

Minutes of the West Gloucestershire Primary Care Trust Audit Committee held on Thursday 9th October 2003 at 9.30 a.m. in the Boardroom, Highnam Business Centre

Present: Derek Harbottle (Chair)
Kevin Stephens
Shelina Jetha

In Attendance: Mike Theelke – WGPCT Stephen Malyn – Audit Commission
Mel Crosby – WGPCT Peter Saunders – Audit Commission
Brian Welch – Deloitte and Touche

1.0 APOLOGIES FOR ABSENCE

1.1 Apologies for absence were received from Mike Clarkson and Sallie Cheung.

2.0 MINUTES OF THE MEETING HELD ON 30TH APRIL 2003

2.1 The minutes of the meeting held on 18th July were agreed subject to the following amendment:

Paragraph 4.4 should have read "Finally, *Mike* concluded that...".

3.0 MATTERS ARISING

3.1 Financial Ledger Report – Update on Identified Actions

At the last Audit Committee meeting it was noted that the actions identified in the **Financial Ledger Report** should have been completed by now and Members had therefore requested an update on these actions. Mike Theelke advised that the majority of actions identified were the responsibility of the Finance Shared Service. Brian Welch agreed to ensure that these were followed up and would provide a report to Mike. Mike then provided an update on the internal recommendations. He stated that two of these had already been completed, the other recommendations related to account set-up requests – this was now in place, and procedural guidance (the compilation of procedure notes for central systems admin. tasks), this was currently underway.

3.2 Debtor and Creditor Balances

Due to the problems encountered last year in stating opening balances on the General Ledger, Derek Harbottle queried whether appropriate processes had now been put in place in order to avoid any repetition of this issue. Peter Saunders reported that Robson Rhodes and the Directors of Finance across the health community had met to discuss the final accounts process for 2003/04 and that issues of recharging had been discussed. The first set of recharges, for the first four months, had now been undertaken and these will continue monthly in order to ensure that the same issues do not arise at year end.

3.3 In relation to controls and risks, Shelina Jetha asked what controls had been put in place to minimise the risks associated with Stephen Golledge and Mike Theelke providing support to Kennet and North Wiltshire PCT until the new year. Mike explained that Directors had had the opportunity to discuss various issues at their Directors Development session held the previous day and that cover arrangements had been agreed to ensure that current workloads would be supported. Kevin Stephen queried whether there would be any impact in terms of additional costs for these cover arrangements and Mike Theelke advised that any additional costs

incurred by West Gloucestershire PCT would be covered under the arrangement. He agreed to provide Kevin with a breakdown of the financial arrangements.

3.4 **Intellectual Property Rights**

Derek Harbottle requested an update on the recommendations that arose from the CISP and Intellectual Property Rights Report and Action Plan. Peter Saunders advised that the majority of the identified actions were directed towards the IM&T Shared Service and that they had been working with the Partnership Trust to help the service develop appropriate policies and procedures. The Partnership Trust would circulate guidance once it had been approved by their Board. Peter added that they had also been following up the cost of sales that had been made to other health organisations as well as following up information on the company involved with Companies House.

4.0 **INTERNAL AUDIT PROGRESS REPORT**

4.1 Brian Welch introduced the above report and advised that a number of reports had now been issued in draft form and that management responses were still awaited for all but one (Lead Commissioning) report. A total of six draft reports had been issued and outstanding responses were being chased. Following a query from Derek Harbottle it was stated that the expected timescale from draft to final report was approximately 4-6 weeks. Brian Welch advised that a total of two Priority One recommendations had been identified, one relating to Trust HQ and GP practices general IT controls and the other in relation to registration of the PCTs Charitable Funds with the Charities Commission.

4.2 Members discussed various issues relating to IT controls and support to practices, for example development of disaster recovery plans. Mike Theelke advised that the PCT would take the lead in this area but added that plans would need to be tailored to each practice. Concerns were also expressed regarding commissioning risks, particularly those relating to other providers. Mike Theelke advised that an AGW wide commissioning network, chaired by Penny Harris, had recently been convened and that this group would be responsible for undertaking regular reviews in terms of commissioning issues.

4.3 Kevin Stephens raised the issue of Foundation Trust status and the impact that this may have on commissioning arrangements with the Hospitals Trust and queried whether the PCT should be undertaking some early audit work in this area. It was noted that this area would need to be kept under review and that if necessary some audit contingency time would be used to support this work.

4.4 Brian Welch updated Members on a number of other issues. He advised that they would be carrying out a joint exercise with the Local Counter Fraud Service to review travel claim expenses in December/January. This work would be linked to the Payroll review with Finance Shared Service. Mike Theelke explained the background to this piece of work – it was seen as quite a high risk area as various travel claim systems from the predecessor organisations were still in operation.

4.5 **Members noted the Internal Audit Progress Report.**

5.0 **INTERNAL AUDIT BRIEFING PAPER: STATEMENT OF INTERNAL CONTROL 2003/04**

5.1 Brian Welch drew attention to the revised guidance that had recently been issued on the Statement of Internal Control (SIC) for 2003/04. It was noted that for 2003/04 there were three possible scenarios. As the Trust had signed a partial SIC at

31/3/03, it would be necessary to ensure that a full Assurance Framework is embedded during 2003/04 so that a qualified full statement which identifies that the system was not in place for the whole of 2003/04 can be signed.

- 5.2 Mike Theelke then gave an update on the Board Development session on developing the Board Assurance Framework that was due to take place on 16th October. Brian Welch would also be involved in this session.
- 5.3 **Members noted the revised guidance on the Statement of Internal Control for 2003/04.**

6.0 EXTERNAL AUDIT ANNUAL AUDIT LETTER

- 6.1 Steve Malyn clarified the process for issuing the Annual Audit Letter. The Audit Letter had already been reviewed by the Director team, and once approved by the Audit Committee it would be recommended to the Board for approval. He advised that the report was largely a summary of the reports that had been issued during the course of the year. The following issues were raised:

Accounts: Derek Harbottle asked whether arrangements were now in place for monthly recharges to take place and it was noted that recharges are now being kept under review. Steve Malyn agreed that this would be tested out before the end of the financial year.

Financial aspects of corporate governance: Kevin Stephens mentioned the £3 million forecast overspend identified as an in year risk, which the PCT hoped to manage through slippage on the development plans and asked whether the auditors considered that this was a reasonable approach. Steve Malyn advised that it was reasonable if the situation was properly monitored; however it was still a high risk area, particularly as it linked to the wider health community financial tensions. Mike Theelke added that discussions were ongoing with colleagues across the health community to review this situation. He also advised that it was possible that some additional funding may become available as the number of ex local authority funded continuing care placements may have been higher than originally anticipated. Further discussions would take place with colleagues later that day.

Shelina Jetha asked about the impact of the introduction of the new GMS contract. Mike Theelke advised that the Primary Care Development Team were currently reviewing this and that work was also underway to consider the impact in terms of the functions of the FHS Shared Service.

Mike Theelke added that he would provide Members with an interim Finance Report for 16th October.

Prescribing: Peter Saunders advised that although the report had not yet been issued it was felt appropriate to draw attention to a number of issues in the Audit Letter. He confirmed that work was now moving on and processes were being put in place. Shelina Jetha queried whether good practice around prescribing issues was shared across PCTs. Peter Saunders confirmed that PCTs were still working through arrangements that had previously been adopted within the PCGs and that there was more sharing of work; however this was an area that the PCT could improve on.

- 6.2 **The Audit Committee approved the Annual Audit Letter and agreed to recommend it to the Board.**

7.0 EXTERNAL AUDIT PROGRESS REPORT

7.1 Peter Saunders provided a brief update on progress against the agreed work programme. The majority of work since the last Audit Committee meeting has been around the delivery of performance projects, including prescribing arrangements and IM&T, and production of the Annual Audit Letter. It is hoped to issue reports shortly.

7.2 **Members of the Audit Committee noted the External Audit Progress Report.**

8.0 GOVERNANCE AND RISK MANAGEMENT COMMITTEE UPDATE

8.1 Mike Theelke provided a verbal update on the work of the Governance and Risk Management Committee:

Risk Management Strategy: A revised Risk Management Strategy had recently been agreed by the Board.

Incident Reporting: Paper based systems had now been improved and were now being co-ordinated and collated centrally. A large increase in the number of reported incidents had been noted; however this was as a result of raising staff awareness in terms of the need to report incidents. The procurement of the new software system, Datix, was nearing completion and it was hoped that the system would be operational by the Autumn.

Local Training Sessions: Sessions with staff groups had commenced to raise awareness of risk management and risk assessment and risks identified through these sessions were being incorporated into the Risk Register.

Mel Crosby added that take up of the GP incident reporting system had increased and a large number of forms were now being received by the PCT. A summary of incidents/lessons learned etc. had recently been shared with practices.

8.2 **Members noted the update from the Governance and Risk Management Committee.**

9.0 COUNTER FRAUD REPORT

9.1 **Work Plan 2003/04 Update:** Mike Theelke presented the above report in Sallie Cheung's absence. He advised that the PCT Local Counter Fraud Steering Group had met on 7th October and had reviewed the Work Programme. It had been noted that the GMS post payment verification visits needed to be reinstated and also further consideration needed to be given to "light touch" visits for PMS practices. It was noted that Julie Gannoway-Pitts had now left the team and a replacement needed to be appointed.

9.2 **Fraud Log:** There were no current active cases to report.

9.3 **The Audit Committee noted the report.**

10.0 DATE AND TIME OF FUTURE MEETINGS

10.1 It was agreed that the next meeting would be held on **Thursday 8th January 2004 at 12.30 p.m.** in Meeting Room 2, Unit 8, Highnam Business Centre