

Darlington Primary Care Trust Audit Committee
Minutes of the meeting held on
Thursday 15 October 2009, Doctor Piper House

	<p>Present John Flook (Chair) Non-Executive Director Brian Everett Non-Executive Director Bunny Forsyth Non-Executive Director Linda Marks Non-Executive Director Melanie Pears Non-Executive Director Sandra Pollard Non-Executive Director</p> <p>PCT Officers Tom Hunt Director of Finance and Corporate Services Anne Yuill Head of Corporate Services</p> <p>In Attendance Ken Greenfield Trust Chair Colin Morris Chief Executive Carole Harder Director of Community Health Services Janet Eilbeck PriceWaterhouse Coopers Lynne Preston (Representing Linda Templey) John Whitehouse Director of Internal Audit</p>	
		Action
1.	Apologies <i>Kelly Douglas, Linda Templey</i>	
2.	Minutes of the meeting held on 1 October 2009 Approved as an accurate record	
3.	Matters Arising MP referred to page 3, item 7, paragraph 7, of the above minutes entitled Scheme of Delegation. She asked that it be recorded that the minute did not reflect the extensive and detailed discussion which had taken place at the meeting and in particular the amendments she had recommended.	

4.	<p>Action Log</p> <p>TJH reported that all items had been actioned.</p>	
5.	<p>Review of Scheme of Delegation and Governance Arrangements <i>Anne Yuill</i></p> <p>AY tabled revised governance documents which she said incorporated comments from the chair of the audit committee and internal and external auditors which had been received following the last meeting.</p> <p>AY said that two main concerns raised at the meeting on 1 October were regarding the potential conflict of interest in the appointment of a joint chief executive for NHS County Durham and NHS Darlington following the provider and commissioning split. AY reported that as accountable officer, the joint chief executive would have the power to delegate roles and responsibilities and there is the understanding that maximum delegation would be made to Community Health Services to allow them to function at arms-length.</p> <p>AY confirmed that Hempsons were fully aware of the fact that the officers to which the joint chief executive officer would delegate roles and responsibilities would also be joint appointments. Members present expressed further concern regarding the potential conflict of interest this could present and it was agreed that further discussion and clarification was required.</p> <p>JF acknowledged AY's earlier introduction when she stated that 'absolute' assurance could not be given around conflict of interest. He said however that concerns expressed by members should be recorded.</p> <p>AY referred to the individual conflict of interest policies drawn up by Hempsons solicitors which had been presented to the last audit committee meeting and which had now merged into the Standards for Business Conduct for Board Members and NHS Employees Policy. This was tabled for consideration. Following a question from MP, AY confirmed that the original conflict of interest policies for deliberation had been withdrawn.</p> <p>AY reported that amendments made to these documents had already been approved by the NHS County Durham Board. AY asked that any further comments or amendments be forwarded to her within the next week for inclusion in the final document.</p> <p><u>Integrated Business Board (IBB) – Terms of Reference</u></p> <p>AY summarised amendments made to the above document.</p>	ALL

With regard to page 3, item 5.3, KG reported discussions with the NHSCD chair in which he had recommended that the NHSCD chair should be appointed as chair of the IBB. This was supported by BE. It was agreed that clarity was required regarding this appointment at the first IBB meeting on 5 November.

Following discussion it was agreed that clarity was also required around the complex membership of the IBB in terms of decision making. AY confirmed that a joint PCT development session has been arranged for 5 November to discuss the above to ensure consistency across both organisations. Following a question from KG, AY said that public attendance at IBB meetings would be an issue that could be further explored at the first IBB meeting.

MP said that the signatures on page 5 of the document were incorrect and that the paper should be signed off in the PCT business name – this was agreed.

The Audit Committee approved the IBB Terms of Reference subject to the above amendments.

Community Health Services Provider Board – Terms of Reference

Following discussions regarding quorum requirements it was recommended that this should be a minimum of four members present, of whom two should be independent members, before decisions can be made – this was agreed.

JF referred to page 3, item 8 and asked that ‘and the PCT Board have jointly’ be deleted – this was agreed.

AY confirmed that the terms of reference would be reviewed in six months time to ensure it was ‘fit for purpose’.

MP said that item 18 on page 3 of the report which referred to the conflict of interest policies be deleted as these had been withdrawn and merged into the Standards for Business Conduct for Board Members and NHS Employees as discussed in item 5 above.

The Audit Committee approved the Community Health Services Provider Board Terms of Reference subject to the above amendments.

Community Health Services Provider Board –
Statement of Accountability

The Audit Committee approved the Statement of Accountability.

Audit Committee – Terms of Reference

It was agreed that the title of the committee should be amended to Audit and Risk Committee and that the quorum as noted in the document be amended from three to two members.

The Audit Committee approved the terms of reference for the Audit and Risk Committee subject to the above amendments.

Joint Remuneration and Terms of Service Committee

It was recommended that a minimum of two NHS Darlington Non-Executive Directors be included in the quorum requirements for the joint RATS committee.

AY reported that recruitment to the position of Company Secretary for NHS County Durham was underway. MP said that whoever was appointed to this role should not receive any information regarding NHS Darlington community health services remuneration and terms of service and should not have access to any information regarding community health service decision making. It was agreed that further discussion between both organisations was required regarding this issue. It was recommended that arrangements for the chair of the joint RATS committee should be on a rotational basis between NHS County Durham and NHS Darlington. It was also agreed that this should be decided at the first meeting of the joint RATS committee.

The title 'Company Secretary' was amended to 'nominated officer'.

The Audit Committee approved the joint Remuneration and Terms of Service Committee terms of reference.

Delegation Overview and Flow Chart

The Audit Committee received and noted the overview and flow chart.

Scheme of Reservation and Delegation

AY referred to the amended document as tabled.

Page 3, 23.5 – it was agreed that reference to approval of LIFT and PFI be deleted as this should be the responsibility of the Integrated Business Board.

Page 3, 11.4 – should read 'approve the appointment of *internal* auditors ...'

Page 8, 1.3.2.4 (1) – several sections from Section 4 had been amended by NHS County Durham to say '*delegated to IBB subject to ratification by the Statutory Board*'. AY confirmed that this had been approved by the NHS County Durham Audit Committee and

	<p>Hempsons solicitors. The committee expressed concerns regarding this from an NHS Darlington perspective, as these were key board functions. AY was asked to provide a further update following discussions with NHS County Durham.</p> <p>It was agreed that pages 10 and 11 were considered to be irrelevant to the document and should be deleted.</p> <p>Page 14, 23.4.4 – end column be amended to read ‘Board’ – this was agreed.</p> <p>Page 15 – Following a question from MP regarding the commercially sensitive nature of accounts, AY confirmed that separate banking arrangements would be in place. Further discussion took place regarding the potential conflict of interest following implementation of the joint Director of Finance post.</p> <p>Following discussion JF recommended that ‘Scheme of Delegation’ be removed from the title of the document under discussion and that this be amended to ‘Matters Reserved to the Board’.</p> <p>JF said that in light of the continued extensive and detailed discussion, the Audit Committee was not in a position to give approval of the document. He asked that any further comments be forwarded as soon as possible and that the matter be returned to officers of NHS County Durham and NHS Darlington with the suggestion that they involve a small group of Non-Executive Directors and officers in discussions to formulate a document to be considered by the Audit Committee. He said that until agreed otherwise, current arrangements should remain in place.</p> <p>TJH said that any discussion on this matter should include officers from both organisations to ensure co-ordinated decisions.</p> <p><i>The Audit Committee did not approve the Scheme of Delegation.</i></p>	<p>AY</p>
<p>6.</p>	<p>Delegated Financial Authority</p> <p><u>Provided Services</u></p> <p>AY said that this document was based on that of NHS County Durham to ensure co-ordination and consistency.</p> <p>Page 3, item 2.1 - in response to a question from MP, AY confirmed that the increased authorised limit for the Director of Finance from £1m to £10m had been agreed in light of the level of services to be contracted. She also confirmed that this referred to the Director of Finance for Provider Services.</p> <p>With reference to ‘director of relevant budget’ MP asked that this be re-</p>	

	<p>worded to be more explicit.</p> <p>Page 2, 2.1 – general expenditure – In response to a question from CH regarding approval following award of tenders, TJH stated that it was proposed that up to £10m these would be approved by the Provider Board and that any tenders received above this amount needed to be ratified by the statutory board. TJH stated therefore the word income should be inserted alongside expenditure in the heading. It was agreed that point 2.1 of the document needed to be amended to clarify this.</p> <p>MP referred to page 4, item 3.1 and recommended that this was amended to read ‘Community Health Services Reserves’ – this was agreed.</p> <p><i>The Audit Committee approved the above report with the proviso that none of its contents are implemented until the Community Health Services Board is constituted.</i></p> <p><u>Commissioned Services</u></p> <p>AY said that this report reflected the contents of that for provided services to ensure consistency with NHS County Durham.</p> <p>Following discussions regarding the financial limit of up to £10m allocated to the Management Executive or chief executive and director of finance/VSM director of relevant budget, it was recommended that clarity be sought on the intention to identify an upper limit.</p> <p>There were concerns expressed about who a ‘management executive’ would be and why there was no upper limit identified for contracts which required board approval. TJH was asked to provide further clarification at a future meeting.</p> <p><i>The Audit Committee requested that a revised report be presented with the proviso that none of its contents are implemented until the Integrated Business Board is constituted.</i></p>	TJH
7.	Date and time of next meeting: To be advised	

John Flook expressed his thanks to all members of the Audit Committee and officers of the PCT who were working extremely hard to resolve these issues to ensure good governance systems were in place.