

TRUST BOARD IN PUBLIC		Date: 29th June 2017	
		Agenda Item: 4.4	
REPORT TITLE:		Audit & Assurance Committee Chair Update	
NON EXECUTIVE SPONSOR:		Paul Biddle (Non-Executive Director and AAC Chair)	
REPORT AUTHOR (s):		Colin Pink Acting Director of Corporate Affairs	
REPORT DISCUSSED PREVIOUSLY: (name of sub-committee/group & date)		Audit & Assurance Committee – 25/05/17	
Action Required:			
Approval ()	Discussion ()	Assurance (√)	
Purpose of Report:			
Summary of the May Audit and Assurance Committee.			
Summary of key issues			
<p>The key issues discussed at the meeting were;</p> <ul style="list-style-type: none"> • Review of accounts, consideration of differences of 'Agreement of Balances' between the Trust and commissioning CCGs • Adoption of Annual report and Annual Governance Statement • External Audits good overall review of accounts and value for money 			
Recommendation:			
To receive the Committee annual report and meeting update.			
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 sustainability around a patient focused clinical model</p>			
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: - 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 – 29/06/17

Audit & Assurance Committee (AAC) Chair Update

The Audit and Assurance committee met on the 25/05/2017; it was quorate.

1) Financial Analysis and Adoption of Accounts

The Chief Finance Officer presented an analysis of the accounts for the 2016/17 financial year and end of year position. The Trust is recording a surplus of £3.7M and an underlying deficit position of £7.2M. The report highlighted that agency spend had reduced by £2.9M, and capital spend for the year was £11.4M.

The Trust had drawn down £7.3m revolving working capital in year, and repaid £3.8m of this in year. The remaining £3.5m balance was repaid in April 2017. The Trust had also paid back £1.5m in loan principal in the respect of other loans.

Best Payment Practice Performance (BSPP) had considerably improved within 2016/17, however it was still below the 95% minimum required performance.

The Trust had significant Agreement of Balance (AoB) differences with its two main CCG Commissioners. This difference with East Surrey CCG related to an on-going dispute, and although not accepted was expected. The AoB difference with Sussex CCG had not been raised as a dispute. Discussions with these CCGs continue with a view to prompt resolution. The Trust has followed due process and is happy with their reported position for 2016/17.

The Committee gave delegated authority to The Chair of the AAC and The Chief Finance Officer to sign off the accounts.

2) Annual report and Annual Governance Statement

The Committee signed off the Annual Report and Annual Governance Statement which will be published at the AGM.

3) External Audit Opinion of accounts

External audit provided its summary of audit of the accounts. Highlighting effective processes for producing accurate and high quality draft financial statements, which were supported by good working papers.

Noting that the Agreement of Balances issues discussed are of a value higher than the materiality limit of £5.1m and as such cause potential uncertainty over the revenue recognised in the financial statements. If these differences are not resolved in the Trust's favour it would have a material impact on the Trust's reported outturn position and would place the Trust into a deficit position.

External audit were satisfied that, in all significant respects, the Trust had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources (Value for Money).

External Audit are considering the need for a referral to the Secretary of State under section 30 of the Local Audit and Accountability Act. Whilst the Trust has

reported an in year surplus position it remains in cumulative deficit and as such has not delivered its breakeven duty.

[Subsequently the accounts were signed off by Audit and a Section 30 letter was issued]

4) Committee Business

The Committee received reports from Internal Audit on activity and Counter Fraud and will receive further assurances at the next meeting at which a significant number of audits will be concluded. The counter fraud assessment had been concluded and provided an overall green opinion for counter fraud systems.

End