

## AUDIT COMMITTEE

Minutes of the Meeting of 3 June 2010  
Board Room, Trust HQ, QEMC

Present: Mr Stewart Dobson (Chair)  
Mrs Gurjeet Bains  
Ms Clare Robinson  
Mr David Ritchie

In Attendance: Sir Albert Bore  
Miss Julie Moore  
Mr David Burbridge, Director of Corporate Affairs (“DCA”)  
Mr Mike Sexton, Director of Finance (“FD”)  
Mrs Fiona Alexander, Director of Communications (“DC”)  
Mr Trevor Rees, KPMG (External Audit)  
Mrs Sophie Anderton, KPMG (External Audit)  
Mr Michael Creaton, Chief Accountant (“CA”)

<b>A11/20</b>	<b>Apologies for Absence</b> Apologies for absence were received from the following: Mr Michael Sheppard
<b>A11/21</b>	<b>Minutes of the last meeting – 6 May 2010</b>  <b>Resolved: The minutes of the previous meeting held on 6 May 2010 were approved as a correct record.</b>
<b>A11/22</b>	<b>Matters arising</b>  No matters arising.
<b>A11/23</b>	<b><u>External audit – ISA 260 Report</u></b>  The Committee considered the ISA 260 report, which was tabled by Trevor Rees and Sophie Anderton of KPMG. The Auditors confirmed that there was nothing in their report of major concern. A few minor issues were raised; these were mainly “housekeeping” points and not fundamental issues which affect the accounts.  The Auditors confirmed their unqualified opinion regarding the use of resources. There were no material adjusted items; a small number of presentational adjustments had been made.  The Auditors commented on the very tight process the Trust had followed and thanked the Finance team for the work they had undertaken to support the audit.

	<p>The Director of Finance confirmed that the eight recommendations, none of which were fundamental, were all accepted. Active discussions were taking place around disclosures and valuations.</p> <p>There was discussion about the possible introduction of segmental reporting in the future. The FD's current view was that the Trust was only active in one segment, that of healthcare, but that Monitor may require divisional segmentation.</p> <p>The Committee agreed that a strong set of accounts had been presented and recorded their thanks to the Finance team for the work involved.</p>		
	<table border="1"> <tr> <td data-bbox="368 786 612 891"><b>Resolved:</b></td> <td data-bbox="612 786 1420 891"><b>To accept the report from the External Auditors.</b></td> </tr> </table>	<b>Resolved:</b>	<b>To accept the report from the External Auditors.</b>
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<b>A11/24</b>	<p><b>Letter of Representation</b></p> <p>Consideration was given to the draft letter of representation, as presented by the FD, who reported that the letter was in its normal form, with nothing specific to draw the Committee's attention to. There had been discussion as to whether the impairment arising out of the new hospital should be treated as a post-balance sheet event, but it had been determined, following consultation with the Auditors, that this was not appropriate as the new hospital had not yet been brought onto the balance sheet.. The Committee then confirmed that they were content with the form of the letter.</p> <p><b>Resolved: To recommend the Board of Directors to approve the Letter of Representation.</b></p>		
<b>A11/25</b>	<p><b>Risk Management Report</b></p> <p>The Committee considered the report presented by the Director of Corporate Affairs. It was noted that the report summarised the regular reports regarding risk management received by the Committee throughout the year. The DCA acknowledged that the colours on the graphs could be clearer for future reports.</p> <p><b>Resolved: To accept the report</b></p>		

A11/26	<p><b>Annual Accounts 2008/09</b> Consideration was given to the audited draft Annual Accounts for 2009/10, tabled by the FD. The FD reported that there had been no changes since the accounts were last presented to the Committee other than the presentational adjustments referred to in the auditor's ISA 260 report.</p> <p style="text-align: right;"><b>ACTION: FD</b></p>	
A11/27	<b>Resolved:</b>	<b>To recommend the Board of Directors to approve the Annual Accounts for 2009/10 as now submitted.</b>
A11/28	<p><b>Annual Report</b> The DComms presented the latest draft of the Annual Report for 2009/10 which included the Quality Report and the Statement on Internal Control. It was agreed that the word "independent" should be deleted on page 49, to reflect the fact that Michael Sheppard, who was not considered independent because of his links with the Trust as a clinician, was a member of the Committee. The insertion of two additional paragraphs regarding compliance with Monitor's Code of Governance was agreed.</p> <p style="text-align: right;"><b>ACTION: DComms</b></p>	
A11/29	<p><b>SIC Report</b> The Committee considered the report regarding the draft Statement on Internal Control.</p>	
	<b>Resolved:</b>	<b>To approve the latest draft of the Annual Report, including the SIC, for 2009/10.</b>
A11/30	<p><b>Hospitality Declarations January 2009 – March 2010</b> The Committee considered the report presented by the DCA.</p> <p><b>Resolved: To accept the report</b></p>	
A11/31	<p><b>Any Other Business</b> Trevor Rees of KPMG reported that, for the purposes of the dry-run of the audit of the Quality Report, they were required to provide their opinion to Monitor by the end of July. It was agreed that this matter should be considered by the Board of Directors at its scheduled meeting in July.</p> <p style="text-align: right;"><b>ACTION: DCA</b></p> <p>The Chairman commented on the positive feedback contained within the Committee's self-assessment. It was agreed that up to two of the Board seminar slots could be used for Audit Committee training/development.</p>	

<b>A11/32</b>	<b>Date of Next Scheduled Meeting</b>  Thursday, 16 September 2010 - THQ Board room Time: 10.30am – 1.00pm 9.30am – 10.30am NEDs Pre-Meeting

**AUDIT COMMITTEE**

**Action list (as at 4<sup>th</sup> June 2009)**

Minute	Action	Date	By	Status
<b>Actions c/fwd from previous meetings</b>				
A08/024	Update to Committee on the role of the Risk Advisers	Early 2009	DCA/HG	
A08/055	A paper outlining the hospitality process for staff and consultants to be presented to the next Committee.	Sept. 09	DCA/MD	
<b>Actions from 4 September 2008</b>				
A08/068	The Director of Corporate Affairs to confirm that providing bank details of staff to the Audit Commission did not put the Trust at risk of breaching the Data Protection Act.	Sept. 09	DCA/LCFS	
<b>Actions from 6 November 2008</b>				
A08/93	Medium Term Plan – Principal Risks update report - DCA and HoG to review the report and its format with a view to improving the presentation for the next meeting.	Sept. 09	DCA/HoG	
<b>Actions from 12 February 2009</b>				
A09/004	External Audit Progress Report – DCA to consider whether any of these reports need to be presented to the BoG.	March 09	DCA	
A09/007	To consider a Non-Executive Director within the membership of the New Hospital Commissioning and Move Group	asap	NHPD	
A09/011	A paper outlining the shortfalls of the current sickness absence monitoring to be presented to the next Committee.		HRD	
A09/012	To change the parameters of the complaints performance quarterly report.	Sept. 09	DSD	
A09/013	To reconsider the rating of the Information Security Management System within the High Level Monitoring Report.	March 09	DIT	
A09/015	To review content of the Clinical Audit Report (Annual).	Dec. 09	HoG	
A09/016	To review content of the Clinical Governance Activity Report (Quarterly).	Sept. 09	HoG	
A09/019	To prepare a detailed paper regarding the necessary changes to the Hospitality Policy	Sept. 09	DCA	
<b>Actions from 19 March 2009</b>				
A09/029	To redraft and circulate the statement on internal control (SIC) to all Board members.	Beginning of April 09	DCA	
A09/030	To provide the Audit Committee with details on training schedules per staff group.		DD	

Minute	Action	Date	By	Status
A09/031	To draft a procedural document which defines when, how and by whom: <ul style="list-style-type: none"> <li>target dates of recommendations can be changed and</li> <li>recommendations can be re-assigned.</li> </ul> To ensure that significant and fundamental recommendations can be filtered out. To record when a target date has been assigned to a particular recommendation.	Nov. 09	SMCA	
A09/034	To redraft the two questionnaires assessing the effectiveness of a) the Committee and b) the External Auditors and to submit the same to all Committee members for completion.	May 2009		
<b>Actions from 7 May 2009</b>				
A10/06	To check whether in light of the weaknesses identified by the privacy and dignity audit and SMART audit the draft SIC needs to be amended.	May 2009	DCA	
A10/06	To provide a brief narrative to explain the pie chart under section 2.7.	May/June 09	Mike Gennard	
A10/08	To provide further details as to when each investigation has commenced in the LCFS Annual Report and any future LCFS Progress Report.	Sept. 09	Bradley Vaughan	
A10/12	To consider adopting new targets for certain matters within the Governance Framework Monitoring Report.	Sept. 09	DCA	
A10/16	To add the Research Governance Report to the Committee's work programme.	Sept. 09	DCA	
A10/17	To provide a comparison with other Trusts in future Health & Safety Reports.	Sept. 09	DCA	
<b>Actions from 6 June 2009</b>				
A10/25	To update the Committee on a specific representation on page 2 of the draft letter of representation relating to the carrying values of the Trust's lands and buildings.		FD	
A10/26	To correct name misspelling on page 60 of the draft Annual Report.		DC	
A10/27	To amend the wording of the additional bullet point on page 12 of the SIC in the draft Annual Accounts for 2008/09.		FD & DCA	



Minute	Action	Date	By	Status
A10/28	To request the Internal auditors to undertake an investigation into certain operating theatres practices under the Trust's whistleblowing procedure and report to the Committee.		DCA	