

TRUST BOARD IN PUBLIC		Date: 31st March 2016	
		Agenda Item: 3.4	
REPORT TITLE:		Audit & Assurance Committee Chair Update & Annual Report	
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 – 10/03/16	
Action Required:			
Approval (√)	Discussion ()	Assurance (√)	
Purpose of Report:			
This report provides the Board with an executive summary of the March Audit and Assurance Committee and introduces the committee's report to Board.			
Summary of key issues			
<p>The Committee focussed on elements of the Board Assurance Framework relating to financial management and Foundation Trust Journey.</p> <p>The Committee took assurance that plans are in place to deliver end of year activity to produce the accounts and annual report in line with External Audits review.</p> <p>Internal Audit provided good assurance over a wide breadth of internal controls that had been reviewed recently. The pharmacy stock management audit provided assurance on controls relating to national concerns raised during the financial year.</p> <p>The Committee's annual report is attached. This includes a review of Committee activity, topics of debate and committee effectiveness/attendance. The report also includes detail of challenges for 2016/17.</p>			
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		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>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:	
Audit and Assurance Committee Update and Annual Report	

TRUST BOARD REPORT – 31/03/16
Audit & Assurance Committee (AAC) Chair Update & AAC Annual Report

The Audit and Assurance committee met on the 10/03/2016; it was quorate.

1) Board Assurance Framework & SRR

The Committee reviewed the BAF prior to the March Public Board asking that finance particularly liquidity risks and FT application are updated to reflect current position. The Committee then discussed potential areas of strategic risk for the coming year and plans in place by the Board to review and develop the 2016/17 BAF, focussing on transformation, sustainability and financial control targets against a background of increasing activity, the balance of elective activity and increasingly aspiring cost improvement plans.

2) Internal Controls, Financial Policies and Losses/Waivers

The Committee reviewed a paper detailing losses comps and waivers and were assured by management's discussion on how waivers are handled in a pragmatic manner, noting that the numbers of waivers are reducing as the procurement functions of the Trust strengthen and that end of year forecasts are robust.

Management highlighted that there had been no major changes to the Trust's accounting policies, noting that new standards would have minimal impact on 2015/16 accounts. The Committee noted that the annual review of Standing Financial Instructions would be postponed until May to reflect national changes in guidance.

The Committee was assured that the Trust's recent non recurrent revenue adjustment had been carried out as per instructions from the TDA.

3) Internal Audit and Counter Fraud

Internal Audit discussed the audits completed since the January (Pharmacy Stock, Infection Control, Information Governance, Financial Feeder System and Workforce Data). All audits had provided good assurance of control systems. All actions necessary are agreed with management. The Committee noted that more could be done to provide specialities with data on their drug use and the ongoing need to reduce the gap in provision of statutory and mandatory training.

The Committee was assured that Counter Fraud was under taking a Trust wide review and risk assessment of the Trust's fraud prevention and mitigation.

4) External Audit

External Audit presented its plan for completing end of year activity, in particular noting the review of 'value for money' which will focus on planning, partnership working and business processes.

5) AAC Annual Report

The Committee reviewed the AAC annual report to Board at its January meeting which is attached for approval and assurance.

-End-