

Audit & Assurance Committee Chair Update

Summary: This report briefs the Board on the key issues discussed at the meeting of the committee on 23 April 2012.

It discussed the following areas:

- Draft accounts approved by Committee.
- Accounts report £6.1m deficit for 11/12 as per plan
- The Annual Governance Statement records 7 areas as significant control issues relevant to 2011/12 and performance improvement on access targets
- Head of Internal Audit Opinion received
- The Committee will receive Audited accounts on 1st June

Action: The Board is asked to note the update.

Presented by: Edward Cooke (Non-Executive Director)

Author: Edward Cooke (Non-Executive Director)

Notes:

Trust objective: The Board Committees support the achievement of all objectives but of specific relevance is: Priority 3: Develop an effective organisation.

Legal: 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. Financial performance is subject to Schedule 5 of the NHS Act 2006 which provides the "breakeven duty".

Regulation: 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:

- 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.

The Care Quality Commission registers the Trust according to its compliance with regulations concerning the safety and quality of services

Audit & Assurance Committee Chair Update

Date	May 2012
Author	Edward Cooke
Audience	Trust Board Members

A verbal update in respect of the meeting held on 22 March was provided at the last Board and is not repeated here.

The **key points from the 23 April AAC meeting** are as follows:

1. The draft accounts were approved by the Committee, including the draft Annual Report and the Annual Governance Statement.
2. Accounts: report a £6.1m deficit for 2011/12, which meets the Trust's Plan [the accounts were sent to External Audit on time after the meeting];
3. The Annual Governance Statement records 7 areas as significant control issues relevant to 2011/12, and noting that action is in hand (or completed) in all areas with visible performance improvement on access targets. The areas are:
 - i. Finance (2 areas): the continued breach of the breakeven duty (auditors will not be submitting a new Section 19 letter as that was done last year) and liquidity;
 - ii. Hospital overcrowding (noting that new capacity opened in February 2012);
 - iii. Access targets (2 areas): non delivery of the unscheduled care access target and the 18 weeks referral to treatment target (both now being achieved);
 - iv. Serious incident reporting – noting a red rated internal audit report highlighting timeliness of recording delivery of actions;
 - v. Clinical audit – noting a red rated internal audit report.
4. The AAC also received the Head of Internal Audit Opinion, which provided substantial assurance, and highlighted 3 red rated internal audit reports in the year, two of which are described above as significant control issues with the other concerning A&E data quality.

Audited accounts will be received by the AAC sitting on 1 June.