

<b>TRUST BOARD IN PUBLIC</b>	<b>Date: 7<sup>th</sup> August 2014</b>	
	<b>Agenda Item: 3.3</b>	
<b>REPORT TITLE:</b>	Audit & Assurance Committee Update	
<b>EXECUTIVE SPONSOR:</b>	Richard Durban, Non-Executive Director & Interim Committee Chair	
<b>REPORT AUTHOR:</b>	Gillian Francis-Musanu, Director of Corporate Affairs & Sacha Beeby, Executive Office Manager	
<b>REPORT DISCUSSED PREVIOUSLY:</b> (name of sub-committee/group & date)	N/A	
<b>Purpose of the Report and Action Required:</b> (√)		
	<b>Approval</b>	
	<b>Discussion</b>	
	<b>Assurance</b>	√
<b>Summary: (Key Issues)</b>		
<p>The key points from the AAC meeting, held on 8<sup>th</sup> July, were as follows:</p> <p><b>i) Committee Chair appointment</b> The committee welcomed the appointment of Paul Biddle, who will take over Chairmanship of the committee from August.</p> <p><b>ii) Risk management and the BAF:</b> BAF and SRR reviewed prior to August Public Board meeting, concluding with action for the CFO and CN to revise commentary in relation to risks 3B1/4E and 5A3.</p> <p><b>iii) Internal Audit Progress Plan</b> The committee discussed progress of the Internal Audit Plan for 13-14. It was noted that 4 audits remain in progress and the Cash &amp; Treasury Audit completed with a resulting Green accreditation.</p> <p><b>iv) External Audit Review of Quality Account</b> Positive assurances from External Audit in relation to the Quality Account, with recommendations made to improve response time and appropriate escalation of Serious Incidents, as well as improving VTE processes. Timeframe for receiving content in future will be agreed in advance to avoid late submission.</p> <p><b>v) Local Counter Fraud Specialist (LCFS)</b> The committee was pleased to note progress and developments within the LCFS annual report. The committee were assured that staff appear well informed of LCF processes and understand how to raise a concern. The CFO will present a plan of LCFS provisions for the following year in August, detailing financials.</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</li> <li>• 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>	No material financial implications. The report provides independent assurance about BAF reporting on financial risk and counter fraud systems
<b>Patient Experience/Engagement</b>	N/A
<b>Risk &amp; Performance Management</b>	The committee provides assurance about internal control and risk management. This report discusses BAF reporting
<b>NHS Constitution/Equality &amp; Diversity/Communication</b>	N/A
<b>Attachments:</b>	
NONE	

## **Audit & Assurance Committee Update Trust Board in Public, Thursday 7th August 2014**

A summary of key discussions and conclusions of the AAC meeting held on 8<sup>th</sup> July 2014.

The committee welcomed the appointment of its new Chair, Paul Biddle. Paul joined the trust as a Non-Executive Director in July and will commence chairmanship of the committee from August 2014.

The Clinical Governance Review was not available for the committee to discuss and will be carried forward to the next meeting in August.

The BAF was discussed in detail and relevant risks amended prior to Executive Committee review and Trust Board submission. Actions were agreed to review commentary attributed to risks relating to recruitment & retention and CCG and Trust activity and strategic intentions.

The committee were pleased to receive the SRR in its latest format, noting a positive reflection of the Trusts current position in terms of clinical quality and performance and an accurate convey of the organisations biggest risks, which appeared to be dominated by financial risks.

The committee approved the Internal Audit Plan for 14/15. The report was commended for its improved emphasis on benchmarking with other organisations and recommendation was made to utilise the comparative organisations identified by McKinseys to provide further consistency and accuracy of benchmarks. The committee further recommended a reference to the joint ventures which the Trust is engaged with, both within the Internal Audit Plan and Internal Controls Framework Map.

The committee discussed progress of the Internal Audit Plan for 13/14, which detailed the current position of assignment completion. It was reported that 4 assignments remain in progress and will be reported to the committee in September. The committee were pleased to note completion of the Cash & Treasury Management audit which concluded as Green.

External Audit reported its findings on an independent assessment of the Trusts Quality Account. No significant concern was raised from the review however, recommendations were made in respect of response time and escalation of Serious Incidents and VTE processes.

In conclusion, the report was commended by External Audit and recommendation was made that a clear, achievable timeframe to receive the quality account for review in future was agreed in advance to ensure sufficient time to provide a thorough opinion.

The committee was interested to receive the Local Counter Fraud Specialist annual report, summarising the work of the LCFS and highlighting some of the changes to LCF practices since the last report. New branding has been distributed across the hospital and overall, staff appear well informed and exposed to the LCFS and the process for reporting incidents or concerns. Service provision for next year will be approved by the CFO and a plan will be presented to the committee in August for discussion.

**Richard Durban**  
Non-Executive Director