

Audit Committee

Minutes of the Audit Committee meeting held on Thursday 23 May 2019 at 8.45am in the UNISON Building, 130 Euston Road, London, NW1 2AY

Present:	Name	Title
	Anit Chandarana	Non-Executive Director (Committee Chair)
	Mary Elford	Non-Executive Director
	Eileen Taylor	Non-Executive Director
In attendance:		
	Dave Adams	Deputy Finance Director
	Dion Campbell	Financial Controller
	Steven Course	Chief Financial Officer
	Matt Dean	External Audit Manager, Grant Thornton
	Dr Navina Evans	Chief Executive
	Cathy Lilley	Associate Director Corporate Governance
	Nicola McCoy	Corporate Secretariat Manager
	Ciaran McLaughlin	External Audit Director, Grant Thornton
	Linda McRoberts	Corporate Minute Taker
	Shirley Okafor-Wright	Management Accountant

The minutes are produced in the order of the agenda

1 Welcome and apologies for absence

1.1 The Chair welcomed everyone to the meeting.

There were no apologies.

2 Declarations of Interests on Items on the Agenda

2.1 There were no declarations in relation to the items on the agenda.

3 Recommendation for Approval of Accounts

3.1 Adoption of Accounts Report

Steven Course presented the report which proposed the approval of the Annual Accounts for 2018/19.

In discussion, the Committee noted:

- The summary results were received by the Audit Committee at its meeting on 30 April 2019
- Comments on the draft accounts by Audit Committee members have been incorporated in the full version as appropriate
- There are a few changes to the draft accounts which were identified during the audit process and agreed with the auditors, as highlighted in the ISA260 Memorandum; in summary:
 - An adjustment of about £28k which was due to an administrative error
 - Some changes in terms of classification.
- Provision of £4.3m has been made for the potential VAT liability in respect of VAT for Agenda for Change which the Trust is currently disputing with HMRC. A note will be included in the accounts to explain this. Both the Audit

Committee and FBIC will be kept updated
ACTION: Steven Course

3.2 **Annual Accounts 2018-2019**

Steven Course advised that changes in income and expenditure were predominantly due to changes in service provision, notably Bedfordshire Community Health Services and the opening of Galaxy ward, resulting in an increase in expenditure due to higher pay costs.

3.2 The Audit Committee **AGREED** to recommend the approval of the Annual Accounts for the year ended 31 March 2019 by the Trust Board.

4 **Recommendation for Approval of the Annual Report (including Quality Report)**

a. **Adoption of the Annual Report**

b. **Annual Report (including Quality Report) 2018-2019**

4.1 Cathy Lilley presented the final draft Annual Report for 2018/19 pointing out that there were some minor changes, as highlighted in the circulated report, to be finalised.

In discussion, the Committee:

- Noted that Board members had been given the opportunity to provide feedback over the course of the last month and have been sighted on three versions of the Report
- Agreed that minor changes were to be made without further reference to the Committee
- Commended the efficient process for the development of the Annual Report and commented on the quality of the report and its content.

4.2 The Audit Committee **AGREED** to recommend the approval of the Annual Report including Quality Report for the year ended 31 March 2019 by the Trust Board.

5.0 **External Audit**

5.1 **ISA260 Audit Highlights Memorandum**

Ciaran McLaughlin presented the External Auditors' draft audit findings, highlighting:

- The audit had gone very well this year and assistance received throughout was extremely good
- One adjustment to the financial statement was identified; this had been an administrative error amounting to £28k – the details included in the appendix.
- The audit work is substantially complete and they are proposing an unqualified audit
- Value for money is also unqualified and no significant risks identified
- Report on materiality is a reflection of the increase to Trust turnover, which is primarily due to the new provision Bedfordshire Community Services
- Pages 6-8 set out the responses to significant risks, and reports on the work undertaken to address the risks. On management controls the auditors confirmed there is nothing to bring to the Committee's attention
- The focus of reviewing the risk on valuation of land and buildings, as this is an area that regulators emphasis should be considered and assumptions check. No issues were identified for the Committee's attention

- Following review, three out of the four recommendations from the previous year have been completed. The remaining recommendation will be monitored; however, there were no issues.

In discussion, the Committee:

- Noted a review of the validation controls will be undertaken by end of Q1 to ensure similar administrative errors (as reported earlier in respect of the financial statements) are prevented from occurring in future; and requested an update at a future meeting
Action: Steven Course
- Noted Grant Thornton's interaction with internal audit is primarily through discussion and reviewing copies of their reports and findings which help with risk assessment. They are not, however, allowed to directly place reliance on internal audit work.

5.2 The Committee **RECEIVED and NOTED** the Audit Report.

5.3 **Auditor's Report to Council of Governors on the Quality Report 2018/19**

Matt Dean presented Grant Thornton's review of the Trust's Quality Report, highlighting:

- The Quality Report had been prepared in line with regulatory guidance
- All mandatory indicators were not materially inconsistent and there were no issues with the local indicator
- Although there was a discrepancy with the IAPT indicator, page 8 of the report, a management response has now been received and the action plan will be updated
- The auditors' fees for the work on the Quality Report was £6,600.

In discussion, the Committee:

- Noted the management response in respect of incorrect reporting breaches for IAPT:
 - Reinforce message to therapists via team meetings and management that MDS Appointment should be selected for all planned treatment appointments, including triage, unless otherwise instructed
 - Reinforce this particularly to temporary and agency staff on starting, as many of the errors appear to be from this group
 - Performance team to provide local management teams with a monthly list of "breached" cases along with their allocated therapist, this would help identify if specific therapists are not following the guidance correctly.
- Noted a timescale will be attached to these actions as well as what evidence will be used to know if they are being effective. An update will be provided at the meeting in September 2019
Action: Paul Calaminus
- Queried the figures included in the Serious Incidents section of the report (page 9). This number would be checked. Auditors assured that there was no cause for concern
- Noted the low number of out of area placements; this was an intentional approach by the Trust to avoid OOA wherever possible as this was in the best interests of service users, families and carers
- Noted that comments from external stakeholders (Healthwatch and Newham CCG) on the Quality Report were expected and would be included in the final Annual Report and Accounts for submission to NHSI. Consideration to be given next year to ensure a more timely response from partners.

5.4 The Audit Committee **RECEIVED and NOTED** the Auditor's Report to the Council of Governors on the Quality Report.

5.5 **Letter of Representation on the Quality Report**

The Letter of Representation, which will be signed by Marie Gabriel, Chair of the Trust and Navina Evans, Chief Executive, was presented to the Committee.

This is a standard letter with legal wording with no additional items.

The Committee raised no concerns.

6. **Issues to be brought to the Board's attention regarding the Annual report and Accounts 2018-2019**

6.1 Audit Committee's recommendation that the Board approves the Annual Report and Accounts (including the Quality Report). An overview of the key items of discussions at today's meeting would also be provided.

7. **Any Other Business**

- Anit Chandarana thanked everyone involved in the production of the Annual Report and Accounts, both the internal teams and the external team at Grant Thornton. He acknowledged the rigorous process involved and asked that thanks be passed on to the teams involved
- Steven Course noted that a de-brief meeting will be held to review lessons learnt and areas for improvement; an update report will be shared with the Committee.

ACTION: Steven Course

8 **Date of next meeting**

Tuesday 9 July 2019

The meeting closed at 9.30am