

**ITEM:**

**MINUTES OF AUDIT & ASSURANCE COMMITTEE**

**SYNOPSIS:**

**Attached are the minutes of the Audit & Assurance Committee held  
on 22 April 2013**

**AUTHOR:**

**PAUL SIMPSON  
CHIEF FINANCIAL OFFICER**

**ACTION REQUIRED:**

**FOR APPROVAL**

**Signed by the Chair of Audit & Assurance Committee.....**  
*(subject to amendments duly recorded)*

**Date: .....**

**AUDIT & ASSURANCE COMMITTEE**

**Meeting held on Monday 22 April 2013 09.00 – 10.00**

**Venue: Room AD77, Postgraduate Education Centre & Trust HQ, East Surrey Hospital**

<b>Present:</b>		
Richard Durban	RD	Non Executive Director (Temporary Chair)
Richard Shaw	RS	Non Executive Director
<b>In attendance:</b>		
Yvette Robbins	YR	Non-Executive Director
Paul Simpson	PS	Chief Finance Officer
Lorraine Clegg	LC	Deputy Chief Financial Officer
Majid Bhatti	MB	Head of Financial Accounts
Jamie Bewick	JB	Grant Thornton (formally Audit Commission)
Gillian Francis-Musanu	GFM	Director of Corporate Affairs
Colin Pink	CP	Acting Head of Integrated Governance and Quality
Nick Atkinson	NA	Internal Audit
David Knight	DK	Cost Accountant (Note taking)
<b>Apologies</b>		
Richard Congdon	RC	Non Executive Director
John Power	JP	Non Executive Director
Darren Wells	DW	Grant Thornton (formally Audit Commission)

		<b>Action by :</b>
<b>1</b>	<b>Welcome and Apologies for absence</b> RDurban welcomed everyone to the meeting and apologies were noted.	
<b>2</b>	<b>Draft Annual Report</b> The Daft Annual Report was presented to the Committee with discussions focusing on the right balance of the language used in the report. It was concluded that the annual report was not materially misstated but was noted that in future the report needed to more explicit on future ambitions of the Trust. MBhatti informed the Committee that the draft accounts will be submitted to the Strategic Health Authority.  JBewick outlined the extent and nature External Audit will take in Auditing the annual report. The Committee went on to scrutinise the targets the Trust had set for next year with the Committee seeking and receiving assurance on the target setting. PSimpson highlighted the Trusts desire to consolidate the improvements seen in the hospital performance to ensure a sustained improvement for patient care.  The Committee approved the Draft Annual Report	
	<b>Annual Governance Statement</b> PSimpson presented to the Committee the Annual Governance Statement. Areas of note included a much reduced list of “significant control issues”	

	<p>now that the Trust was delivering key performance targets and had responded to the red rated IA reports.</p> <p>NAtkinson highlighted that the reduction in significant control issues was consistent with the finding of internal Audits opinion, which recorded no issues.</p> <p>The Committee discussed the wording used in the report around the Safety and Quality Committee. It was agreed by the Committee to add a paragraph regarding attendance and to delete the word Chief Executive and amend to relevant Executives.</p> <p><b>ACTION</b></p> <p><b>MBhatti to append report with Committees amendments.</b></p> <p>The Committee approved the Annual Governance Statement.</p>	<p><b>Action 1</b> <b>MB</b></p>
	<p><b>Final Head of Internal Audit Opinion</b></p> <p>NAtkinson presented to the Committee the Head of Internal Audit opinion which was based on the work undertaken in 2012/13. Significant assurance was given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. The improvement in implementing Clinical Audit recommendations was also noted along with the need to build on these successes to improve it further.</p>	
	<p><b>Unaudited Accounts</b></p> <p>LClegg presented the Unaudited accounts which showed an unaudited I&amp;E position of £373K surplus – including a net technical surplus of £119K. This delivered the Trust plan.</p> <p>It was noted by the Committee that the normalised position does take account of non-recurrent income but does not remove redundancy costs as these are considered to be a normal item. The “underlying” position deducts the redundancy costs.</p> <p>The Trust's underlying deficit for 12/13 was a deficit of £9.2 million which was less than planned for at the start of the year.</p> <p>The Committee sought and received assurance on the loan balance with PSimpson confirming the working capital loan balance as 4.1m highlighting that the loan is repayable over 25 years.</p> <p>The Committee went on to discuss the staff numbers figures and the inconsistencies with prior year figures. LClegg highlighted that the Trust was aware of the inconsistencies and that 2011-12 figures would not be restated but a note stating this fact would be in the final accounts.</p> <p>Discussions then moved on to the increase in early retirement benefits with PSimpson informing the Committee that this had been prompted by the reorganising and abolition of the SHA's and PCT's and advice to the NHS</p>	

		<p>from the NHS Pension Agency.</p> <p>The final Audited Accounts will be submitted to the DOH on the 10 June 2013.</p> <p>The Committee approved the notes and Draft Accounts.</p> <p>PSimpson sort and received approval from the Committee to make minor changes to the accounts.</p> <p>The Committee were unanimous in extending their congratulations to the Finance team in producing the Unaudited Accounts on time.</p>	
		<p><b>Date of future meetings in 2013</b></p> <p>31st May 2013 (Accounts Only)</p> <p><b>10.00 – 1.00</b>                      <b>AD77</b></p>	