

A G E N D A

| | | Paper | | Timetable |
|--------------------|--|----------------------------------|-------------|-----------|
| 1. | Apologies: Kate Costeloe | | | 14.00 |
| 2. | Minutes of last meeting held on 28 March 2007 | AC 07-09 | SH | 14.05 |
| 3. | Matters arising not covered elsewhere on the agenda | | | 14.10 |
| Governance | | | | |
| 4. | Annual Report & Accounts 2006/07 (including SIC) Internal and External Audit Recommendation Tracker | AC 07-10 | CC/PB TA | 14.15 |
| 5. | External Audit Reports KPMG Progress Report Audit Memorandum Management Representations Letter 2006/07 | AC 07-11 AC 07-12 AC 07-13 | KPMG | 14.45 |
| Performance | | | | |
| 6. | Internal Audit Reports Internal Audit Progress Report Draft Internal Audit Annual Report 2006-07 Draft Internal Audit Plan 2007-08 | AC 07-14 AC 07-15 AC 07-16 | AS | 15.10 |
| 7. | Counter Fraud Reports Quarterly Progress Report | AC 07-17 | CP | 15.30 |
| 8. | Trust Financial position | | CC | 15.45 |
| | <u>Date of next meeting: 11 September 2007 @ 2pm</u> | | | |

AUDIT COMMITTEE

11 June 2008, 2.00pm
Trust Office Meeting Room

A G E N D A

| | | Paper | |
|--------------------|--|----------------------|--------|
| 1. | Apologies: | | |
| 2. | Minutes of last meeting held on 11 th March 2008 | AC 08-12 | SH |
| 3. | Matters arising not covered elsewhere on the agenda Coding | | TF |
| Governance | | | |
| 4. | Approval of Annual Accounts 2007/08 (including SIC) | AC 08-13 AC 08-14 | AA |
| 5. | Approval of Annual Report 2007/08 | AC 08-15 | PB |
| 6. | Internal Audit Annual Report 2007-08 including Head of Internal Audit opinion | AC 08-16 | AS |
| 7. | Annual Governance report | AC 08-17 | PJ |
| 8. | Waivers to standing orders | AC 08-18 | TA |
| Performance | | | |
| 9. | Outgoing Internal Audit: Audit Consortium Internal Audit Progress Report | AC 08-19 | AS |
| 10. | Incoming Internal Audit Progress report: KPMG Revised Internal Audit Plan 2008-09 | AC 08-20 | KPMG |
| 11. | Internal Audit Progress Report | AC 08-21 | KPMG |
| 12. | Outgoing Counter Fraud Reports: Audit Consortium Annual report 2007-2008 | AC 08-22 | CP |
| 13. | Compound Indicator declaration | AC 08-23 | CP |
| 14. | Incoming Counter Fraud Reports: Bentley Jennison Outcome of formal risk assessment | AC 08-24 | RSM BJ |
| 15. | Progress Report | AC 08-25 | RSM BJ |
| 16. | Audit recommendation tracker | AC 08-26 | TA |
| 17. | Review of Audit Committee questionnaire | AC 08-27 | SH |
| | Date of next meeting: 24 September 2008, 11am | | |

AUDIT COMMITTEE

Wednesday 3rd June 2009, 9am
Trust Office Meeting Room

A G E N D A

| | | Attachment |
|--|-----------|------------|
| 1. Apologies | | |
| 2. Minutes of last meeting held on 25 th March 2009 | SH | AC 09-01 |
| 3. Matters arising not covered elsewhere on the agenda | | |
| 4. Head of Internal Audit Opinion | FN | AC 09-02 |
| 5. Audit Commission Annual Governance report | AS | AC 09-03 |
| 6. Approval of Annual Accounts 2008/09 | TA | AC 09-04 |
| 7. Approval of Annual Report | PB | To Follow |
| 8. Counter Fraud Annual Report | HW | AC 09-05 |
| 9. Counter fraud – Compound Indicators Report | HW | AC 09-06 |
| 10. Audit Commission PbR Assurance Framework Summary Report | AA | AC 09-07 |
| 11. Internal Audit Report – Standards for Better Health | FN | AC 09-08 |
| 12. Internal Audit Report – Terms of Authorisation | FN | AC 09-09 |
| 13. Internal Audit Report – Progress Report | FN | AC 09-10 |
| 14. Requests for waivers of standing orders | TA | AC 09-11 |
| 15. Audit recommendation tracker | TA | AC 09-12 |
| 16. Salary overpayments report | IP | AC 09-13 |
| 17. AOB | | |

Date of next meeting: Wednesday 30th September (12pm) Trust offices meeting rooms

AUDIT COMMITTEE

Wednesday 28 March at 12.30pm
in Trust Office Meeting Room

A G E N D A

| | | Paper | | Timetable |
|--------------------|---|--|------|-----------|
| 1. | Apologies: | | | 12.30 |
| 2. | Minutes of last meeting held on 12 December 2006 | AC 07-01 | SH | 12.35 |
| 3. | Matters arising not covered elsewhere on the agenda | | | 12.45 |
| Governance | | | | |
| 4. | Payment by Results data assurance framework | AC 07-02 | GB | |
| 5. | External Audit Reports KPMG Progress Report Systems and Governance Report Charitable Fund Audit Findings Financial Reporting Procedures - Observations | AC 07-03 AC 07-04 AC 07-05 AC 07-06 | KPMG | 12.55 |
| Performance | | | | |
| 6. | Internal Audit Reports Progress Report March 2007 | AC 07-07 | AS | 13.25 |
| 7. | Counter Fraud Reports Quarterly Progress Report | AC 07-08 | CP | 13.45 |
| 8. | Trust Financial position | | CC | 14.00 |
| | <u>Date of next meeting: 12 June 2007 @ 2pm</u> | | | |

AUDIT COMMITTEE

Tuesday 11th March 2008, 2pm
Trust Office Meeting Room

A G E N D A

| | | Paper | | Timetable |
|--------------------|--|----------|----------------------|-----------|
| 1. | Apologies: | | | 2:00 |
| 2. | Minutes of last meeting held on 19th December 2008 | AC 08-01 | SH | 2.05 |
| 3. | Matters arising not covered elsewhere on the agenda: - Progress in remedying overpayment of medical staff salaries - Audit of consultant job plans - Reasons for the waivers where data was missing from previous Committee report - Use of purchase cards | | PB AA AA AA | 2:10 |
| 4. | Clinical coding update | AC 08-02 | TF | 2:30 |
| Governance | | | | |
| 5. | External Audit: Audit progress report | AC 08-03 | SP | 2:40 |
| 6 | International Financial Reporting Standards | AC 08-04 | WP | 2:50 |
| 7 | Annual review of terms of reference | AC 08-05 | AA | 3:00 |
| 8 | Internal Audit Plan 2008/2009 | AC 08-06 | NT | 3:05 |
| 9 | Counter Fraud plan 2009/09 | AC 08-07 | MM | 3:15 |
| 10 | Audit handover arrangements | | AA | 3:25 |
| 11 | Waivers for standing orders | AC 08-08 | AA | 3:30 |
| Performance | | | | |
| 12. | Internal Audit Reports Progress against 2007/8 Internal Audit Plan | AC 08-09 | AS | 3:35 |
| 13. | Counter Fraud Reports LCFS Progress Report | AC 08-10 | CP | 3:40 |
| 14 | Audit Recommendation Tracker | AC 08-11 | PR | 3:50 |
| 15. | Any other business | | | |

Date of future meetings: 11 June 2008 at 2pm, Trust offices meeting rooms
 24th September, 11:30am, Trust offices meeting rooms
 17th December, 11:30am Trust offices meeting rooms

AUDIT COMMITTEE

Wednesday 25th March 2009, 12- 2pm
Trust Office Meeting Room

A G E N D A

| | | Attachment |
|--|-----------|------------|
| 1. Apologies: | | |
| 2. Minutes of last meeting held on 17 th December 2008 | SH | AC 08-51 |
| 3. Matters arising not covered elsewhere on the agenda | | |
| 4. International Financial Reporting Standards Implementation Plan | TA | AC 08-52 |
| 5. Annual Accounts 08/09 closedown update | TA | AC 08-53 |
| 6. Requests for waivers of standing orders | TA | AC 08-54 |
| 7. Audit Commission interim audit report | AS | AC 08-55 |
| 8. Audit Commission emerging issues | AS | AC 08-56 |
| 9. Internal Audit Progress Report | FN | AC 08-57 |
| 10. Internal Audit Report – Financial Reporting | FN | AC 08-58 |
| 11. Internal Audit Report – Financial Management | FN | AC 08-59 |
| 12. Internal Audit Plan 2009/10 | FN | AC 08-60 |
| 13. Counter fraud – Progress Report | HW | AC 08-61 |
| 14. Standards of Business Conduct review | HW | AC 08-62 |
| 15. Draft Fraud & Corruption Policy | HW | AC 08-63 |
| 16. Draft Raising Concerns at Work Policy | HW | AC 08-64 |
| 17. Counter fraud – Presentation | HW | |
| 18. Audit recommendation tracker | TA | AC 08-65 |
| 19. Audit Committee Terms of Reference | SH | AC 08-66 |
| 20. AOB | | |

Date of next meeting: Wednesday 3rd June (9am) Trust offices meeting rooms

AUDIT COMMITTEE

Tuesday 11th September 2007, 2.00pm
 Trust Office Meeting Room

A G E N D A

PART ONE

| | | Paper | | Timetable |
|--------------------|--|------------------------------------|------|-----------|
| 1. | Apologies: | | | 14.00 |
| 2 | Private session of the Audit Committee and the Auditors | | | |
| 2. | Minutes of last meeting held on 5th June 2007 | AC 07-18 | SH | 14.15 |
| 3. | Matters arising not covered elsewhere on the agenda - Payroll update | | TA | 14.20 |
| Governance | | | | |
| 4. | External Audit Reports Annual Summary of Work | | KPMG | 14:35 |
| Performance | | | | |
| 5. | Internal Audit Reports Outturn Against 2006/07 Internal Audit Plan Progress Against 2007/08 Internal Audit Plan | AC 07-19 AC 07-20 | AS | 14:45 |
| 6. | Counter Fraud Reports Counter Fraud Progress Report Annual Counter Fraud Report | AC 07-21 AC 07-22a AC 07-22b | SCJ | 15:00 |
| 7. | Audit Recommendation Tracker | AC 07-23 (Paper to follow) | TA | 15:15 |
| 8 | Clinical Coding | | GB | 15:30 |

Items Circulated for Information: AC 07-24 Annual Report of the Audit Committee

Date of next meeting: 11 December 2007 @ 2pm

AUDIT COMMITTEE

Wednesday 24th September 2008, 11am
Trust Office Meeting Room

A G E N D A

| | | Paper | |
|--------------------|--|----------|----|
| | Private discussion Audit Committee members and Auditors | | |
| 1. | Apologies: | | |
| 2. | Minutes of last meeting held on 11 th June 2008 | AC 08-28 | SH |
| 3. | Matters arising not covered elsewhere on the agenda | | |
| Governance | | | |
| 4. | External Audit Management Letter | AC 08-29 | SP |
| 5. | External Audit Progress Report | AC 08-30 | SP |
| 6. | Audit Committee Annual Report | AC 08-31 | SH |
| 7. | Requests for waivers of standing orders | AC 08-32 | TA |
| Performance | | | |
| 8. | Internal Audit Progress Report | AC 08-33 | JD |
| 9. | Internal Audit Report - Coding | AC 08-34 | JD |
| 10. | Internal Audit Report – Business Planning | AC 08-35 | JD |
| 11. | Internal Audit Report – Training and Development | AC 08-36 | JD |
| 12. | Counterfraud – Risk Assessment | AC 08-37 | HW |
| 13. | Counterfraud – Progress Report | AC 08-38 | HW |
| 14. | Audit recommendation tracker | AC 08-39 | TA |
| 15. | AOB | | |

Date of next meeting: 17th December, 11:30 am Trust offices meeting rooms

AUDIT COMMITTEE

Wednesday 30th September 2009, 12:30
Trust Office Meeting Room

A G E N D A

| | | Attachment |
|--|-----------|------------|
| 1. Apologies | | |
| 2. Minutes of last meeting held on 3 rd June 2009 | SH | AC 09-14 |
| 3. Matters arising not covered elsewhere on the agenda | | |
| 4. Audit Commission Progress report | AS | AC 09-15 |
| 5. Annual audit letter | AS | AC 09-16 |
| 6. Internal Audit – Progress Report | FN | AC 09-17 |
| 7. Internal Audit Report – Estates | FN | AC 09-18 |
| 8. Audit Committee annual report | FN | AC 09-19 |
| 9. Counter Fraud Progress Report | HW | AC 09-20 |
| 10. IFRS update | DF | AC 09-21 |
| 11. Salary overpayment progress | IP | AC 09-22 |
| 12. Requests for waivers of standing orders | DF | AC 09-23 |
| 13. Audit recommendation tracker | DF | AC 09-24 |
| 14. AOB | | |

Date of next meeting: Wednesday 16th December (12pm) Trust offices meeting rooms

Remuneration Committee

Minutes of the meeting held on 23rd February 2011

Present: Michael Cassidy
David Stewart
Eric Sorenson
Imelda Redmond
Stephen Hay

In attendance: Nancy Hallett, Chief Executive
Cheryl Clements, Director of Workforce & Education

1. The Workforce and Education Restructure paper was presented to the Committee. It outlined the significant savings targets the organisation is required to meet and the 15% percentage target for the Workforce directorate. To meet this saving, it is proposed to make [Redacted] redundant, realising the full impact of these savings in 2012/13. [redacted]

Outcome: This was agreed by the Remuneration Committee

2. Date of next meeting – 30th March 2011

Remuneration Committee

Minutes of the meeting held on 27th April 2011

Present: Michael Cassidy
David Stewart
Eric Sorenson
Imelda Redmond
Stephen Hay
Professor Michael Keith

In attendance: Nancy Hallett, Chief Executive
Cheryl Clements, Director of Workforce & Education

1. **Apologies for absence**

Apologies received from Chris Griffiths

2. The [Redacted] redundancy proposal paper was presented to the committee. Nancy Hallett outlined that discussions with the individual postholder took place prior to the transfer and the money to support this redundancy was transferred from CHS.

Outcome: This was agreed by the Remuneration Committee

3. Date of next meeting – May 2011

Remuneration Committee

Minutes of the meeting held on 30th March 2011

Present: Michael Cassidy
David Stewart
Eric Sorenson
Imelda Redmond
Stephen Hay
Professor Michael Keith
Professor Chris Griffiths

In attendance: Nancy Hallett, Chief Executive
Cheryl Clements, Director of Workforce & Education

1. The Mutually Agreed Resignation Scheme paper was presented to the committee. It outlined the total applications. It was proposed to support the application from the [redacted].

Outcome: This was agreed by the Remuneration Committee

2. Date of next meeting – 27th April 2011

Remuneration Committee
Wednesday 26th February 2014
Chief Executives Office

Present:

Tim Melville-Ross – Chairman
Prof. Chris Griffiths – Non executive director
David Stewart – Non executive director
Sir John Gieve – Non executive director
Vanni Treves – Non executive director

In attendance:

Tracey Fletcher – Chief Executive
Iain Patterson – Associate Workforce Director
David Bridger – Head of Governance (minutes)

Welcome and Apologies

Tim Melville-Ross welcomed attendees to the meeting and confirmed this is the annual review by the non-executive directors of pay for the executive directors of the Trust.

Apologies were received from Imelda Redmond, Non-Executive Director.

Remuneration Terms of Reference

The committee reviewed the terms of reference. It was agreed that these require revision on number of points and that these would be reviewed by Tim Melville-Ross, Iain Patterson and David Bridger. The committee discussed the requirement for the Remuneration Committee to approve redundancy payments. It was agreed that this would be reconsidered as part of the review to ensure that the terms of reference are aligned with the Trust Standing Orders and Scheme of Delegation.

Executive Director Remuneration Report

Iain Patterson presented the Executive Director Remuneration Report. He summarised the paper which outlined the current pay for executive directors when benchmarked against similar sized organisations and other senior managers in the Trust. He went on to explain the national position regarding NHS pay explaining that the review bodies are due to report to the Secretary of State soon and following this an announcement on public sector pay is expected to be made around the time of the budget (March 2014) with the likelihood being a decision not to uplift pay.

He went on to provide an explanation of how the Medical Director's pay is determined based upon salary as a Director and clinical commitments.

The committee discussed the report and agreed to defer a decision regarding Executive Director pay until the new financial year once an announcement on public sector pay has been made.

AOB

None

Remuneration Committee

Wednesday 23rd February 2011 (following Board of Directors)

Trust Offices Meeting room

A G E N D A

- | | | | Paper |
|----|-------------------------------|----|--------------|
| 1. | Welcome and apologies | | |
| 2. | Terms of reference (amended) | NH | Paper 1 |
| 3. | Redundancy Approval | CC | Paper 2 |
| 4. | Any other business | | |
| 5. | Date and time of next meeting | | |

Remuneration Committee

Wednesday 30th May, 2012

Notes of the Meeting

Present:

Michael Cassidy – Chairman
Prof. Chris Griffiths – Non executive director
Pro. Michael Keith – Non executive director
Imelda Redmond – Non executive director
David Stewart – Non executive director
Stephen Hay – Non executive director
Sir John Gieve – Non executive director
Vanni Treves – Non executive director
Nancy Hallett – Chief Executive (item 1-4 only)
Jo Cutting – Interim Workforce Director

Apologies:

Nil

1. MC welcomed attendees to the meeting and confirmed this is the annual review by the non-executive directors of pay for the executive directors of the Trust.
2. NH confirmed that the executive directors pay has been frozen for two years reflecting pay freezes for NHS staff. However organisational changes, in particular the increased complexity and load associated with the community service integration and changes to the executive director structure (both temporary and permanent) has resulted in increased portfolios for some executives more than others. For this reason, coupled with the market analysis on executive pay (item 3). NH asked the Committee to consider salary increases to executives as outlined in item 4.
3. The Committee received a paper outlining the current pay for executive directors when benchmarked against similar sized organisations. This highlighted the following:-
 - Chief Executive [Redacted]
 - Chief Operating Officer [Redacted]
 - Medical Director [Redacted]
 - Chief Nurse [Redacted]
 - Finance Director [Redacted]
4. NH outlined performance of the executive team with a recommendation for consideration of pay award as follows:-

Incorporating hospital and community health services, teaching and research

- Chief Operating Officer – Tracey Fletcher is the Chief Operating Office and Deputy Chief Executive. [Redacted] Her portfolio will increase with transactional HR report through her in the new structure. [Redacted] Recommended that she has a pay award to:-
 - recognise the increase in portfolio with integration of the community services and the change in reporting for transactional HR
 - [Redacted]
 - recognise the deputy Chief Executive role her position affords which is not highlighted in the comparator salaries
- Medical Director – [Redacted] He has recently reduced his clinical work to become a, largely, full time medical director which is a great asset to the organisation in this time of change both internally and in the wider health economy. [Redacted]
- Chief Nurse – [Redacted] Recommended he has a pay award to:-
 - recognise the increase in portfolio
 - [Redacted]
- Finance Director – [Redacted] He is not recommended for a pay award at this time.

[Redacted]

5. NH left the meeting and the Committee discussed her position. [Redacted]

The Committee discussed the potential salary for the new Chief Executive. The agreement was to keep it open and not advertise it with the post. The view was the salary was likely to be circa [Redacted] depending on experience.

6. The Committee agreed the following pay awards:-

| | |
|-------------------------|------------------|
| Chief Executive | £10,000 increase |
| Chief Operating Officer | £5,000 increase |
| Chief Nurse | £3,000 increase |
| Medical Director | no increase |
| Finance Director | no increase |

CONFIDENTIAL

REMUNERATION COMMITTEE

Draft Minutes of the meeting held on Wednesday May 26th 2010

Present

Michael Cassidy- Chairman (Chair)
Eric Sorensen- Non-Executive Director
David Stewart- Non-Executive Director
Imelda Redmond- Non-Executive Director
Stephen Hay- Non Executive Director
Professor Chris Griffiths - Non-Executive Director
Professor Michael Keith - Non -Executive Director

In attendance

Nancy Hallett - Chief Executive
Cheryl Clements- Director of Workforce and Education

1. APOLOGIES FOR ABSENCES

None

2. EXECUTIVE PAY REVIEW 2010/11 INTRODUCTION

The committee met to review the salaries paid to the Executive Directors and to ensure that current salaries reflect an individual's portfolio of responsibilities and the impact of the community services integration on additional responsibilities. In terms of comparability a salary benchmarking paper was presented taken from 46 Acute Foundation Trusts nationally.

3. POSTS CONSIDERED

The Chief Executive outlined her report and confirmed that all eligible executive directors have had an appraisal. She confirmed that the integration of community services would affect all roles and whilst a restructuring was not anticipated some changes to functional areas of responsibility may be needed.

Whilst all posts were discussed, recognising that most were recent appointments, the two posts for consideration for salary review were the Chief Executive role and the Director of Workforce and Education.

Market factors were considered and it was agreed that

Director of Environment [Redacted]
Medical Director was [Redacted]
Chief Executive was [Redacted]
Director of Workforce and Education was [Redacted]
Chief Nurse is a new appointment
Director of Finance is a new appointment

Chief Operating Officer is being covered on an interim basis

The committee considered the potential impact of any increase in salaries and the moral obligation to freeze salaries in the Public Sector this year.

4. RECOMMENDATION

The committee considered the remuneration of the Chief Executive and the Director of Workforce and Development. Though aware of the political climate and public sector pay, the committee recommended a slight increase in remuneration uplifting the Director of Workforce and Education salary by £2,000 and the Chief Executive by £5,000 to ensure both salaries were more in line with market rates and reflective of the responsibilities of each role.