

TRUST BOARD IN PUBLIC		Date: 28th September 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 Head of Corporate Governance	
REPORT DISCUSSED PREVIOUSLY: (name of sub-committee/group & date)		Audit & Assurance Committee – 07/09/2017	
Action Required:			
Approval ()	Discussion ()	Assurance (√)	
Purpose of Report:			
Summary of the September Audit and Assurance Committee.			
Summary of key issues			
The key issues discussed at the meeting were; <ul style="list-style-type: none"> • Review of BAF and general risk management. 			
Recommendation:			
To receive the 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		<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 – 28th September 2017 Audit & Assurance Committee (AAC) Chair Update

The Audit and Assurance committee met on the 07/09/2017; it was quorate.

1) Board Assurance Framework

The Committee had a detailed conversation on the BAF covering the content, the role of the AAC and how best to reflect strategic risk.

The Committee noted that its role is to ensure sound risk management and development of the BAF. The Board continues to own the document and agrees any changes to the risks included or their risk rating. An example discussed was the workforce risk (5.5) which potentially might require consideration to align with strategic risk and Board conversations.

The AAC considered the financial risks on the BAF for income (5.1) & expenditure (5.2), and the inclusion of the in-year risk (5.1 & 5.2) as well as the medium term financial risk (5.3). The CFOs view is that the Trust should maintain the in-year financial risk. It may be appropriate to include just one in-year finance risk that combines income and spend, noting that having two separate risks doesn't necessarily add value to the action being taken. The executive team propose that the Board consider whether risks 5.1 & 5.2 should be combined.

The Committee went on to discuss the balance between operational and strategic risk. Although the BAF identifies a number of strategic risks, there remains a focus on operational risks, with reference to offsetting actions. PWC input suggested operational risks could be related to short term whereas strategic issues were often related to long term - current NHS environment requires short term strategic thinking. Board are requested to consider whether our BAF adequately addresses the strategic risk issues facing the Trust, whilst achieving an appropriate balance between Operational & Strategic Risk."

The Head of Corporate Governance also highlighted how the risk to delivery of effective and sustainable clinical services relating to research development and education (2.1) could be read as an operational issue whereas the delivery of relevant research and education programmes is a key strategic priority which enables improvements in patient care, freedoms of strategic choice and impacts on recruitment and retention.

The Committee noted that the Chairman had asked that the Director of Strategy to consider how the Board is kept abreast of the development of the business plans and possible adjustments to the BAF.

2) Internal Control Data Quality

The Committee considered management's review of data quality controls noting improvements in systems and output since initial assessment. Some assurance and a greater understanding of the quality of data shared with CCGs and nationally was provided.

The overall assessment remains amber and as such it will be considered again during the next quarter in line with delivery of actions detailed in the data quality strategy.

3) Internal Audit

Internal Audit presented its review of management of consultant temporary staffing which provided limited assurance over the Trust's controls. The Chief Nurse provided assurance of the actions that are being taken to resolve the issues identified in the audit. Focussing in particular on historic custom and practice that ensures staffing needs are met but does not provided an auditable account of the result.

Internal Audits presented its sector wide review, which include narrative on capacity modelling. The Committee noted the work that had been carried out by Deloitte's to develop capacity models for the Trust and are recommending that this work is reconsidered in year to consider alignment of assumptions with outcome.

4) External Audit

The Committee welcomed Anna Blackman representative from PricewaterhouseCoopers. PWC has commenced provision of the Trust's external audit function.

Paul Biddle
Non-Executive Director
Chair of Audit & Assurance Committee
September 2017

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