

REPORT FROM THE AUDIT COMMITTEE CHAIR - AUDIT COMMITTEE MEETING HELD THURSDAY 1 MAY 2008

Audit Tracking Report

Again, a further revised version of this was considered- to enable active management and tracking of completion of points raised by auditors. We agreed to run with this revised version and to review the format in 6 months time. Many of the older points have now been cleared and the Committee is pleased with the progress made by the PCT to address older points and to clear them.

External Auditors' plan 2008-09

The work programme and fees for the coming year was approved, the fees being 30% less than the average for a PCT of our size- we are receiving a significant discount from the Audit Commission due to their view of our effective internal controls and hence lower perceived risk.

There were a significant number of '4' scores for Value For Money- these are the highest possible scores and are being moderated by the Audit Commission National practice. Much progress has been made across many of the key controls systems in the last 12 months, and the hard work of the staff involved at the PCT was noted.

Review of Commissioning Arrangements for Mental Health

The committee noted the need to bring the same rigour to mental health commissioning as that used to commission other healthcare.

Internal Auditors' Progress Report

The report by the Internal Auditors on the progress of planned audits was received. The backlog of work has been caught up in the last quarter, with the following reports and opinions being received.

Budgetary Control Final Report and Action Plan

Significant assurance overall, there were a small number of recommendations which had been agreed.

Financial Ledger

Significant assurance overall, again a small number of recommendations.

KPI's for Audit Performance

It was accepted that this was a working document which would evolve over time.

Non Pay Expenditure final report and action plan

Significant assurance overall with improvement in controls that were the responsibility of the PCT. 75% of staff had taken part in the training, which

was an ongoing process. As the electronic process was rolled out further updated training would be provided.

Contractor Payments final report and action plan

Full assurance overall. The improvement over the last five years from no assurance to full assurance was noted. The staff of SSA were to be thanked for their hard work.

Income and debtors final report and action plan

Significant assurance overall.

Head of Internal Audit Annual Opinion

The Chair of Audit asked that a copy of this report is circulated to each Executive Director, together with a letter of thanks to the staff involved who have contributed to a major improvement in the consistency and quality of internal controls operating at the PCT. Significant assurance had been given overall.

Update on Self Assessment by Audit Committee against 'Audit Committee Self Assessment Checklist (Department of Health 2005 Audit Committee Handbook)

The committee considered the results of the 1 November 2007 self assessment session, facilitated by Mike Burns, against the 'Best Practice' checklist.

There were 57 questions in total:

- 14 classified as 'must do' -none of which required any further action as the Audit Committee is already doing these
- 35 classified as 'should do' items, 35 of which the Committee is now doing,
- 8 classified as 'could do' items, 6 of which the committee is already doing, 1 of which the committee agreed to take further action.

So there is only one item outstanding further action which involves agreeing a process to review any material objection to the Audit plan. This approach helps to inform the scoring of NED performance, a part of the ALE score, to inform the view of the auditors as to the effectiveness of the governance of the PCT.

Local Counter Fraud Service

The annual report was received by the Committee and the Chair of Audit asked that a full copy of this be circulated to the Executive Directors.

Waiver of Tenders

A schedule showing the instances of where the Standing Orders had been waived, and items of expenditure which would usually have gone out to tender, had not in fact done so. This was the second time this has been received by the Committee and it led to questions about the appropriateness

of levels of delegation at the PCT. A review of SFIs was being undertaken and a revised version would be presented to the Audit Committee in the autumn.

Terms of Reference (TOR)

There is still an anomaly between these for the IG&P Committee and the Audit Committee, for declarations of compliance with standards for better health. This is being resolved and, subject to clearance from Internal Audit, the revised TOR were approved.

Annual Accounts

The Committee acknowledged and recorded its thanks for the combined efforts of Internal Audit, External Audit and mostly the PCT Finance team for all their hard work in delivering the year end accounts to a very high quality and to an extremely tight deadline.