

TRUST BOARD IN PUBLIC		Date: 26th June 2014	
		Agenda Item: 3.4	
REPORT TITLE:		Audit & Assurance Committee Chair Update	
NON EXECUTIVE SPONSOR:		Richard Durban Non Executive Director	
REPORT AUTHOR:		Colin Pink Corporate Governance Manager	
REPORT DISCUSSED PREVIOUSLY: (name of sub-committee/group & date)		Audit & Assurance Committee – 30/05/14	
Action Required:			
Approval	Discussion	Assurance (√)	
Summary of Key Issues			
<p>The key points from the AAC meeting were as follows:</p> <p>2013/14 accounts – financial analysis</p> <p>Strong overall position with well-defined and managed key risks associated to liquidity and cash flow.</p> <p>Final Audited Accounts</p> <p>Management presented the final audited accounts which the committee accepted.</p> <p>External Auditors Audit Findings Report</p> <p>External audit presented their report which provided an unqualified view on the accounts and a qualified opinion on the Trust value for money. The committee was assured that the Trust was in an improved financial position than earlier years.</p> <p>Head of Internal Audit opinion</p> <p>The Head of Internal Audit confirmed that his formal opinion had not changed and provided the committee with a statement confirming significant assurance of internal systems of control.</p> <p>Adoption of 2013/14 Accounts</p> <p>The committee adopted the 2013/14 accounts</p> <p>Review of Key Lines of Enquiry of Trust's risk management system</p> <p>Management presented a review of a series of key lines of enquiry which described the management of the Trust's risk systems. The committee was assured that the Trust's risk management system was fit for purpose and confident of the direction of travel.</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: - 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> <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. 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 – 26TH JUNE 2014 **Audit & Assurance Committee Chair Update**

The Audit and Assurance committee met on the 30/05/2014; it was quorate. The key points from this meeting were as follows:

1) 2013/14 accounts – financial analysis:

Management presented the financial analysis of 2013/14 which described the budget for the Trust and the increase in non- recurring funding from previous year. This paper also highlighted the significant work that had been undertaken to remove the dependency on non-recurring funding, areas of concern such as cardiology income conversations with the CCGs and the increase in non-elective overnight stay. Management described the significant effort that was being focused on controlling agency spend.

The paper highlighted that the most significant issue for the accounts was the liquidity position. Which is a known issue, that is under control, budgeted for with appropriate controls and mitigations.

The committee was assured that sound systems of financial management where in place. But asked for greater assurance to be provided on the issue of payment of contracts across the whole local health economy, although the committee agreed that this was a national issue.

2) Final Audited Accounts

Management presented the final audited accounts which the committee accepted with no concerns raised by external audit.

3) Annual Report and Annual Governance Statement

Management presented both documents which were approved by the committee and required a final review by External audit.

4) External Auditors Audit Findings Report

External audit presented their report which looked at the Trust's accounts and value for money.

The audit had found that the Trust had produced a very good set of accounts and had provided an "Unqualified opinion". The committee welcomed such strong assurance from external audit.

External audit reported a qualified opinion on the Trust's value for money. This was based on the Trust's receipt of non-recurrent funding but stated that the Board could be assured that this had been appropriately planned and budgeted. However External Audit had been instructed to issue a section 19 letter as this constituted a technical breach of the Health and Social Care Act.

This will not affect the Trust's application for Foundation Trust status and the committee was assured that the Trust was in an improved financial position than earlier years.

5) Head of Internal Audit opinion

The Head of Internal Audit confirmed that his formal opinion had not changed and provided the committee with a statement confirming significant assurance of internal systems of control.

6) Adoption of 2013/14 Accounts

The committee adopted the 2013/14 accounts

7) Review of Key Lines of Enquiry of Trust's risk management system

Management presented a review of a series of key lines of enquiry which described the management of the Trust's risk systems. This highlighted the significant improvements that had been made throughout the previous two financial years. Internal audit confirmed that there had been significant improvements in the BAF and use of the risk register. Management went on to explain the positive impact of the new subcommittee structure and its review of risk. The committee was assured that the Trust's risk management was fit for purpose and confident of the direction of travel.

8) Internal Audit update

Internal Audit presented their regular update which provides details of planned work and recently completed audits. Of note the internal audits of business planning and the development of the IBP had been green rated, providing strong assurance over the controls and development of documentation. The audits on payment to staff, quality accounts and recruitment systems had been rated amber green with actions recorded to improve controls. Internal audit highlighted that the amber green rating for the Quality Accounts was not a reflection of the quality of the document itself but linked to elements of supporting documentation that could be improved.

The committee noted that this was Richard Congdon's final meeting and thanked him for his work and leadership as Chair of the Audit and Assurance Committee.

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