

## Minutes of a Meeting of the AWP NHS Trust Audit and Risk Committee

Held on 22 May 2015 at 3.00 p.m. in Seminar Room 4 at Jenner House, Langley Park, Chippenham, Wiltshire, SN15 1GG

These Minutes are presented for **Approval**

### Members Present

Tony McNiff (TM) – Non-Executive Director, Chair      Lee O’Bryan (LOB) – Non-Executive Director  
[Deputising for Peaches Golding]

### Staff In Attendance

Anthony Gallagher (AG) – Trust Chair      Becky Paillin (BP) – Senior Financial Accountant  
Hayley Richards (HR) – Medical Director      Ann Tweedale (AT) – Head of Quality Information & Systems  
Sue Hall (SH) – Director of Resources      Alexander Lauder-Bliss (ALB) – Governance and Risk Coordinator  
John Ridler (JR) – Financial Controller

### Internal Audit

Nick Atkinson (NA) – Baker Tilly      Karen Williams (KW) – Baker Tilly

### External Audit

Barrie Morris (BM) – Grant Thornton      Kevin Henderson (KH) – Grant Thornton

### AR/15/021 – Declaration of Members' Interests

1. In accordance with AWP Standing Orders (s8.1) members present were asked to declare any conflicts of interest with items on the Committee meeting agenda.
2. **None were declared.**

### AR/15/022 – Apologies

1. Apologies were received and accepted from: Peaches Golding, Kristin Dominy and Emma Roberts.

### AR/15/023 – Minutes/summary of the meeting on 21 April 2015

1. The Committee **deferred** this item.

### AR/15/024 – Matters Arising from the Previous Meeting

1. The Committee **deferred** this item.

### AR/15/029 – Internal Audit Annual Report

1. NA explained that the annual report summarised the content of the progress reports at previous meetings. TM noted that the appendix contained an assessment of the scores, and was pleased that only one rated to the left of centre and none were red. AG queried why the first row in the appendix stated ‘Little progress’. NA answered that the report was a follow-up audit, but the area indicated had changed since the start of the year.

**AR/15/026 – External Audit Findings Report**

1. BM explained that the audit had not identified any issues which had impacted upon the retained surplus of £750,000. The draft accounts had been produced to a good standard, and the working papers to a satisfactory standard. Some elements of the accounts had not agreed with the trial balance. The auditors were looking to provide an unqualified report subject to discussion of the valuation of PP&E.
2. In terms of the value for money conclusion the auditors had identified some amber areas, mostly around the Better Payment Practice code and the delivery of savings.
3. On PFI, Semperian had provided the auditors with information and the latter had begun to challenge whether or not the expenditure included for life cycle costs was meeting the criteria for capitalisation. BM explained that the values were not yet material but could be going forwards. KH said that the individual items were low valued.
4. On the valuation of PP&E, BM said that the valuer had reported the building assets had increased by £3.3 million, with a 5% plus/minus tolerance on the balances. That tolerance brought the value down to within the materiality risk. The auditors' preference was for the Trust to review the values to reflect the carrying value supported by the report.
5. SH noted that capital impairments in-year were not included in the valuation. There were elements of the Trust's estates which, from a desktop point of view, would have increased. AG agreed with TM that there was a cogent case to retain a more prudent asset value. BM replied that the auditors had to rely on the valuation provided by the experts.
6. TM stated that the PFI issue had been a problem and thanked the executive and auditors for working together to produce a solution.
7. BM noted that the auditors were satisfied with the Trust's approach to judgements and estimates, as well as going concern. Solicitors would be asked if they knew of any unidentified liabilities.
8. BM noted that there had been an issue around differing categorisations between the asset register and the pro forma for the accounts. The auditors had confirmed the appropriate related parties declarations were in place. Management had decided to accept the risk around password complexity.
9. There had been one mis-statement which related to an invoicing issue with Bristol CCG for £3.5 million, which had resolved.
10. KH noted that the Trust had reported a £750,000 surplus, in line with its plan, and the CIP had been delivered. The auditors believed that good arrangements were in place on financial resilience. They accepted that the Trust was doing what it could to reduce its costs, but although the Trust's reference cost index had reduced it remained above average when compared with mental health and community trusts.
11. Performance against the public sector payment policy had deteriorated. SH confirmed that the NHS value had been skewed by the outstanding debts that had not been agreed. BM said that he would clarify the national benchmark. **ACTION BM**
12. TM stated that there had been issues in the previous year regarding value for money, and was pleased matters had improved.
13. BM confirmed that the auditors had complied with all independence and ethical requirements and the audit fee remained as planned. He stated that they were providing a Quality Account

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audit which had been approved by the PSAA. He confirmed that the auditors had communicated everything they needed to.

### AR/15/027 – Review of Audited Annual Accounts and Financial Statements and Annual Report

1. SH confirmed that the only addition to the accounts was the comment regarding valuation.
2. The Committee resolved to **approve** the signing of the accounts.

### AR/15/025 – Review of Quality Account

1. AT highlighted that the external audit team would conduct their annual audit, which would include scrutinising two particular indicators in detail. She noted that comments were still to be received from HealthWatch and the Trust's commissioners.
2. AG wished the document to properly reflect the extent of the Trust-wide Involvement Group's level of input, as it had felt it had not been provided sufficient time to absorb the document's detail. AT clarified that the group would have time to provide feedback, though on a short timescale.
3. The Committee resolved to **note** the progress of the document, **approve** the current draft and **delegate** to TM approval of the external auditors' report.

### AR/15/028 – Review of Audited Charitable Funds Accounts and Annual Report

1. The Committee **deferred** this item.

### AR/15/030 – Issues referred from/to other Committees or to Board

1. No issues were raised.

### AR/15/031 – Any Other Business

1. TM noted that SH, Iain Tulley and he would meet monthly in advance of A&R meetings.
2. AG asked whether the risk register was a standing item. TM clarified that it was not for the current meeting, however, it is present in all others.

Minutes Prepared for the Audit and Risk Committee Meeting of 22 May 2015

Sponsored by the Chair

Agenda Item:

Serial:

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