

NORTH WEST STRATEGIC HEALTH AUTHORITY

**AUDIT COMMITTEE**

**Minutes of a meeting held on Monday, 6th October 2008  
at 2.00 p.m. in Meeting Room 1, Gateway House**

**Present**

Sally Cheshire	Non-Executive Director & Chair
Alan Foster	Non-Executive Director
Denis Lidstone	Non-Executive Director
Mark Winstanley	Non-Executive Director

**In Attendance**

Lynne Burgess	Associate Director, Corporate Affairs - Risk
Debbie Bywater	Deputy Chief Information & Knowledge Officer
Tony Cobain	Mersey Internal Audit Agency - Head of IM&T
Steve Connor	Mersey Internal Audit Agency - Deputy Director
Phil Goldrick	Assistant Director of Finance (Strategy & Performance)
Roy Maxwell	Audit Commission - Audit Manager
Dave McGovern	Mersey Internal Audit Agency - LCFS
Peter Richards	Corporate Affairs Manager
Mick Waite	Audit Commission - District Auditor
Karan Wheatcroft	Mersey Internal Audit Agency - Audit Manager

**1. Apologies for absence**

Apologies for absence were received from John Caldwell, Chris Dent, Mark Ogden, and Sam Simpson.

**2. Minutes of the meeting held on 9th June 2008.**

The Minutes of the meeting held on 9th June 2008 were approved as a correct record.

**3. Matters arising from the Minutes**

**Minute 3: Draft Report on the National Programme for Information Technology**

The final version of the report and action plan had now been agreed. The Audit Commission would follow up the implementation of the action plan and report back.

The issues identified in the report would be included in the Risk Assurance Framework and reviewed as part of the process by which the Integrated Governance Committee monitored the Framework. A copy of the report and action plan would be circulated to SHA Non-Executive Directors.

**Minute 3: North West Summary of Audit Risks addressed in 2008/9**

Following discussions between the Audit Commission and the SHA's Director of Finance and the Associate Director of Finance, the issues in the report had been resolved satisfactorily.

#### **4. External Audit Progress Report**

The Committee received a progress report on the 2008/9 external audit work.

The earlier deadlines for the preparation of 2008/9 financial statements was noted. It was also confirmed that the work undertaken in 2007/8 on Health Inequalities and NPfIT would be followed up.

#### **5. Annual Audit Letter 2007/8**

The Committee received the Annual Audit Letter for 2007/8 and noted that the external auditor had issued an unqualified opinion and that the accounts had been produced on time and to a high standard. The auditor's comments regarding pre-payments were noted.

The auditor had also concluded that in respect of value for money, the SHA had proper arrangements in place to secure economy, efficiency and effectiveness in the use of resources. The auditor had also made suggestions to improve arrangements relating to agreeing and updating key policy documents, and the identification of a medium term financial strategy. The latter point would be considered by the SHA Board.

The Committee noted that overall, NHS North West providers had done well in the Payment by Results Data Assurance Framework for 2007/8.

With regard to the audit on partnership working across agencies which had been carried out as part of the work on health inequalities, the auditor undertook to give a presentation to the Committee or SHA Board on Comprehensive Area Assessments.

The Auditor's Local Evaluation of Trusts and PCTs across the North West had shown that there had generally been an improvement on the previous year's scores. Formal comparative information on how North West organisations had performed relative to other SHA health economies would be provided once the Healthcare Commission had published the annual health check on 16th October.

#### **6. VFM & Financial Management Improvement Tool**

The Committee received the report on the findings from the 2007/8 VFM & Financial Management Improvement Tool review of the SHA.

Overall the SHA had shown good performance across the range of activities covered by the review and no areas of weakness or issues adversely affecting value for money had been identified.

It was agreed that the results of the review should be reported to the SHA Board.

#### **7. Internal Audit Progress Report**

The Committee received the internal audit progress report on work in hand or recently completed, including work on tenders, quotations and waivers, corporate governance compliance, and data security.

The review of data security had covered data held both electronically and on paper and an action plan had been drawn up to ensure that the SHA was following best practice. This included the establishment of an Information Governance Steering Group to cover both the SHA and the Deaneries. The Group would report to the Integrated Governance Committee but an initial progress report would be submitted to the next meeting of the Audit Committee.

With regard to tenders, quotations and waivers, it was agreed that Mersey Internal Audit Agency should be requested to report to the January 2009 meeting of the Audit Committee on the Collaborative Procurement Hub.

#### **8. Composite Follow-up Review**

The Committee received a report on a review which had been carried out of the actions outstanding from internal audit reports which had been commissioned by the SHA's predecessor Authorities (Cheshire & Merseyside, Cumbria & Lancashire, and Greater Manchester).

The review confirmed that the actions had either been concluded or were now incorporated in current SHA plans.

#### **9. Financial Indicators**

The Committee received a report reviewing the schedules of debtors' and creditors' balances over six months old with a value of £5,000 or more. The report was submitted in line with the requirement in the Authority's Corporate Governance Framework that the Audit Committee review these balances.

#### **10. Losses and Special Payments**

The Committee received a report setting out the schedule of losses and compensation payments made during the year.

The report covered the period April to August 2008 during which one payment had been made. Confirmation would be sought on the process by which such payments were referred to the SHA's Remuneration and Terms of Service Committee.

#### **11. Statements on Internal Control**

The Committee received a report setting out the process undertaken by the SHA for the annual review of the systems of internal control within NHS organisations in the North West, and findings arising from the assessments for 2007/8.

The areas where there had been control issues were noted and it was confirmed that a number of these had now been addressed.

#### **12. Counter Fraud Progress Report**

The Committee received the Counter Fraud progress report for the period April to August 2008.

#### **13. Draft Fraud and Corruption Policy**

The Committee approved a draft Counter Fraud Policy and Response Plan. This updated the Authority's existing Plan with the latest good practice.

It was noted that the Authority's Whistleblowing policy approved by the Remuneration and Terms of Service Committee on 18th July 2008, specified that any non-executive director could act as the nominated independent manager for internal disclosures. However, the Fraud and Corruption Policy recommended that in cases of suspected fraud, nominated officers should be only the Director of Finance or the Local Counter Fraud Specialist.

#### **14. Date and time of next meeting**

The next meeting would be held on 29th January 2009 at 2.00 p.m.

