

TRUST BOARD IN PUBLIC		Date: 25 th September 2014 Agenda Item: 3.3	
REPORT TITLE:		Audit & Assurance Committee Chair Update	
NON-EXECUTIVE SPONSOR:		Paul Biddle (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 – 16/09/14	
Action Required:			
Approval	Discussion	Assurance (√)	
Summary of Key Issues			
<p>The key points from the AAC meeting were as follows:</p> <p>The BAF was reviewed focussing on the description and supporting text of the financial risks in section 5. The committee requested a review of the assurance sections of individual risks to reflect current position.</p> <p>Internal controls action plan was discussed to demonstrate actions taken by management to improve internal controls reviewed during 2014/15.</p> <p>Management described the new fraud controls that had been put in place to reduce the likelihood of specific types of fraud occurring. This provided assurance that the system in place where reasonably practicable.</p> <p>Internal audit provided its update on completion of recent audits. This focussed on the audit of the Trusts incident reporting systems highlighting administrative issues that would strengthen control and providing assurance that lessons are being learnt from individual incidents.</p> <p>Counter Fraud provided its regular report on activities to reduce fraud and regain identified losses. The Committee was assured by the Teams on-going efforts.</p>			
Relationship to Trust Strategic Objectives & Assurance Framework:			
SO5: Well - led			
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	No material financial implications. The report provides independent assurance about BAF reporting on financial risk and counter fraud systems
Patient Experience/Engagement	No relevant aspects
Risk & Performance Management	The committee provides assurance about internal control and risk management. This report discusses BAF reporting
NHS Constitution/Equality & Diversity/Communication	No relevant aspects
Attachments:	
N/A	

TRUST BOARD REPORT – 25th October 2014

Audit & Assurance Committee Chair Update

The Audit and Assurance committee met on the 16/09/2014; it was quorate. The key points from this meeting were as follows:

The committee considered the proposal that Yvette Robbins become a formal member of the committee. This was accepted by the committee and will be formally proposed to the Board.

1) Review of BAF and SRR

The Committee reviewed the previous iteration of the BAF to identify any issues and improvements that could be made prior to the September public board. The Committee focussed on the financial risks described on the BAF and asked the Chief Financial Officer to update them to include greater explanation of the situation and the risks they described. The Committee agreed with the way that risks had been demarcated on the BAF. The Committee also requested greater detail to be included in the assurance section of the risks recorded and better alignment of metrics recorded in the IPQR.

2) Internal Controls

The Committee reviewed an update from management on the initial actions identified during the 2013/14 assessment of internal controls. The Committee requested increased clarity of the RAG rating system to assist assurance conclusions. The Committee then went to look discuss which areas of internal controls would be reviewed in the next few months, agreeing on Clinical Governance, Financial Controls, Data Quality and then Workforce.

3) Fraud controls

Management described the controls that had been put in place following significant NHS fraud incidents that had been reported nationally. These refer specifically to elements of fraud where dummy bank accounts had been set up to defraud employers. The Committee was assured by the controls that had been put in place locally.

4) Internal Audit update

Internal Audit provided summary of activity carried out since the last meeting. IA reported on the support they were offering the Trusts Data quality teams, acting as a critical friend to challenge and strengthen processes. IA was also pleased to report that activity on new audits was under way and expected to report back on a large number of audits at the next committee. The committee focussed on the results of the incident reporting audit which highlighted issues surrounding the administrative functions of the system. Management confirmed that the matter was being treated seriously and would look to implement the improved administrative controls as soon as possible.

5) Counter Fraud

The Trust's Counter Fraud representative provided their update report which gives specific progress of activity to prevent and minimise the impact of Fraud on the Trust. The Committee was assured by the report and discussions that followed.

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