

<b>TRUST BOARD IN PUBLIC</b>	<b>Date: 28 March 2013</b> <b>Agenda Item: 6.2.1</b>
REPORT TITLE:	<b>Audit &amp; Assurance Committee Chair Update</b>
NON EXECUTIVE SPONSOR:	<b>Richard Congdon (Non Executive Director and AAC Chair)</b>
REPORT AUTHOR:	<b>Paul Simpson (Chief Financial Officer)</b>
REPORT DISCUSSED PREVIOUSLY: (name of sub-committee/group & date)	No – Board update
<b>Purpose of the Report and Action Required:</b>	
<b>Approval</b> <b>Discussion</b> <b>Information/Assurance</b> <input checked="" type="checkbox"/>	
<b>Summary: (Key Issues)</b>	
<p>The <b>key points from the 5 March AAC meeting</b> are as follows:</p> <ol style="list-style-type: none"> <li>1. For <b>clinical audit</b> internal audit recommendations an update (for assurance) was provided. Management are on target to complete the actions described and would report back with the completed review from internal Audit at the next AAC with the completed internal audit summary review for <b>clinical audit, complaints and incidents</b>.</li> <li>2. <b>The medical records</b> update was presented and received, providing continued partial assurance. However, a revised action plan will be circulated prior and presented to the next AAC to ensure the Committee has sight, and full assurance, about all aspects of medical records action being taken.</li> <li>3. <b>Internal audit reviews:</b> <ol style="list-style-type: none"> <li>a. <b>Procurement</b> – Green.</li> <li>b. <b>Financial Feeder System</b> – Green</li> <li>c. <b>Asset Management</b> – Green</li> <li>d. <b>Cash and Treasury Management</b> – Green</li> </ol> </li> <li>4. <b>Accounting policies and SOFI's:</b> The Committee were presented with the accounting policies as well as the standing orders &amp; standing financial instructions policies both of which were approved by the Committee.</li> </ol>	
<b>Relationship to Trust Corporate Objectives &amp; Assurance Framework:</b>	
<p>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.</p>	

<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.</p>
<b>Patient Experience/ Engagement</b>	<p>The report includes independent assurance in respect of improvements in patient experience.</p>
<b>Risk &amp; Performance Management</b>	<p>The committee provides assurance about internal control and risk management.</p> <p>This report discusses BAF reporting (and is positive) and also (positive) progress on the implementation of two risk items (response to internal audit reports on incident management and clinical audit) that were rated as “serious control issues” in the 2011/12 Annual Governance Statement.</p>
<b>NHS Constitution/ Equality &amp; Diversity/ Communication</b>	<p>No relevant aspects</p>
<b>Attachments: paper</b>	

## Audit & Assurance Committee Chair Update

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<b>Date</b>	28 March 2013 (AAC was on 5 Mar 2013)
<b>Author</b>	Paul Simpson (CFO)
<b>Audience</b>	Trust Board Members

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The **key points from the 5 March AAC meeting** are as follows:

1. **Implementation of recommendations in significant risk areas:**

The Committee received a further, update from the Medical Director on progress on the internal audit report recommendations for **clinical audit**. This provided further assurance on progress.

Management would now complete the actions described and would report back at the next AAC with Internal Audits completed review on **clinical audit, complaints and incidents**.

2. **Medical records:**

The Committee received further, detailed updates from the Medical Director on the progress to the tracking and storage of records in response to an outstanding recommendation in an External Audit PbR assurance report. The AAC noted continued progress

Management would now complete the revised action plan which is to be presented to the next full AAC meeting.

3. **Internal audit reviews:**

- a. **Procurement** – Green. An encouragingly positive report that the board can take substantial assurance from. The Committee noted that the benchmarking for single tender waivers is higher than average but that this is due to the Trust having the lowest limits for obtaining quotations and the need to perform formal tendering.
- b. **Financial Feeder System**– Green. Another good report with Audit concluding again that the board can take substantial assurance. The Committee were encouraged by the positive report and spent time discussing the amount and makeup of the bad debts provision for the Trust.
- c. **Asset Management** – Green. A positive report with one recommendation centred around the preparation of a timetable and procedure for on-going asset verification.
- d. **Cash and Treasury Management** – Green, A very positive report with no recommendations. The Committee congratulated the team

4. **Significant Risk Register (SRR)**

The Committee received a report giving an overview of the risks on the risk register and detail on the risks recorded as significant including changes in scoring, new and closed risks.

It was acknowledged that a significant amount of work had been undertaken to review risk descriptions, review dates, mitigating actions, and the risk scoring. The committee were assured by the clearly identified linkages with the BAF. The committee reviewed the 19 risks on the SRR and noted that a risk maturity audit was currently being undertaken by internal audit. The Committee asked that consideration be given to presenting the BAF and SRR at the same time at least twice yearly.

5. **Accounting policies and standing orders & standing financial instructions (SOFI's) – corporate governance manual update:** The Committee received the updated accounting policies and the SOFI's for approval which after review were both approved.
6. The Committee noted the draft Head of Internal Audit Opinion which it was stated would be unqualified provided satisfactory progress on audit recommendations on clinical audit and incidents and complaints was evidenced in audit reviews to be completed in March 2013.
7. The Committee reviewed the plans for receiving and adopting the draft and final annual accounts, annual governance statement and the annual report.
8. Progress on developing the new workplan for AAC was discussed. This required completion as soon as possible of an assurance map commissioned from the internal auditors. It was agreed that the aim should be for the new AAC workplan to be in operation with effect from the AAC meeting planned for 31 May, 2013.

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