

AUDIT & ASSURANCE COMMITTEE
23 APRIL 2014
AGENDA ITEM 1.1

ITEM:

MINUTES OF AUDIT & ASSURANCE COMMITTEE

SYNOPSIS:

**Attached are the minutes of the Audit & Assurance Committee held
on 23 April 2014**

AUTHOR:

**MAJID BHATTI
HEAD OF FINANCIAL ACCOUNTS**

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 23 April 2014 08.30 – 09.30

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

Present:		
Richard Durban	RDurban	Non Executive Director (Temporary Chair)
Richard Shaw	RShaw	Non Executive Director
In attendance:		
Yvette Robbins	YRobbins	Non-Executive Director
Paul Simpson	PSimpson	Chief Finance Officer
Gillian Francis-Musanu	GFMusanu	Director of Corporate Affairs
Majid Bhatti	MBhatti	Head of Financial Accounts
Coral Jackson	CJackson	Head of Financial Reporting
Jamie Bewick	JBewick	Senior External Audit Manager (Grant Thornton)
Marcus Ward	MWard	Assistant External Audit Manager (Grant Thornton)
David May	DMay	Internal Audit Manager (Baker Tilly)
Apologies		
Richard Congdon	RCongdon	Non Executive Director
John Power	JPower	Non Executive Director
Darren Wells	DWells	Grant Thornton
Nick Atkinson	NAtkinson	Internal Audit

		Action by :
1	Welcome and Apologies for absence RDurban welcomed everyone to the meeting and apologies were noted.	
2	Covering Paper for Draft Unaudited 2013-14 Accounts PSimpson outlined the timetable for the production and submission of the accounts and also highlighted the following key aspects of the draft unaudited 2013-14 accounts: <ul style="list-style-type: none"> - The Trust achieved an unaudited I&E surplus of £338k. After allowing for a net technical surplus of £40k, the Trust reported a net surplus of £298k for measuring performance. - The Trust did not meet its Statutory Breakeven duty again. - The Trust undershot its External Financing Limit (EFL) and Capital Resource Limit (CRL) by £900k due to rephrasing of capital works. - The Trust met the minimum loan repayments under the loan agreements. <p>The Committee sought clarity on the Trusts capacity to borrow additional capital financing. PSimpson confirmed that the borrowing capacity provides scope for the Trust to take out additional capital funding, however the key consideration here is the affordability by the Trust to repay the loan.</p>	

	<p>PSimpson also confirmed that FT status does not impact on the current loans.</p> <p>The Committee confirmed that it should continue to meet annually to specifically approve the draft accounts as this provided them with an opportunity to also review and make changes to the annual report which forms part of the accounts pack.</p> <p>The Committee discussed the implications of capacity and concerns over A&E attendances increasing, particularly as the Health economy has not been able to manage demand downwards. RDurban informed the Committee that the Board was considering the implications of this.</p> <p>The Committee approved the Draft unaudited 2013-14 accounts and provided PSimpson with delegated authority to approve any further changes to them.</p> <p>The Committee thanked the Finance team in producing the Unaudited Accounts on time.</p> <p>Draft Annual Report</p> <p>GFMusanu introduced the Draft 2013-14 Annual Report which is to be finalised by the 30th May AAC. JBewick confirmed that they will check it to see that the information contained within it is consistent with the accounts.</p> <p>The Committee acknowledged the positive progress made by the Trust as detailed within it but wanted it to also recognise some of the challenges facing the Trust going forwards. The Committee agreed to a number of changes to be made to the report arising from their review and this included: minor corrections to grammar; factual corrections such as wifi funding received from Friends and not charitable funds; expansion of text to provide the reader with further information such as the AAC remit to include finance as well as clinical issues, recognition of Kate Granger for introducing the “My name is ...” campaign.</p> <p>Action 1: <u>To implement changes agreed by the AAC into the draft annual report.</u></p> <p>The Committee acknowledged that the annual report made for a good read as a first draft.</p> <p>The Committee approved the Draft Annual Report</p>	<p>GFM / EC</p>
	<p>Draft Annual Governance Statement</p> <p>GFMusanu presented to the Committee the Annual Governance Statement (AGS) which was scheduled for submission on 28th April to the TDA and</p>	

	<p>also to the external auditors. The Committee agreed a number of changes to the AGS which included the inclusion of the Serious Risk register along with the Board Assurance Framework.</p> <p>The Committee approved the Annual Governance Statement.</p> <p>Action 2: <u>To amend the AGS for changes agreed by the AAC.</u></p>	GFM
	<p>Final Head of Internal Audit Opinion (HOIAO)</p> <p>DMay confirmed that the final HOIAO was the same one as presented at the March AAC and that no changes were made to it. Further, that there were no red rated reports.</p>	
	<p>Draft External Audit Opinion</p> <p>The auditors confirmed that they only issue an opinion on the final accounts. Further they confirmed that they did not have any intention at this stage to issue a section 19 but that this position will be reviewed until after the audit has been completed.</p>	
	<p>Date of next meeting</p> <p>30th May 2014</p> <p>10.00 – 1.00 AD77</p>	