

AUDIT & ASSURANCE COMMITTEE

Meeting held on 25th April 2017 , 11:00 – 13:00
Venue: Room AD77, Trust HQ, East Surrey Hospital

Present:		
Paul Biddle	PB	Committee Chair / Non Executive Director
Richard Durban	RD	Non Executive Director
Richard Shaw	RS	Non Executive Director
In attendance:		
Paul Simpson	PS	Chief Finance Officer
Gillian Francis-Musanu	GFM	Director of Corporate Affairs
Peter Burnett	PBu	Deputy Chief Finance Officer
Djafer Erdogan	DE	Financial Controller
Jamie Bewick	JB	External Audit
David May	DM	Internal Audit
Colin Pink	CP	Head of Corporate Governance
Laura Warren	LW	Head of Communications (Item 2)

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1	1.0	Welcome and Apologies for absence The Chair welcomed members and attendees to the meeting.	
2	2.0	Accounts Working Papers PS introduced the draft accounts highlighting that the detail of the end of year position had been discussed at the Finance and Workforce Committee (FWC) earlier in the day. The Trust is reporting a £3.7 million surplus position, the Committee paper showed £3.5 million after final work on the submission. This will be £3.5 million surplus when technical adjustments are added back. PS reported that all loan agreements and payments had been delivered. The final accounts will be signed off on the 25 th May 2017. The Trust's 'Better payment practice code' performance is in a much improved position. This is driven by improvements in cash flow and	

	<p>improved budget holder management.</p> <p>PS reported that it is likely that the Trust will go into dispute with East Surrey CCG as it did last year over late notified items.</p> <p>PB asked how External Audit would review the dispute. JB highlighted that it is not their role to be involved in, or question, the dispute and they would review as part of the audit. The matter would only be considered material and need to be qualified if a certain threshold was reached, previously the threshold had been any value greater than £4 million pounds.</p> <p>PS thanked the finance team for their work to produce the draft accounts, noting the short time frame</p> <p>PBu introduced the unlinked accounts paper, which was discussed in detail. The Committee tested how the Trust managed and accounted for cash flow, noting the real benefits in cash flow that had been felt throughout the year. The receipt and accounting for the £4.9 million strategic transformation funds was discussed. This is non recurrent funding detailed in the funding analysis and discussed at FWC. The £3million pounds of non-recurrent funding relating to NHS clinical income activity was accounted for in a similar fashion.</p> <p>Accounting for oversea patients was discussed with no concerns raised.</p> <p>PB asked for clarification as to what was referred to as intangible assets. DE stated that this included non-physical items such as computer licences used both corporately and linked to medical devices.</p> <p>PB asked about how the repayment of the working capital loan is being accounted for. JB indicated that he was happy with the way the loan repayments were being accounted for. Action DE to include a note to clarify.</p> <p>PS asked the Committee for delegated authority to review and agree any changes to the draft accounts identified before the next Committee meeting, this was granted.</p>	<p>DE</p>
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<p>2</p>	<p>2.0</p>	<p>Review of Draft Annual Report</p> <p>LW attended the meeting</p> <p>GFM introduced the draft annual report highlighting the content that had been prepared and commentary that will follow once data is finalised.</p> <p>The Committee discussed the audience for the report and how it would be made available. All additions to the report are considered to be in line with best practice and the document aligns with the accounts manual. There is freedom to discuss the Trust's overall performance in the opening sections of the report. The Committee asked that opening narrative covered both the positives, SASH+,</p>	

		<p>achievements etc., the implications of the STP and challenges the Trust faces. LW confirmed that this content would be added shortly and shared with External Audit as soon as practicable.</p> <p>The Committee then went through the report in detail capturing possible amends and clarifications including mention of the apprenticeship levy, possible changes to design and layout, and final inclusions for review at the next Committee meeting in May.</p> <p>The Committee agreed the draft annual report</p>	
3	3.0	<p>Review of Draft Annual Governance Statement</p> <p>CP introduced the draft annual governance statement, highlighting the changes in guidance relating to management of RTT. The report follows previous format and is aligned to national guidance.</p> <p>The Committee then went through the report in detail capturing amends and clarifications including alignment with draft accounts, narrative to describe the Trusts internal controls and other factual amendments. Action CP to amend draft AGS</p> <p>The Committee discussed the draft HOIA opinion of which some elements will be included in the AGS. This will highlight Cyber security, C-section and potentially job planning.</p> <p>The Committee agreed the draft annual governance statement.</p>	CP
4	4.0	<p>AOB</p> <p>PB stated that he would report the conclusions of the meeting to the April 2017 Public Board.</p> <p>The Committee thanked those involved in producing these papers.</p> <p>There was no further AOB.</p>	
5	5.0	<p>Date of Next Meeting: 25th May 2017</p>	