

BIRMINGHAM EAST AND NORTH PCT

AUDIT COMMITTEE

Minutes of the meeting of the Audit Committee held on Thursday 8 January 2009 in the Boardroom at Waterlinks House at 9.00 am

Present Mark Ford (MF)– Non Executive Director
Richard Miner (RM) – Interim Chairman
Brendan O'Brien (BOB) - Non Executive Director

In Attendance Carol Brown (CB) – Counter Fraud
Mike Burns (MB) – Associate Director of Finance
Rubina Chaudray (RC) – Internal Audit
Gill Edwards (GE) – External Audit
Mark Watkins (MW) – Internal Audit
Hilary Wood (HW) – Head of Corporate Services

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| BEN | Apologies | Action |
| 08/30 | Apologies were received from Jonathan Tringham. | |
| BEN | Minutes of Previous Meeting | |
| 08/31 | The minutes of the meeting held on 17 September 2008 were approved and signed by the Chairman.
For note – 08/28 although the information was correct at the time Sue Nixon had subsequently been appointed Chairman of the IG&P Committee. | |
| BEN | Matters Arising | |
| 08/32 | 08/15 -
08/04 Specialised Commissioning - ongoing action.

08/05 Self Assessment 'has the Audit Committee established a process whereby it reviewed any material objection to the plans and associated assignments that could be resolved through negotiation'. The escalation process proposed by Internal Audit was approved.

08/17 LIFT – visit to Stockland Green still to be arranged. | |
| BEN | Report from External Audit | |
| 08/33 | <i>Recommendation Tracking Report</i>
R1 AAL 04/05 BPC – it was acknowledged that BEN had particular difficulties due to its hosting of services and it was proposed to remove this item from the tracking report and deal with it through the final accounts process.

R2 These partnership issues were being progressed but could not be resolved in isolation.

R3 Governance issues were being taken forward by IA. Only one SLA with South not signed for 08/09.

R9 All material contracts had been signed, actions in place over governance and procedural issues.

R15 There were a number of revised completion dates, a workshop of partners including BSMHT and PCTs had been held, BENPCT were driving forward recommendations which would take time to implement. RM would highlight these issues in his report to the January Board. | GE

RM |

There would be an added impetus on mental health and learning difficulties with Section 75.

R26 JT was meeting with BAS in January, overall there were few issues with LIFT but there would be close scrutiny in relation to IFRS.

R40 A new PbR for Inpatients would be starting shortly and would be picked up through the process with HEFT. MB now chaired the PMB.

Audit Progress Report

The only area of concern was PCT as Provider, Marie Moore was now picking up the concentrated piece of work looking at resource allocation. A report would be brought to a future Audit Committee. BOB chaired the Provider Arm Committee. Andy Donald was in charge of the work on care close to home/delayed discharges. Work on systems and main opinion to start next week.

Submission date for accounts this year was 23 April, there would be an extra meeting of the Audit Committee to review the accounts prior to the Board meeting on 22 April at 9 am.

An extra Audit Committee meeting would also be required prior to the Governance report submission on 12 June. This would be held on 4 June at 9 am.

RM

RM would request delegated authority for the Audit Committee at the January Board meeting.

Performance Assessment Framework

Appendix 2 had been updated showing the overall progress. There had been movement particularly around the lead commissioning arrangements and LIFT. Mental Health commissioning still had most outstanding items.

ALE

GE took the opportunity to outline the revised approach to ALE (which had been discussed at an internal BEN workshop) and what would be the important issues to focus on. Use of resources (UoR) was the area to concentrate on this year, which would be more challenging. Areas identified at the workshop in October were:

There would need to be a better understanding of costs, improve the information used for decision making and identifying efficiencies

Information available within the constraints of the national timescale

Need to define annual investment

Engagement was good but needed to be better

Financial plans should be shared across the health economy

Andy Donald was writing a disinvestment strategy

The quality of the Provider services data was still poor

There was still room for improvement on risk management and internal control

Workforce development was driven by clinicians and needed to be more inclusive of staff

Partnership working was extremely complex

Use of resources would be focusing on outcomes. Information that had been collected for WCC competencies would be relevant and utilised.

MB would be meeting with Rosey Monaghan to look at the self assessment and he confirmed that UoR had a high profile in the organisation with engagement of the Chairman and CEO.

Topical, Legal or Regulatory Issues/IFRS

DoH had mandated the Audit Commission to do some work on restating the April 2008 balance sheet. The projected fee for this work was £9,000 - £15,000, which MB considered excessive. Work from August would be included in the 2009/10 fee negotiations.

The report by Ken Washington, Enclosure 9.3, set out what had been done in terms of reclassification and the detailed reports submitted to StHA and DoH. The restated balance was required to be submitted by 31 December 08 which had been achieved.

There was no formal guidance on LIFT although Deloitte had done a piece of work which identified it was off balance sheet. Each LIFT project would need to be looked at separately and was part of the work being done by the StHA IFRS working group.

GE

MB was confident that everything was under control.

A RAG rated report from EA would be submitted to the April Audit Committee.

BEN 08/34 Report from Internal Audit
Progress and Tracking Report

Work had been completed on the financial reports ready for EA to review in response to the earlier close down requirements. Draft reports were being prepared. Work was proceeding with the on line tracking report, the initial software issues had been resolved and training was arranged for BEN staff during January.

Departmental Control Review

Overall significant assurance had been given, there was one limited assurance around budget holder training, although there had been confirmation that this had now taken place.

Concern had been expressed that Marie Moore's move to the interim post in the Provider services might destabilise SSA, however it was confirmed that interim management arrangements had been put in place.

General IT Controls Review

The review had been undertaken by an IT Audit Specialist looking at the IT environment, safety and security of servers, the operating system and networks.

A separate piece of work had been done around the finance systems which were reasonably sound. A copy of this report would be sent to GE.

RC

Limited assurance had been given, the overall opinion was that there needed to be greater co-operation between organisations buying into the IT service, and agreement about how the IT system should be delivered. There should be a co-ordinated IT strategy with stakeholder commitment. There was a meeting of the IT Committee today which would feed back to

IA on actions that had been taken or needed to be put in place.

It was considered this was a high risk area and an individual report on progress would be brought back to the April meeting.

RC

Contractor Payments

It was noted that this had moved from a situation of no assurance through to full assurance which was commended.

Cash Management

Full assurance

BEN Report from Local Counter Fraud Service

08/35 *Update*

Progress between September and December had been steady with a number of referrals, three of which were at the closure report stage. CB confirmed that where fraud was suspected the protocol was to refer immediately to herself. Disciplinary action might be taken by HR following her investigation or if sufficiently serious at the same time.

RM and MB had attended a session on the function of Audit Committees run by PriceWaterhouseCoopers. Questions had been raised about how concerns about high level fraud could be raised. It was confirmed that there was a process in place and concerns could also be raised with NEDs, however CB agreed to send out a separate survey to Directors and senior managers to test awareness.

CB

Final Compound Indicator Assessment 2007/8

The initial scores were identified as a 2, and an appeal was lodged, which was rejected. CB was meeting with Alex Meyer for an explanation of this rating. Nationally 37 organisations had a 2, only six scored 3. The report would be submitted to the April meeting.

CB

Final Reports

These were submitted for information. The pricing of special order drugs was being picked up nationally.

Tender Waivers

This was the usual six monthly report, there was a robust challenge of all waiver requests. MB to investigate the details around the waivers relating to Royal Mail, ECL consulting and Gateway Family Service. Revised Standing Orders, Standing Financial Instructions and Scheme of Delegation were being submitted to the January Board. These proposed that where there was a national contract which had been through procurement there was no need to waive the tender.

MB

BEN Annual Review of Terms of Reference

08/36 The ToR were approved

BEN Preparation of the Audit Committee's Annual Report to the Board

08/37 RM to prepare a report to be submitted to the March Board.

RM

BEN Any Other Business

08/38 A tender waiver had been signed off for 12 months internal audit provision to allow for the CW and BSIAC merger. This had taken place in October 08, the consortium was now in place, the Board met for the first time last month

and the issues relating to the new organisation were being worked through.

BEN Date of Next Meeting
08/39 Thursday 9 April 2009 at 9.00 am in the Boardroom at Waterlinks House.

Extra meetings

The Audit Committee would be meeting at 9 am on 22 April in the Boardroom prior to the Board meeting

An extra Audit Committee meeting would be held on Thursday 4 June at 9 am to discuss and agree the Governance report.

Chairman's signature

Date