

BIRMINGHAM EAST AND NORTH PCT

AUDIT COMMITTEE

Minutes of the meeting of the Audit Committee held on Thursday 6 March 2008 in the Boardroom at Waterlinks House at 10.00 am

Present Mark Ford (MF)– Non Executive Director
Nicola Lloyd (NL)– Chairman
Richard Miner (RM) – Non Executive Director
Brendan O'Brien (BO'B) – Non Executive Director

In Attendance Carol Brown (CB) – Counter Fraud
Mike Burns (MB)– Associate Director of Finance
Rubina Chaudary (RC) – Internal Audit
Paul Dudfield (PD) – Internal Audit
Gill Edwards (GE) – External Audit
Jonathan Tringham (JT)– Director of Resources
Hilary Wood (HW) – Head of Corporate Services

BEN Apologies Action
07/53 Apologies were received from John Gregory.

BEN Minutes of Previous Meeting
07/54 07/44 – (07/38) the penultimate sentence in first paragraph should read 'nominal rolls'
Rubina Chaudary's name had been spelt incorrectly.
With these amendments the minutes of the meeting held on 10 January 08 were approved and signed by the Chairman.

BEN Matters Arising
07/55 07/44 – NL had met with Janet Down (JD) to discuss the ToR for both Audit and IG&P. JD was taking the ToR for IG&P to their next meeting for discussion and ratification. Agenda item for the May Audit Committee. NL
07/48 – Payroll – authorised signatory training was underway. CB was writing a section on procedures, a draft of which she would send to MB. CB

BEN Audit Committee Self Assessment
07/56 The document had been amended, to provide a front page summary of status and compliance and an action plan to ensure these were on track for year end. This would be a standing item on the agenda with the summary page updated to show progress. PD

Audit Committee Summary Briefing Paper – Assurance Responsibilities

This had been prepared from the Audit Committee handbook setting out the assurance responsibilities. The Audit Committee had overall responsibility to ensure internal control within the organisation, and to this end RM attended the IG&P Committee as an observer. There was concern expressed around clinical governance, and it was suggested that Doug Wulff be asked to confirm that he was happy with these procedures. NL agreed to meet with NL

DW to discuss this and report back to the next meeting. She would also talk to him about how any complaints, PALs contacts etc which identify clinical risks or other issues of concern, were picked up to ensure controls were in place.

Internal Audit Quality Assurance

There were a number of internal procedures in place which the paper summarised. There was also a new system of peer review with the Audit Consortium of the West Midlands which was just being established.

BEN Report from External Audit

07/57 *Recommendation Tracking Report*

There was a brief explanation of progress on all issues with a February or March 08 completion date.

R1 – Payroll Systems – following the significant assurance given by Internal Audit this recommendation would be removed.

R2 – Pooled Budgets –this recommendation would be removed. There were currently negotiations with BCC over pooled budgets for learning disability and mental health however robust financial monitoring arrangements would be put in place.

R3 –the current system with NHS invoicing made this target almost impossible to achieve. MB was investigating how these invoices which were relatively low volume and low value could be handled differently. MB

R6 – requirement to demonstrate this was being actioned, MB would address

R8 – Ebooking – would be removed

R9 – Direct booking – on target, due to commence in March with full roll out by June.

R10 – There was feedback from public consultations at the February Board

R11 – Would be removed

R12 – Would be removed

R13 – Would be removed

R14 – 23 were annual recommendations, GW had met with Ken Washington and agreed a two week's delay from final accounts submission to audit commencement to enable the working papers to be thoroughly checked.

Audit Progress Report

Opinion – there would be a meeting with IA to ensure EA would be able to give reliance to their work. There was a clear timetable for final accounts. IA/EA

Ale Work – VFM work was completed

Financial reporting and financial standing – awaiting completion of accounts

Financial management – still work to be done

SSA work – a draft report was with MB

LIFT – work had been delayed due to staff shortages. JT meeting with Lucretia to take this work forward JT

Organisational governance – MB had not received an email, would be resent GE
PCT as provider – Louise Pritchard was doing significant work on this, timescale was April to June 08

Health inequalities and Partnership working – work was on going, phase 2 was a workshop on accountability for all partners. There was some concern that BEN resources were being used without clear governance GE/
arrangements. GE to send a statement to HW to be forwarded to members. HW

Review of commissioning arrangements – draft report to be sent to Andy Donald and Karen Helliwell this week. GE

Review of Commissioning arrangements for mental health – GE has the output from a recent workshop which was being turned into an action plan. GE Report to come to May meeting.

BEN Report from Internal Audit

07/58 *Recommendation Tracking Report*

Of the 77 recommendations 67 had been implemented. Of the remaining 10 only two were considered high risk. There was concern there was no escalation policy for aged debtors. JT/MB to pick up VFM from IA would be on the agenda for May meeting A significant move towards full assurance was anticipated. JT/MB

Audit Progress Report

Work was still behind plan, but significant progress had been made and should be completed by end of the financial year. Standards for better health had been finalised. Full assurance had been given to cash and treasury management and thanks were extended to the teams involved.

Payroll Final Report

Significant assurance had been given, Phil Randles managed this process so Sue Rose's retirement should not have an impact. The Trusts currently using UHB were working up a specification for a tendering exercise.

Cash Management

Full assurance had been given.

BEN Report from Local Counter Fraud Service

07/59 *Revised Fraud and Corruption Policy*

The revisions done in February 08 to this policy were agreed. It would now be sent to the IG&P Committee for approval. CB

Draft Fraud Workplan 2008/9

This set out the allocation of resources which had been agreed as 153 days, of 10 of which had been reallocated from investigation to proactive work.

Updated report on Counter fraud

Work was on line to achieve the plan. No referrals had been received in the last two months. A number of existing cases had been closed down and a draft report would be presented to the May meeting. The recent successful prosecution by the police of fraud by a practice manager had been circulated to practice managers and GPs. CB

CB to circulate a regular update on national cases to all Executives. She would also forward the website link to the Non Executives. CB

CB was undertaking an exercise of reviewing all nurse registrations and CRB checks. She was asked to ensure that agencies being used by the PCT were also checking their staff. CB

Registration of overseas visitors – there was concern expressed that the

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| | final action was guidance, CB to check with Doug Wulff whether it should be mandatory. | CB |
| BEN 07/60 | Tender Waiver Report The report had been amended from that presented to the last meeting and covered the first six months of the year. The report for the remainder of the year was being worked on. Further work was required to identify the period covered for each report (monthly, part or full year). Much more scrutiny was being applied to requests for tender waivers. | |
| | B07067 – MF asked for more information on £58k being spent on datastack cabinets. | MB |
| | B07011 – MB to investigate £50k expenditure on agency staff for ELS. | MB |
| BEN 07/61 | Topical, Legal or Regulatory Issues <i>PbR</i> Work looking at data quality at HEFT had been completed and a draft report would be available shortly. There was a new national report on PbR issued which GE would forward to NEDs. She would also let them have the link to the newsletter listing the work being done around the country. | GE |
| | <i>International Financial Reporting Standards</i> The first year of IFRS would be 08/09, accounts would have to be restated by 1 April 08 to provide a comparison. A paper would be presented to the April Board setting out the arrangements including project management. An action plan would be put together. | MB |
| | EA would have a resource issue this year because of the volume of work. They were running a training session next week and GE would send any information she obtains to NEDs along with a briefing note on IFRS. | GE |
| | IFRS to be a standing item on the agenda. | HW |
| | <i>Partially Completed Spells</i> BEN would be accounting for partially completed spells in 07/08. | |
| BEN 07/62 | Creditor Non Payment Expenditure <i>Payroll</i> Significant assurance overall, work had been completed on creditors. PD would discuss the recommendations with MB. | PD/ MB |
| BEN 07/63 | Specific Planned Work Programme for March <i>Work Programme for 2008/9</i> NL and PD had met this week to focus on getting the basics right, which IA would take into account in planning the work programme. PD would discuss the assurance framework and put a plan together. He would also meet with GE next week. | PD/ MB/JT PD/GE |
| | KPI's <i>IA</i> Appendix 1 listed the proposed actions, EA would review specific pieces of work and some would be done in house. There would be a report to the | PD |

May meeting.

EA

It was felt this was not detailed enough in how the quality of the work would be reviewed. In terms of consistency in relation to the services the PCT was buying from IA and EA the measures should be similar as it was the responsibility of the Audit Committee to ensure VFM. GE would obtain feedback from Audit Commission centrally and bring a more detailed report to the May meeting. GE

Six month Losses and Compensation Payments Retrospective Report

This report listed the losses for the year to date. There was a question about whether there were any pharmacy write offs which were not on the report, MB undertook to investigate. MB

BEN Assurance Framework and Risk Register

07/64 *Update on the situation of a risk register for SSA*

Work had been completed for the Estates element of SSA and was in progress for ICT, contractor and financial services. Mark Cheshire was working on developing a risk register by the end of March. MC

BEN Any Other Business

07/65 *SLA for Internal Audit Service*

In November 07 it had been agreed that BEN would be a member of the consortium to be formed from the merger of BSIAC and CW. This had not yet taken place and the current SLA with BSIAC expired at the end of March. It was therefore agreed to extend the arrangement for a maximum of one year, and the committee approved the waiving of the tender process on this occasion.

Counter Fraud Attendance at Audit Committees

It was agreed that in future Carol would be attending on a quarterly basis.

BEN Date of Next Meeting

07/66 Thursday 1 May 2008 at 10.00 am in the Boardroom at Waterlinks House.

Chairman's signature

Date