

<b>TRUST BOARD IN PUBLIC</b>	<b>Date: 28/11/2013</b>	
	<b>Agenda Item: 5.1.1</b>	
<b>REPORT TITLE:</b>	<b>Audit &amp; Assurance Committee Chair Update</b>	
<b>EXECUTIVE SPONSOR:</b>	Richard Congdon (Non Executive Director and AAC Chair)	
<b>REPORT AUTHOR:</b>	Colin Pink, Corporate Governance Manager	
<b>REPORT DISCUSSED PREVIOUSLY:</b> (name of sub-committee/group & date)	Audit & Assurance Committee – 05/11/13	
<b>Purpose of the Report and Action Required:</b> (√)		
	<b>Approval</b>	
	<b>Discussion</b>	
	<b>Information/Assurance</b>	√
<b>Summary of Key Issues</b>		
<p>The key points from the AAC meeting were as follows:</p> <p><b>1) Effectiveness of the Committee</b></p> <p>The Committee agreed to use the “Audit Committee Handbook” checklist to effect a review of its effectiveness. It was agreed that this would be done by individuals and the output collated.</p> <p><b>2) Board Assurance Framework (BAF) and Significant Risk Register review (SRR)</b></p> <p>Management tabled the BAF and SRR for review and scrutiny. The Committee requested that the assurance level of some of the key risks were reviewed in light of the Care Quality Commissions recent low risk rating for the Trust. The Committee also asked that some elements of assurance were updated and corrected.</p> <p>Management explained recent improvements in both form and function of the BAF and the feedback that been received from the Trust Development Authority regarding the high operational focus of the document. The way FWC had dealt with revising risks at its last meeting was noted, as was the Board’s ability to see the key risks – the sense was that this process was functioning well.</p> <p><b>3) Internal Audit update</b></p> <p>Internal audit tabled its regular update paper, which provided good assurance that appropriate systems are in place for: Charitable Funds; Financial reporting and Budgetary Control and the Board Assurance Framework (Following recent improvements).</p>		

<b>Relationship to Trust Corporate Objectives &amp; Assurance Framework:</b>	
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.	
<b>Corporate Impact Assessment:</b>	
<b>Legal and regulatory implications</b>	<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"> <li>- 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.</li> </ul> <p>The Care Quality Commission registers the Trust according to its compliance with regulations concerning the safety and quality of services.</p>
<b>Financial implications</b>	<p>No material financial implications.</p> <p>The report provides independent assurance about BAF reporting on financial risk and counter fraud systems</p>
<b>Patient Experience/Engagement</b>	No relevant aspects
<b>Risk &amp; Performance Management</b>	<p>The committee provides assurance about internal control and risk management.</p> <p>This report discusses BAF reporting</p>
<b>NHS Constitution/Equality &amp; Diversity/Communication</b>	No relevant aspects
<b>Attachments: N/A</b>	

## **TRUST BOARD REPORT – 28/11/2013**

### **Audit & Assurance Committee Chair Update**

The Audit and Assurance committee met on the 5<sup>th</sup> November 2013; it was quorate. The key points from this meeting were as follows:

#### **1) Risk management and specific duties of AAC that :**

Management tabled a paper which looked to summarise the Trust's risk management systems and how they interact with the Board Assurance Framework. This was well received and fuelled a discussion on how risk appetite might be defined and adopted by the Board in future.

#### **2) Effectiveness of the Committee**

The Chair explained the need to carry out an assessment of the committee effectiveness and tabled a tool based on the "Audit Committee Handbook". Members of the committee had first hand experience of using the tool in previous organisations and recommended its use. The Committee agreed to use the tool to form the basis of a discussion and asked that all members and regularly attendees completed the tool for review before the next AAC.

#### **3) Board Assurance Framework (BAF) and Significant Risk Register review (SRR)**

Management tabled the BAF and SRR for review and requested scrutiny and challenge before presentation at the December Board. The Committee requested that the assurance level of some of the key risks were reviewed in light of the Care Quality Commissions recent low risk rating for the Trust. The Committee also asked that some elements of assurance were updated and corrected.

Management explained recent improvements in both form and function of the BAF in particular the moderation exercises that have commenced and the review and removal of low or insignificant risks from the BAF. The way FWC had dealt with revising risks at its last meeting was noted, as was the Board's ability to see the key risks – the sense was that this process was functioning well.

Management explained that a review by the Trust Development Authority had indicated that the current BAF had a high operational focus and as such the 2014/15 BAF would be altered to reflect strategic risks.

#### **4) Losses and compensations**

Management tabled an update paper on current losses and compensations and highlighted that the most significant loss related to one particular case of an overseas patient who had passed away and therefore little that the Trust could do to retrieve the loss.

The Committee then requested reassurance over the systems and processes for dealing with overseas patient debt. Management explained the process

referring to good examples of external assurance that systems within the Trust are sound.

#### **5) Internal Audit update and review of effectiveness**

Internal audit tabled its regular update paper, which provided good assurance that appropriate systems are in place for: Charitable Funds; Financial reporting and Budgetary Control and the Board Assurance Framework (Following recent improvements).

The report also highlight actions required to improve systems relating to business continuity and emergency planning. Management reassured the committee that actions had been agreed and that actions had been agreed and that evidence of action completion would be available shortly.

The committee agreed to use the public sector standards for internal audit as a basis to review the effectiveness of Internal Audit.

#### **6) Counter Fraud**

The Trust's counter fraud representative detailed their report and explained that efforts were based on risk assessment. The committee thanked counter fraud team for their work and asked for better quality of benchmarking information in their future reports if available.

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