

DARLINGTON PRIMARY CARE TRUST

Audit Committee

Meeting held on 29 February 2008

Present

John Flook Non Executive Director (Chair)
 Linda Marks Non Executive Director
 Brian Everett Non Executive Director
 Sandra Pollard Non Executive Director

In Attendance

Pat Taylor Director of Finance
 Tom Hunt Assistant Director of Finance - Darlington
 Mike Dodd Assistant Director of Finance - Technical Accounting
 Kelly Douglas PriceWaterhouseCoopers
 Louise Mann PriceWaterhouseCoopers
 Graham Thompson Assistant Director of Audit (Durham & Tees Audit Consortium)
 John Whitehouse Director of Audit (Durham & Tees Audit Consortium)
 Brian Key Director of Performance and Prison Health (for item DAC/08/04)
 Lynne Hodgson Minutes

		Action
DAC/08/01	Apologies for absence Apologies for absence were received from Janet Eilbeck.	
DAC/08/02	Minutes of the meeting held on 17 December 2007 The minutes of the previous meeting were approved, subject to the following amendments: Item DAC/07/22 internal audit – progress report First paragraph, first line, delete <i>that</i> . Second paragraph, first line, delete <i>going</i> . Fifth paragraph, fourth line, delete <i>this had</i> .	

	<p>Item DAC/07/23 Internal audit – LCFS half year summary</p> <p>Second paragraph, to be amended to read: Darlington PCT had been rated at 1 although it had been expected to receive a rating of 2. However they received a rating of 1, and it was suggested and agreed that Darlington PCT should use the appeals process to appeal against that score.</p> <p>Paragraph seven, delete performanceit and replace with performance. Delete additional full stop at the end of the first sentence.</p> <p>Item DAC/07/26 – Aged debtors</p> <p>Paragraph four, amend last sentence to read: Following discussion on specific outstanding debtors, it was agreed that future reports would include a statement on all over 90 day debts over £10k.</p> <p>Item DAC/07/28 – Date and time of next meeting</p> <p>Delete 92 May and replace with 2 May.</p>	
DAC/08/03	<p>Matters arising</p> <p>Item DAC/07/18 – matters arising</p> <p>External audit - final ALE report</p> <p>PT confirmed HFMA training packs had been ordered and advised that non-executive director training had now formally been passed to the strategic health authority who would develop a training programme. PT would raise this at a SHA meeting today.</p> <p>The next Audit chairs meeting would take place on 2 April and JF would address again the issue of getting wider training through the audit commission.</p> <p>Item DAC/0719 – ALE progress report</p> <p>BK advised that although his team was currently at full strength, one key team member would be leaving the team shortly. BK would draw on a contingency arrangement to bring someone into that role and back fill, and was happy with the arrangements put in place. Julie Humphries would act into the team management post for performance advisers.</p> <p>DAC/07/23 – Internal audit – LCFS half year summary</p> <p>JW was in the process of organising an event on 4 April on counter fraud and the wider involvement of non-executive</p>	<p>PT</p> <p>JF</p> <p>JW</p>

	<p>directors. The Director of Quality from CFSMS would speak at the event and the programme would be linked to the planning process on training for NEDs and the development of DATAC. Further details of the event would be circulated shortly.</p> <p>Ros Goode would be asked to attend the next meeting to provide an update on LCFS.</p> <p>DAC/07/28 Date and time of next meeting</p> <p>It was noted the 4 July meeting had been cancelled and a meeting would now be held on 19 June at 9.00am to discuss annual accounts. A room with conference call facilities would be booked to enable discussion with JE. LH to make all necessary arrangements and advise audit committee members of revised details.</p> <p>TH confirmed the PCT Chair was available on 19 June to agree annual accounts. PT suggested the Chair could delegate responsibility to the audit committee to agree annual accounts if he wished to do so. It was agreed to hold an extraordinary board meeting to approve the accounts, immediately following the audit committee on 19th June.</p>	<p>JW</p> <p>LH</p>
<p>DAC/08/04</p>	<p>ALE progress report</p> <p>BK presented an update and drew attention to a number of areas.</p> <p>It was noted appendix 1a related to County Durham PCT and had been provided for reference purposes only to give an insight into the detail of the KLOE, as the Darlington PCT self-assessment was still being finalised.</p> <p>In terms of the self assessment, BK advised it was anticipated the Darlington PCT would receive an overall level 2. The approach taken in assessing Darlington PCT's position had been that in areas where BK was not fully assured all elements were satisfactory, a lower self assessment level had been noted.</p> <p>BK highlighted the areas where it was considered Darlington PCT had not met the criteria.</p> <p>Item 5.3.16 – related to systems that support commissioning activity and work on a cluster basis. CW was leading on secondary acute and tertiary processes. It was suggested Darlington PCT would partially meet this criteria on the basis it had a good level of validity, and was in the process of establishing quality thresholds that would enable strong affirmation in 2008/09.</p>	

	<p>Item 5.3.12 - had been partially met as although staff with a data collection element within their job specification were highly trained and proficient, the PCT had not undertaken a piece of work to be assured that was the case for all staff.</p> <p>It was noted that there were inevitably transitional issues as new staff were appointed to posts and required time to get up to speed.</p> <p>Item 3.5.16 - Substantial steps had been taken and would continue with development programmes. Therefore this item had been partially met. BK would check whether Darlington governance and audit committee held a full risk register and if not would ask AH to produce one.</p> <p>Item 5.4.30 - had been partially met as the PCT had been in existence for more than 3 years. A review of corporate services had not been undertaken because of the reconfiguration. The purchaser/provider split would be formalised and again this was a time and place issue. PT suggested this could be evidenced as CPLNHS still had a management cost target that had been delivered.</p> <p>Item 5.4.33 - there were sufficient instances through communication with the PPI where the PCT had evidence of transformational change in a service in response to patients' views, to justify a partial compliance.</p> <p>As joint commissioning arrangements moved into a new phase, progress around the joint commissioning agenda would have to be evidenced to support that.</p> <p>Item 5.3.38 - PT was leading on procurement and services were contracted out to CDDFT. An agreed annual savings plan was in place and CDDFT provided regular reports on savings.</p> <p>Item 5.4.39 - had been met as evidence of improvements in cost, quality and productivity was available around a range of services.</p> <p>Item 5.4.40 - was a further time and place issue as the PCT could not substantiate the indicator around demand management schemes.</p> <p>Brian Key would circulate the revised ALE narrative to NEDs when it was finalised later today.</p> <p>JF asked how KLOEs were moderated to ensure equality of scoring. KD explained there was a defined process of moderation over three stages including discussions with the finance team.</p>	<p>BK</p>
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	<p>JF asked whether it would be clear when the PCT received its score, what action would be needed to reach a score of 3. BK advised he had recruited someone with ALE expertise to his team, and reminded the committee that the standard for a number of indicators had changed and more work was required in order to reach the same score as last year. A more pro-active approach to ALE would be taken over the next year. BK would produce a schedule of reporting over the next full year setting out milestones of improvement. A formal process would be required to reach sufficient level 3 scores to meet that target next year, and the PCT would aspire to obtain a level 3 score next year.</p> <p>KD believed there would be further changes next year where the comprehensive area assessment would link between local authorities and health, and consultation was taking place. The process would be linked together more for comparability across organisations.</p> <p>BK had recently been advised ALE would remain the same for the foreseeable future. TH confirmed the chair of the Healthcare Commission had confirmed ALE would continue for 2008/09 and would apply to commissioning and provider functions and comprehensive area assessments.</p> <p>The audit committee noted an overall self-assessment of a very strong level 2.</p>	
DAC/08/05	<p>Risk Register progress review</p> <p>TH advised Darlington PCT now had no high risk areas on it and the summary contained notes on those areas where high risks had now been downgraded. The audit committee asked to see the risk register on a regular basis.</p> <p>The audit committee received the paper.</p>	
DAC/08/06	<p>External audit – 2007/08 audit plan - updated</p> <p>KD advised of small changes in the way significant risks were identified. and highlighted in the audit plan.</p>	
DAC/08/07	<p>External audit – continuing healthcare report</p> <p>The review had started in July 2007 but had been delayed for several reasons including the new framework for continuing healthcare.</p> <p>10 high cost cases had been reviewed and a standard approach with interviews and documentation taken with mixed success.</p>	

	<p>Overall administrative arrangements were acceptable, however concerns were noted prior to the introduction of the new framework as Darlington had operated two systems of assessments for 24 hour residential care and home care, and there were concerns about equity of assessments. The new framework would be used as a checklist.</p> <p>Initially there had been a budget for CHC and this now contained six categories of client ranging from long term cases to end of life and short term cases. Going forward it was suggested the PCT look at the categories in terms of costs, numbers, and procurement and look at costs across the north east for potential benefits. Data was now available through a new IT system that would generate the relevant information that was fit for purpose, and would be able to focus on this area.</p> <p>In conclusion the CHC budget had grown and the PCT had managed it well.</p> <p>PT advised that north east PCT Directors of Finance had agreed to support the establishment of a small specific team within the PRO-NE hub, to focus on placements for CHC clients where PCTs across the north east used the same providers, but paid different rates for similar patient needs. That team would focus on all existing contracts and try to lead negotiations on better value for money for all PCTs across the north east patch. It was anticipated the cost of this team would be more than met by any savings generated.</p> <p>TH noted a complementary piece of work within the north east mental health network, where data was being collected for a procurement team to set up a database looking at pathways of care. It was anticipated there would be financial benefit from this piece of work.</p> <p>The team would need to work with public health colleagues on that piece of modelling work as the PCT moved towards world class commissioning. The need to ensure guidelines were followed and that the team was clear on who met the criteria was recognised. Work would need to be led by a public health team.</p> <p>There were a number of areas within the action plan that required clarification as some would become commissioner actions and would fall within PT's remit.</p> <p>The audit committee received the report and noted actions.</p>	
DAC/08/08	<p>Internal audit – progress report</p> <p>GT advised that two final reports issued had received limited assurance. One related to a GP practice and the other to</p>	

	<p>dental contracts. Four draft reports had been issued on fundamental systems, and all had been given significant assurance. These would be converted to final reports by mid March.</p> <p>In relation to counter fraud issues, auditors had met with the communications manager and developed a communications strategy, which would provide additional points for compound indicators.</p> <p>There was currently a halt on prescription fraud checks due to a freeze by the Department of Work and Pensions on the transfer of data and it was not known when that work could recommence.</p> <p>In terms of performance indicators, internal audit had delivered 81 days in the last three months and was on target to deliver the remaining 78 days to the year end.</p> <p>The limited assurance on the dental contracts report concerned the need for more robust monitoring of units of activity.</p> <p>PT advised that reviews were carried out regularly and there was very limited data available at the time of the audit. PT advised the PCT clawed back funding and technically ringfenced money to secure additional non-recurrent UDA activity this year in order to catch up on lost activity from the previous year and that was repeated into the future.</p> <p>BE noted it would be helpful if future reports picked up the delay time in receiving data.</p> <p>Procedural issues had been noted with one GP practice using out of date anti-virus kit and procedures had been agreed. PT advised the PCT did provide practices with up to date IT equipment, however it had no role in making practices action the recommendations made by internal audit.</p> <p>JW reported that a 2008/09 planning workshop for NEDs would be held in the near future.</p>	
DAC/08/09	<p>Year end anticipated issues/changes in accounting policy</p> <p>MD reported that senior finance team members had attended an annual accounts planning event and key issues relating to the submission of annual accounts and IFRS had been identified.</p> <p>A planning process was in place with weekly meetings to discuss progress against the plan by 23 April to ensure the PCT delivered a robust set of accounts on 1 May.</p>	

	<p>No significant issues had been identified in relation to IFRS. The finance team was aware of the areas it needed to address and was discussing how to calculate annual leave at year end.</p> <p>The PCT was aiming for a level 3 score on financial standing and financial reporting and should reach that if it met its plan. It was working towards a process whereby annual accounts became a slightly larger production of monthly board reports.</p> <p>The Committee noted the comprehensive planning in place for the completion of final accounts.</p>	
DAC/08/10	<p>Aged debtors/aged creditors update</p> <p>MD tabled an analysis of debts over £10k.</p> <p>The Co Durham PCT debt had increased, however CDPCT did not wish to receive cash at this time of year.</p> <p>One member of staff had received an over-payment through payroll and MD was awaiting information on that separately.</p> <p>TH reported on his discussions with a debtor. He advised this related to an issue dating back to the establishment of the contract and they had agreed to pay outstanding debts.</p> <p>The Committee reviewed the outstanding debtors schedule in detail and received assurance that necessary progress chasing was in place.</p> <p>It was noted that generally debt recovery was improving, and the PCT was now starting to use an online debt recovery service direct through county courts for smaller debts. The use of alternative debt collection agencies was also being explored in regard to lowering the percentages charged for work.</p> <p>A debt provision had been made for write-offs. A schedule of write-offs would be provided to the audit committee following the conclusion of the annual accounts process.</p>	
DAC/08/11	<p>Annual review of audit performance</p> <p>Provided information.</p>	
DAC/08/12	<p>Any other business</p> <p>Tender waiver</p> <p>SFIs indicated the Chief Executive must authorise the waiving of tender requirements and that it be noted by the audit committee that this had happened.</p>	

	<p>The audit committee noted the actions of the chief executive to waiver a tender relating to the re-development of Dr Piper House and the need to do this in order to get the work done in a timely manner. It was noted that as this was part of the LIFT procurement chain the PCT would still be able to show value for money for this.</p> <p>Michael Dodd</p> <p>PT noted this would be MD's final audit committee meeting as he was retiring in April 2008. JF formally wished to record his thanks to MD on behalf of the audit committee and Darlington PCT for the efficient service he had provided over the many years he had worked for the NHS, and wished him well for the future.</p>	
DAC/08/13	<p>Date and time of next meeting</p> <p>2 May 2008 10.30am Board Room, DPH</p>	

