

TRUST BOARD IN PUBLIC	Date: 26th September 2013	
	Agenda Item: 5.1.1	
REPORT TITLE:	Audit & Assurance Committee Chair Update	
EXECUTIVE SPONSOR:	Richard Congdon (Non Executive Director and AAC Chair)	
REPORT AUTHOR:	Colin Pink, Corporate Governance Manager	
REPORT DISCUSSED PREVIOUSLY: (name of sub-committee/group & date)	Audit & Assurance Committee – 02/09/13	
Purpose of the Report and Action Required:		(√)
	Approval	
	Discussion	
	Information/Assurance	√
Summary of Key Issues		
<p>The key points from the AAC meeting were as follows:</p> <p>Work plan and function of committee: the shape of this was confirmed and will be worked up as part of the Board sub-committee report elsewhere at this Board.</p> <p>Board Assurance Framework (BAF), the new BAF format was confirmed. There was discussion over other amendments necessary to the BAF (the wording of key risks, consistency of ratings, inclusion more clearly of significant risks (e.g. winter capacity) and the need for some items to be on the BAF at this point). The SRR was not discussed, but Management were asked to review it carefully alongside the BAF noting inconsistencies.</p> <p>Annual External Audit Letter: was received by the AAC. It provided good assurance in respect of the Trust's accounts and financial reporting, noting the qualified conclusion in respect of financial resilience. The letter is reported elsewhere at this Board.</p> <p>Internal Audit annual plan and update: two new reports - Safeguarding Children (red/amber) and Data Quality (amber/green). AAC asked that the Chief Nurse report back on the issues raised and the action plan for the former.</p>		

Relationship to Trust Corporate Objectives & Assurance Framework:	
This Board sub-committee supports the achievement of all Trust objectives but of specific relevance is: Priority 3: Develop an effective organisation. The whole Board Assurance Framework is discussed at the Committee and is reported on in the report.	
Corporate Impact Assessment:	
Legal and regulatory implications	<p>The AAC reviews assurance in respect of all Trust systems of control which includes reporting and compliance with all statutes applied to an NHS Trust.</p> <p>Financial performance is subject to Schedule 5 of the NHS Act 2006 which provides the “breakeven duty”.</p> <p>The AAC reviews assurance in respect of all Trust systems of control which includes reporting and compliance with all regulation applied to an NHS Trust. The main regulators, however are as follows:</p> <ul style="list-style-type: none"> - External audit (the Audit Commission for this Trust) give an opinion on the Trust’s compliance with International Financial Reporting Standards and with NHS accounting conventions – this is not purely financial and deals with procurement, fraud, transparency and legal duties. It also gives a Value for Money Conclusion on the Trust’s ability to put in place arrangements to deliver economy, efficiency and effectiveness in its use of resources. <p>The Care Quality Commission registers the Trust according to its compliance with regulations concerning the safety and quality of services.</p>
Financial implications	<p>No material financial implications.</p> <p>The report provides independent assurance about BAF reporting on financial risk and counter fraud systems</p>
Patient Experience/Engagement	No relevant aspects
Risk & Performance Management	<p>The committee provides assurance about internal control and risk management.</p> <p>This report discusses BAF reporting</p>
NHS Constitution/Equality & Diversity/Communication	No relevant aspects
Attachments: N/A	

TRUST BOARD REPORT – 26th September 2013 Audit & Assurance Committee Chair Update

The Audit and Assurance committee met on the 2nd September 2013; it was quorate. The key points from this meeting were as follows:

1) Work plan and function of committee

The Chair tabled a paper which looked to define the Work plan for the committee and its interrelationships with the Board and other sub committees. The Work plan is based on elements of the NHS Audit committee handbook and aims to ensure that the committee fulfils its duties and can produce an annual report to the Trust Board. The focus will be on the board assurance framework, risk management and triangulation of both internal and external sources of assurance. This will be mapped to the internal controls assurance framework.

The committee discussed the respective roles of AAC and the Board in respect of risk management. The committee agreed to propose to the Board that its role would be to scrutinise the accuracy and completeness of Board Assurance Framework and Risk Register. If the Board accepts this proposal then it would still be for the Board to satisfy itself that the risks identified in these reports are being appropriately managed. Whilst relying on the AAC to scrutinise and provide a judgment on the quality of the documents.

The committee also agreed to carry out a self evaluation exercise of its own effectiveness using the Handbook tool.

2) Board Assurance Framework (BAF)

The new BAF format was tabled; this includes improvements to layout and readability. The format was accepted on the understanding that the narrative report that supplemented the document would need to be amended to highlight to the reader all key risks.

The AAC then requested changes to the wording of key risks as the language used was not descriptive. This review is to include improvements in quality of narrative for significant risks, removal of risks that have or are being managed and where necessary splitting of key risks.

3) Annual External Audit Letter

The letter was tabled by external audit for information and discussion. The key points were as follows:

- An unqualified opinion on the accounts which give a true and fair view of the Trust's financial position as at 31 March 2013 and its income and expenditure for the year.
- A qualified conclusion in respect of the Trust's arrangements for securing

economy, efficiency and effectiveness in its use of resources. Of which the main issue was related to changes and related issues with the Trusts commissioners.

- A qualified limited assurance report in respect of the Trust's Quality Account. Effected mainly by timeliness of draft reports and chance for review.

4) Internal Audit annual plan and update

The report focussed on two new reports; Safeguarding Children and Data Quality. The Safeguarding Children audit suggested that improvements could be made in training systems to ensure that all key staff are suitably trained. The data quality audit is positive but recommends that the overall strategy needs to be updated.

The committee then reflected on the annual audit plan for internal audit which is a three year plan. The plan was agreed in principle. Specific focus was applied to the plan for auditing Clinical Governance. It was agreed that a framework would be developed in order to facilitate the audit process.

5) Counter Fraud

The Trust's counter fraud representative detailed their report focussing on 3 particular cases that had been identified recently. One such case had led to the successful prosecution of a member of locum/agency staff who had made fraudulent claims. The committee congratulated the LCFS team on their achievement of a successful prosecution and conviction in the fraud case.

The committee went on to discuss how investigations were prioritised. The counter fraud team currently use proactive systems to identify known risks and reactive information from internal sources.

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