

TRUST BOARD IN PUBLIC		Date: 24th November 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 – 15/11/16	
Action Required:			
Approval ()	Discussion ()	Assurance (√)	
Purpose of Report:			
This report provides the Board with an executive summary of the September Audit and Assurance Committee.			
Summary of key issues			
<p>The Committee considered the BAF and discussed financial risks and risks relating to the impact of the STP.</p> <p>Internal audit provided assurance of partial compliance with the new 'CESG 10 steps to cyber security' framework. Noting that as this is an emerging issue they are being cautious over providing higher levels of assurance.</p> <p>Management's review of internal controls provided assurance relating to project management and information governance.</p> <p>As part of its delegated authority the Audit Panel (Audit Committee and Chief Finance Officer) has awarded the external audit contract to PWC.</p>			
Recommendation:			
To note the report.			
Relationship to Trust Strategic Objectives & Assurance Framework:			
<p>SO1: Safe – Deliver safe high quality and improving services which pursue perfection and be in the top 20% against our peers</p> <p>SO2: Effective – As a teaching hospital deliver effective, improving and sustainable clinical services within the local health economy</p> <p>SO3: Caring – Working in partnership with staff, families and carers</p> <p>SO4: Responsive – Become the secondary care provider of choice our catchment population</p> <p>SO5: Well led - Become an employer of choice and deliver financial and clinical</p>			

sustainability around a patient focused clinical 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: - 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 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 – 24/11/16

Audit & Assurance Committee (AAC) Chair Update

The Audit and Assurance committee met on the 15/11/2016; it was quorate.

1) Board Assurance Framework

Management presented the October BAF and supporting papers for consideration. The Committee discussed the BAF in detail asking for assurances relating the finance risks described. The Committee noted that the Trust's request for a loan to support its liquidity position. The Committee went on to discuss the Trust's financial position and await updates on the Trust's forecast position and budget plans for 2017/18, specifically the control total target.

The Committee noted that the BAF risk relating to the potential impact of the STP continues to be one of the most live and unpredictable issues recorded on the BAF. As such the Committee requested that this risk receives thorough review and update.

2) Internal Audit discussions

Internal Audit provided their summary of completed work since the last Committee. The main topic of the report was the first review of cyber security that had been completed using the newly published 'CESG 10 steps to cyber security' framework. This provided a partial compliance opinion with the caveat that this is an emerging area of control. But it is to be noted that the main actions for the Trust are to be better able to evidence its plans for firewall and software patch management. Based upon the evidence available at the time of the audit 22 of the 33 requirements have been categorised as 'Fully Implemented'. For the remaining 11 there is work in progress and existing levels of mitigation. As a partial compliance audit this will be reviewed by the Executive Committee.

The Committee took assurance from Internal Audit's completed review of the Trust's Duty of Candour systems (Green/amber opinion) and review of the BAF which made recommendations for improvement of narrative and reporting and provided assurance on a sample of two of the risks included in the document.

3) Internal controls review

The Committee took assurance and agreed with management's review of 3 internal controls relating to information governance, IT and estates project management.

4) Other Business

As part of its delegated authority the Audit Panel (Audit Committee and Chief Finance Officer) has carried out a tender process and awarded the external audit contract to PricewaterhouseCoopers. This will come into effect for the 2017/18 financial year.