

NHS BIRMINGHAM EAST AND NORTH

AUDIT COMMITTEE

Minutes of the meeting of the Audit Committee held on 2nd July 2009 in the Boardroom at Waterlinks House at 9.00 am

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

In Attendance Mike Burns (MB) – Director of Finance
Paul Dudfield (PD) – Internal Audit
Gill Edwards (GE) – External Audit
David Rigg (DR) – District Auditor
Jonathan Tringham (JT) – Director of Resources
Hilary Wood (HW) – Head of Corporate Services
Toni Lappin – Internal Audit National Trainee

- | | | |
|--------------|--|----------------|
| BEN
09/22 | Apologies
Apologies were received from Carol Brown. | Action |
| BEN
09/23 | Minutes of Previous Meetings
Meeting on 9 April 2009
09/04 Audit Progress Report – wording of the first sentence should be ‘all systems work substantially completed...’
Meeting on 22 April 2009
Agreed
Meeting on 4 June 2009
09/17 and 09/18 – correct wording should be Statement on Internal Control
09/17 – final sentence of first paragraph should read ‘DR stated that this was the only PCT of the four for which he was responsible that had achieved a clean VFM opinion’.
With these amendments the minutes of the meetings were approved and signed by the Chairman. | |
| BEN
09/24 | Matters Arising
09/01 – completed
09/03 – 08/04 completed
08/17 MB still to progress, a future NED meeting to be held at Stockland Green
09/04 – It had been agreed that recommendation tracking would be followed up at Corporate Business Team, now completed
- CBSA, work has only just started, this action would be carried forward
- VFM, following discussion with Andrew Donald this work to be incorporated in UoR report, to be carried forward
- Gateway, RM has had discussion, now completed
- IFRS – on the agenda | MB
GE
GE |
| BEN
09/25 | Report from External Audit
<i>Recommendation Tracking Report</i>
It was noted there were a lot of completion dates that had been passed. | GE |

reported she was meeting with MB on 15 July to review the whole report as it was acknowledged a number of outstanding actions had been completed. A revised report would be submitted to the October meeting. PD had offered that IA's electronic system could be used by EA to make it easier for Directors to respond to recommendations. GE agreed to this proposal. The Chairman would be given access to this as well.

GE

PD/GE

Audit Progress Report

Appendix 1 showed the final scores which were still subject to national scrutiny. These were 3 for managing finances and governing the business and 2 for managing resources. It was anticipated there would be a challenge to justify these scores.

Next year managing resources would also include natural resources.

Performance Assessment Framework

Appendix 3 showed the progress on the recommendations linked to the tracking report. A more formal report would be prepared for the October meeting. Following receipt of the Annual Audit Letter the Committee would make an assessment of the work of EA over the year which would be on the agenda for the January 2010 meeting.

GE

Appointment of District Auditor 2008-9

The appointment of Dave Rigg as District Auditor was noted.

Birmingham Ownhealth Report

It was reported that BoH had been extremely valuable in providing evidence for UoR. Some recommendations had been made to enable demonstration of the output from a VFM aspect and Richard Mendelsohn was implementing these. Since this report was compiled there had been an independent review done by Birmingham University which demonstrated a reduction in admissions.

GE

BoH would be added to the tracking report so that assurance could be given to the Committee and Board.

Annual Audit Fees 2009/10

This document summarised the changes expected in 2009/10 due to the IFRS work with an increase of 6%, however it had now been agreed that between 3-4% would be returned to the PCT. The fees in relation to the Shared Services Agency and Specialised Commissioning were recharged. A detailed programme of work would be prepared later in the year and would be on the agenda for January 2010.

GE

Payment by Results Data Assurance Framework

The two reports related to Inpatient and Outpatient clinical coding audits at HEFT which were part of a national programme of mandated work.

Inpatient Report – The report included a number of recommendations made last year, plus new areas identified this year.

In relation to both reports the biggest issue was around the quality of clinical case notes which was acknowledged to be a problem that was not unique to HEFT.

Outpatient Report – the draft report had been reviewed by the Performance Monitoring Group.

Both reports would be examined closely at the PMG where this issue was a standing item on the agenda. Should concerns be raised this would be escalated to the Tripartite Group and to Adrian Stokes, Director of Finance at HEFT.

PD

It was questioned whether HEFT's own Internal Audit process would be picking this up, PD reported that there was an Audit Committee at HEFT next week and he would pursue this.

Review of Funding Individual Treatments

This work had been done at the request of Andy Donald because of concerns that the process might be subject to challenge, and whether any improvements could be made to it. A number of recommendations had been made and there had been detailed discussions with Adrian Reedman around implementing these. The recommendations would be added to the tracking report.

GE

IFRS

This RAG report was submitted to DoH in May. The overall score was amber. All PCTs with LIFT schemes were automatically amber. Work was being done with Ken Washington to agree an action plan. The action plan and revised accounting policies would be submitted by the deadline of 10 July and MB was taking responsibility for the process and would keep the Chairman informed.

MB

BEN Report from Internal Audit

09/26 *Audit Progress and Recommendation Tracking Report*

1.1 assignment planning – this outlined the breadth of work planned across the year. Progress reports would outline whether there were any changes throughout the year.

There were three reports which were still in draft which would be completed by the next meeting, along with any new issues.

PD

Of the 29 outstanding recommendations on the tracking report, 15 related to general IT controls which would be reported separately.

General IT Controls Review Report

The work on these has been completed, there were a number of findings including some with a high level of priority.

Of the 27 initial recommendations 7 were still outstanding with no real progress and related to the physical environment of IT equipment, disaster recovery plans and access controls. The findings had been accepted and a significant amount of work undertaken.

PD

A formal exit meeting would be held on 8 July and a final report would be submitted to the October meeting.

Final Reports

There was discussion about whether it was necessary for every report to be presented to the Committee in full. It was agreed that in future only those with limited or no assurance would be included. For those with significant or full assurance PD would provide a summary, the full reports being available from MB on request.

PD

Creditors Final Report

Significant assurance. Some areas of concern were raised about tender waivers and the quality of supporting documentation.

Payroll

Significant assurance. This referred to the previous payroll provider. There was mention of some concerns about the new payroll provider which were being addressed. McKesson's supplied CW Audit with a summary level report from their IA.

Financial Management

Significant assurance. There was an issue about the reconciliation of budgets had been done centrally and this was being addressed.

Charitable Funds

Significant assurance. There were some issues around policies and procedures not being up to date.

Performance Management – Contracts

Significant assurance. There were issues around the timeliness of signing contracts and formalising the arrangements with CBSA. RM asked whether the management of over performance of contracts had been part of IA's process – PD was happy that there was sufficient work being done on this in the management of the contract and through the contract monitoring meetings.

PD

Activity Recording

Overall significant assurance. Limited assurance had been given to the accuracy of some of the information that was recorded. Marie Moore had accepted the recommendations and these would be included on the tracking report. It was agreed that the Community Health Services Committee would be asked to review this paper and take responsibility for ensuring the recommendations were actioned. BO'B to take this forward through the Community Services committee and ensure a report was brought to the October meeting.

MB

BOB

Investment Strategy

Full assurance.

These reports were accepted subject to the actions agreed for those areas of limited assurance.

BEN 09/27 Report from Local Counter Fraud Service
Counterfraud Annual Report 2008/9

This was accepted.

Update Report June 09

This indicated the progress made this year. There was on going work around the national fraud initiative.

Closure Reports

Funding of Students – this had been requested by the PCT and confirmed that students being sponsored by NHS were attending and completing all course requirements.

Ophthalmic Domiciliary Visits – this had also been requested by the PCT to ensure that visits were happening. A letter had been sent to each patient for whom a domiciliary claim had been made and apart from some minor overpayments or duplication no fraud had been proven.

Agency Staff overclaiming hours – there had been two investigations, in the one instance this had been identified before any payments had been made, in the other case the money had been recovered. These cases had been reported to the police but no action taken. Actions had been taken to address the issues identified to ensure there was no recurrence.

BEN 09/28 Rolling Audit Committee Work Plan 2009/10
Items would be added into this programme as they occurred throughout the year.

BEN Assurance Framework
 09/29 This document had been discussed at length at IG&P Committee. It was agreed that this should be a high level document that gave the Board assurance. There had been discussions with IA and David Stenson who agreed that work should be done to benchmark against other organisations to determine how our framework compared. There was an Audit Commission publication called 'Take it on Trust' which would be used as a template to assess against. It was agreed that a resolution of the format of the Corporate Risk Register and Assurance Framework would be completed by the October meeting. PD

BEN Tender Waiver Report
 09/30 It was noted that this was a tender and quotation waiver report. It was accepted that not every service could be tendered for, however there were concerns about whether the rules set out in SFI's were being fully complied with.
 There was discussion about whether the form should be modified to give a cumulative value to cover the length of the waiver. There should also be a total in the value column of the spreadsheet and following a suggestion from DR it was agreed that more use would be served by analysing this total between the various reasons and follow up actions to give it some context (for example "now being tendered"). MB/PD
 MB would have further discussions with PD. RM would highlight the issues in his report to the Board. RM

BEN Any Other Business
 09/31 The Chairman had confirmed that the new NED Mike Smith would be a member of the Audit Committee and attending the October meeting. BO'B would be standing down and the Chairman extended the Committee's thanks to him for his hard work over the years during which he had been a member.

BEN Date of Next Meeting
 09/32 Thursday 15 October 2009 at 9.00am in the Boardroom at Waterlinks House.

Chairman's signature

Date