

TRUST BOARD IN PUBLIC		Date: 28th January 2016	
		Agenda Item: 3.3	
REPORT TITLE:		Audit & Assurance Committee Chair Update	
NON EXECUTIVE SPONSOR:		Paul Biddle (Non-Executive Director and AAC Chair)	
REPORT AUTHOR (s):		Colin Pink Head of Corporate Governance	
REPORT DISCUSSED PREVIOUSLY: (name of sub-committee/group & date)		Audit & Assurance Committee – 15/01/16	
Action Required:			
Approval (√)	Discussion ()	Assurance (√)	
Purpose of Report:			
This report provides the Board with an executive summary of the January Audit and Assurance Committee.			
Summary of key issues			
<ul style="list-style-type: none"> • Review of BAF and linkages to SRR focussing on financial risk management and assurance. • Tender results for Internal Audit and Counter Fraud provision. • Internal audit findings; <ul style="list-style-type: none"> i. Significant improvement in NICE compliance monitoring ii. Cash flow forecasting (Green) iii. Backlog maintenance (Green Amber) • Focussed review of Internal Audit findings into CIP systems and delivery 			
Recommendation:			
To note the report.			
Relationship to Trust Strategic Objectives & Assurance Framework:			
SO5: Well led: Become an employer of choice and deliver financial and clinical sustainability around a clinical leadership model			
Corporate Impact Assessment:			
Legal and regulatory impact		<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 impact	Committee review of Trust financial position
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
Attachment:	
N/A	

TRUST BOARD REPORT – 28/01/2016

Audit & Assurance Committee Chair Update

The Audit and Assurance committee met on the 15/01/2016; it was quorate.

1) Board Assurance Framework & SRR

The Committee discussed the board assurance framework prior to the January public board. It focussed on the long-term strategic and operational risks relating to the management of patient flow through the ED and into the hospital. The committee noted the transition to business continuity and the effect this had had on local health economy. The Chief Finance officer indicated that the strategic risk relating to divisional overspend would reduce as the Divisions are on track to meet the forecast. The committee were assured that plans to apply for a £9.6 million working capital loan would stabilise the liquidity risk.

2) Standards of Business Conduct Policy review

The Director of Corporate Affairs presented the review, highlighting that the policy had been amended to further strengthen controls relating to declarations of interest and referral to commercial representatives. Our Counter Fraud service agreed to review the revised policy and once this had been completed the policy was approved and would be presented to the Board for ratification in February

3) Internal Audit and Counter Fraud

Management confirmed that RSM had successfully been appointed following tendering to provide internal audit and counter fraud services. This is welcomed as there are potential benefits for the Trust from a direct linkage between audit and counter fraud expertise.

Internal Audit presented their update report, which detailed improvements in internal controls to support oversight of NICE compliance this represents, a significant improvement since the last audit.

The Committee discussed the CIP audit which highlighted good processes but significant under achievement of delivery in year. The Committee noted that the main emphasis for improvement in processes is the ability to provide greater testing and assurance of delivery of plans before they are approved.

Internal audit went on to highlight that the review of the Trusts systems to support cash flow forecasting had been particularly positive (Green no recommendations). Backlog maintenance review had been scored as amber green with no significant concerns.

The Committee noted that there were no overdue actions developed from internal Audit recommendations.

4) AAC Annual Report

The Committee reviewed the AAC annual report to Board which was accepted with some minor amendments. In particularly the committee noted the need to review the work of both the Charitable Funds and Remuneration Committee during 2016 as these had not been considered recently.

The Committee agreed that the three lines of defence model of assurance is recognised as best practice and will seek to identify assurance at all level through 2016. The 'First line' of defence relates to risk and control systems at local level, the 'Second line' of defence relates to oversight and scrutiny by Executive Team and the Board and the third level refers to external assurances.

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