

TRUST BOARD IN PUBLIC	Date: 27th March 2014	
	Agenda Item: 3.4	
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 . 11/03/14	
Purpose of the Report and Action Required:		
	Approval	(√)
	Discussion	
	Assurance	½
Summary of Key Issues		
The key points from the AAC meeting were as follows:		
i) Risk management and the BAF:		
Draft BAF and SRR reviewed prior to March Public Board to be updated to reflect end of year position and performance		
ii) Review of Internal Controls		
The committee considered the Internal Controls map and its linkage to the Trust's committee structure which was agreed. It was noted that there were a substantial number of systems which did not fall to either SQC or FWC to oversee and that the AAC would need to look to other parts of the organisation to seek assurance. The committee resolved to look at clinical governance at the next meeting.		
iii) Internal Audit Complaints, Management Response		
This is a red amber audit demonstrating concerns over the systems that support complaints management. This highlighted several concerns for which the timeliness of responses, evidence of lessons learnt and annual reporting were discussed at length. Management provided strong reassurance that although it was learning from complaints, it needed to improve records.		
iv) Internal Audit update and review of effectiveness		
This stated that the AAC's opinion of the service was that it was performing, and added value and that the committee was content with the service provided. The committee then discussed improvements achieved in transparency between internal audit and committee during the last year.		

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 – 27TH MARCH 2014

Audit & Assurance Committee Chair Update

The Audit and Assurance committee met on the 11/03/2014; it was quorate. The key points from this meeting were as follows:

1) Risk management and the BAF:

The March draft BAF and SRR were reviewed by the committee and several comments and suggestions were made for consideration prior to the final versions presentation to Public Board. Notably the risks linked to the management of end of life care and complaints management generated the most challenge.

Management described a process for reviewing the Significant Risk Register process and whether it was fit for purpose. This work is to be carried out before the next AAC meeting.

2) Review of Internal Controls

The committee considered the Internal Controls map and its linkage to the Trust's committee structure. With some amendments this was agreed.

The committee then agreed to review the section on Clinical Governance at the next meeting. The meeting will look to test whether management assessment of the controls in place is consistent with that of internal audit and SQC and any other relevant sources.

3) Internal Audit Complaints, Management Response

Management presented the Internal Audit of complaints management. This is a red amber audit demonstrating concerns over the systems that support complaints management. This highlighted several concerns for which the timeliness of responses, evidence of lessons learnt and annual reporting were discussed at length. Management provided strong assurance that it had agreed the recommendations of the report and was taking steps to carry out actions to improve the system. Management provided assurance that although the system did not document lessons learnt the Trust was learning from complaints which is demonstrated by Your Care Matters, the Friends and Families Test and improvements in patient opinion. Management resolved to present an update at the July Safety and Quality Committee meeting.

4) First draft of the Annual Governance Statement

The first draft of the annual governance statement was presented by management for comment. The committee made several comments on format and context of the document which will contribute to making the final document both fit for purpose and informative.

5) Internal Audit update and review of effectiveness

The committee received a report prepared by the Chief Financial Officer providing a review of internal audit's effectiveness. This stated that the Trust's opinion of the service was that it was performing and added value. There was also an acknowledgement that the service was improving year on year. The committee then discussed the process for completing audits and the improvement in transparency between internal audit and the chair of the AAC.

6) External Audit plans and governance review

External Audit presented their plans which focussed on finance, value for money and the quality account. The Committee focussed on the quality account following concerns over the timeliness of completion of the document last year; to which management provided reassurance that lessons had been learnt.

External audit then tabled its review of governance across the NHS. This highlighted national issues around leadership, data quality, collaboration within the local health economies and risk appetite. The report highlighted that financial issues were not having an adverse impact on quality within the system. The committee agreed that it was both a useful and informative review

7) Losses and Compensations and Review of Accounting policies

Management presented an update paper on current losses and compensations and highlighted that the most significant loss related to one particular case. The committee challenged management to explain the amount of bad debt right off that had occurred. Management explained that this reflected a number of historic cases where efforts to regain loss would no longer be cost beneficial.

Management tabled a list of accounting policies that had been reviewed and updated. These were agreed by the committee.

8) Internal Audit and Counter Fraud update

Internal Audit tabled its regular update on completion of audits. This included positive assurance for the Trusts Information Governance Toolkit, the BAF and appraisal system (complaints audit discussed above).

Internal audit then tabled its draft Head of Internal Audit Union which forms part of the Trusts AGS and annual report. Management asked Internal Audit to review its opinion on the basis of an apparent change in the threshold for recording significant issues. Previously just red audits were included and the suggestion was to now include red/amber rated audits.

The Trust's counter fraud representative detailed their report and which reviewed the management of several significant cases. The committee thanked counter fraud team for their work and report.

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