

**Minutes of the Audit Committee Meeting held on Friday 18th June 2010
at 9am in the Committee Room, Bedford Hospital**

Present: Bedford Hospital

Mr I Pickering Non Executive Director (Chair)
Mr D Gear Non Executive Director

In attendance

Mr R Valks Financial Controller
Mr A Dickinson Trust Board Secretary (Secretary)
Mr P King Engagement Lead, Audit Commission, (External Audit)
Mr C Pettitt Engagement Manager, Audit Commission, (External Audit)

1. Apologies for Absence

Mr G Johns Non Executive Director
Mr K Lewis Non-Executive Director
Mr A Warren Director of Finance & Performance

2. Purpose of the Meeting

Mr Pickering explained that the purpose of the meeting was to receive, discuss and hopefully agree the Annual Governance Report dated 16th June 2010. The views of the Committee would then be reported to a subcommittee of the Trust Board, consisting of himself with Mr Gear as deputy and the Chief Executive with Director of Finance & Performance as deputy, established for that purpose at the special Trust Board meeting held on the 15th June. The current Annual Governance Report was sufficiently different from the previous draft discussed on the 10th June to warrant a further meeting. The Engagement Lead tabled a comparison of the two reports, indicating overall that the net impact of the changes was almost neutral. Mr Pickering confirmed that the Director of Finance & Performance and he had come to a similar conclusion.

2. Detailed discussion

U3 Capitalised salaries

Mr Pickering confirmed that to avoid this being an issue for a further year advice would be sought from the Department of Health and HMFA on the position. The Engagement Lead advised that a lot would depend on the nature of the work undertaken by the individuals and the extent to which this could be linked to specific projects.

U5 Asset Reserve Creditor

It was noted that this was basically a suspense account, not a liability, and was not material. It would be adjusted through the SOCI in 2010/11.

U12 Employee Costs

This was a note not an accounting issue. The Financial Controller advised that the issue did not appear as an error in the routine FIMS returns. The Committee agreed that the salaries could not be both capitalised and expensed in the same period and that the error should be dealt with in the context of the capitalised salaries.

U13 Holiday Pay Accrual

This had not been adjusted but was not considered material as staff were encouraged to take holidays within the year and not carry leave forward. The Engagement Lead advised that a calculation should however be done each year to indicate that it was not material and related working papers retained.

U14 Other Income

It was agreed that this was not material.

U15 Disclosure of Trust Income

The Financial Controller agreed to check the mapping of general ledger accounts. The issue was one of classification rather than the overall position.

U16 COBAS Lease

This was a matter of definition and was not considered to be material.

The Committee concluded that all adjustments which had been agreed and been incorporated as agreed and those which were left as unadjusted totalled approximately £150K - £200K and were considered by the Trust to be recorded appropriately. The Committee agreed that it could in the circumstances recommended to the committee of the Board that the accounts be approved.

3. Letter of Representation

The Committee considered a draft Letter of Representation prepared by the Director of Finance & Performance setting out the Trust's view on uncorrected misstatements and covering the required areas of supported records, going concern, irregularities, all regulations, contractually arrangements and Code of Practice, fair values, asset compensating arrangements, contingent liabilities, related party transactions, post-balance sheet events and segmental reporting. With one minor change the letter was agreed by the Committee.

4. Further Action

The Engagement Lead confirmed that on receipt of the Letter of Representation and subject to peer review he would be able to issue his opinion, which he hoped to do later that day. *[Post meeting note: The Engagement Lead did issue an unqualified audit opinion later on the same day, 18 June 2010].* The Engagement Manager confirmed that he was proposing to provide an extended, more specific action plan in a final update to the document. The Committee confirmed that apart from the recommendation that the Trust amend the financial statement for the areas identified in the audit, the report was accepted and that they would ensure that unadjusted items be reviewed and corrected if necessary in 2010/11. A detailed plan should be drawn up to cover this. The Committee stressed that the current situation should not be allowed to recur in 2010/11.

The Committee welcomed the confirmation that all aspects of the Value for Money criteria had been met.

Following a short break the Chairman confirmed that the sub-committee of the Board set up to approve the accounts had met and agreed to approve the accounts as submitted.

5 Private meeting with the Auditors

There was a private meeting with the External Auditors.

Alan Dickinson