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<th>Title</th>
<th>Audit Committee Chairman’s Report</th>
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<tr>
<td>Status</td>
<td>For information</td>
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<tr>
<td>History</td>
<td>This is a regular report to the Board</td>
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<th>Board Lead</th>
<th>Mrs Anne Tutt, Committee Chairman</th>
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A. Introduction

The Audit Committee met on 27 April 2015. The main issues raised and discussed at the meeting are set out below.

B. Significant issues of interest to the Board

1. The Committee’s first order of business was to consider all information which was relevant to preparation of the Trust’s Annual Accounts, in advance of the draft Annual Accounts being submitted to the Board. Documentation considered included:

- Internal Audit Annual report, including Head of Internal Audit opinion that significant assurance with minor improvements can be given on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control;
- Counter Fraud Annual Report;
- External Audit Progress Report;
- Annual Governance Statement;
- Financial statements: Representations from management and those charged with governance;
- Draft Annual Accounts 2014/15; and
- Draft Quality Account 2014/15;

2. The Committee received a report on progress in the implementation of all agreed internal audit recommendations, taking into account that a disproportionately high number had fallen due in the last quarter of 2014/15. Of the total of 274 KPMG recommendations recorded, 81% had been implemented, 9% were not yet due, and 10% (27 recommendations) were overdue. Action is being taken to address the outstanding issues identified. The members requested that this action request should be reinforced;

3. The Committee considered the Internal Auditors’ review of Sickness Absence, which had resulted in an overall assessment of partial assurance with improvements required. The Deputy Director of Workforce, and the Attendance Improvement Lead attended to outline the measures being taken by the Trust to improve the retention of documentation; to ensure regular checks of Fitness to Work notes, and to reinforce Line Managers’ responsibilities. The Trust’s Absence Management procedures have been updated, and associated amendments have been made to the line managers’ toolkit, and training. It is planned that the counter fraud team will deliver further training for all staff in the Human Resources department;

4. The Committee considered the Internal Audit Strategic and Operational Plan for 2015/16. Following further suggestions made by the Trust Management Executive [TME] at its meeting on 23 April, there will be a final review of the relative priorities deliverable within the total number of days available. The updated report will be presented to the next meeting;

5. The Committee also considered and accepted the Counter Fraud Service Strategic and Operational Plan for 2015/16;
6. The Medical Director outlined a strategy to evaluate the Trust’s clinical audit programme, for report back to the TME in July, and subsequently to the next regular meeting of the Audit Committee in September 2015;

7. An update was provided to report on progress in implementation of Internal Audit recommendations relating to Clinical Guidelines, and the Medical Director was asked to provide a further update in September 2015;

8. The Committee considered a statement to support Board certification of the Trust’s organisational capacity to deliver the business plan, and of the existence of plans to ensure ongoing compliance with the conditions of the provider licence. The statement was accepted for submission to the Board;

9. The Committee considered the regular report on losses and special payments for the period April 2014 to March 2015.

10. The Committee reviewed the register of single tender waivers since April 2012.

C. Key Risks Discussed

The following key risks were discussed:

11. The Committee reviewed changes made to the Board Assurance Framework [BAF] and Corporate Risk Register [CRR] as a result of the year-end review, including the addition of a new financial risk, associated with the impact of changes to the specialist services tariff;

12. The Committee also noted the information recorded on the Oxfordshire Clinical Commissioning Group’s [OCCG’s] BAF and CRR, elements of which required action to be taken by the Trust. This is to be followed up in further discussion with the OCCG, to clarify the extent to which risks recorded by OCCG, and/or mitigating action stipulated, represent risks to the Trust, which should be reflected as such in the Trust’s CRR;

13. The Director of Planning and Information presented a paper summarising the processes used to manage cyber security in the Trust, and the key actions being taken to manage the threats to cyber security;

14. The Committee agreed the scope of a ‘Deep Dive’ review to be undertaken, and reported to the next meeting, to assess the level of assurance in relation to the risk of loss of share of current and potential markets [Principal Risk 5].

D. Key decisions taken

The following key decision was made:

15. Having considered all the information relevant to preparation of the Trust’s Annual Accounts, the Committee supported submission of the draft Annual Accounts to the Board at its meeting on 13 May 2015. The Committee is scheduled to meet on 3 June 2015, to confirm whether it is able to recommend the Annual Accounts 2014/15 for formal adoption by the Board, in advance of submission due by 5 June 2015.
E. Agreed Actions

The Committee agreed the following actions:

13. Executive Directors will be asked to address outstanding issues in relation to internal audit recommendations;

14. The Trust’s Internal Auditors were asked to provide for customer satisfaction surveys to be built into their programme of work in 2015/16, to inform a review of the effectiveness of Internal Audit;

15. The Counter Fraud team was asked to liaise further with the Director of Organisational Development and Workforce, to consider targeting training on the increasing number of staff undertaking work on a sessional, or modular, basis;

16. The Guidance for Non-Executive Directors on Cyber Security: balancing risk and reward with confidence, circulated as an appendix to Paper AC2015.34 Cyber Security Report will be made available to all Non-Executive Directors;

F. Matters deferred for future consideration

17. No matters were deferred for future consideration.

G. Assurance required from/actions required by other Board sub-committees

18. No assurance or action was required by other Board sub-committees on this occasion.

H. Matters to be referred to the Trust Board

19. The draft Annual Accounts 2014/15 will be considered by the Board at its meeting on 13 May 2015.

Recommendation

20. The Trust Board is asked to note the contents of this paper.

Anne Tutt
Audit Committee Chairman

May 2015