

Audit Committee: Friday 14 September 2012
 AFC2012.40

Title	Audit Committee Annual Report 2011/12
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Status	For review
History	Annual Report from Audit Committee to Full Board.

Board Lead(s)	Mr Mark Mansfield, Director of Finance and Procurement			
Key purpose	Strategy	Assurance	Policy	Performance

Summary

1. In line with best practice in other sectors, the Audit Committee should prepare a report to the full Board that sets out how the Committee has met its terms of reference.

Annual Report

1. **Scope** – Following a review of the Board committee structures the Audit & Finance Committee was restructured to become the Audit Committee with effect from September 2012. This report reflects the remit of the Audit and Finance Committee prior to this change.
2. The Audit & Finance Committee existed to review the establishment and maintenance of an effective system of internal control throughout the organisation. It ensured that there are effective internal audit arrangements in place that meet mandatory NHS Internal Audit Standards and provides independent assurance to the Board. The Committee reviewed the work and findings of External Audit and provided a conduit through which their findings could be considered at Board. Each meeting operated in two distinct parts: Part A dealt with assurance from internal and external audit activities and corporate governance while Part B dealt with financial management, financial controls and policy. The Committee also maintained oversight of the Trust's Counter Fraud arrangements. This report provides a summary of significant risk issues and key performance indicators for the committee during 2011/12.
3. **Significant issues** - The significant issues, identified through the Trust's risk management processes in the Annual Governance Report, are outlined below:
 - 3.1 The Trust continues to work with colleagues across the local health and social care network to reduce the number of delayed transfers of care and improve performance against the thresholds;
 - 3.2 Work is underway with the Trust supplier to address data quality issues affecting Trust reporting of referral to treat measures from the Electronic Patient Record;
 - 3.3 The clinical governance team is working closely with divisional management teams to develop further the supporting systems and processes for carrying out risk assessment on admission for venous thromboembolism;
 - 3.4 A comprehensive programme is in place to improve the Trust's governance arrangements, including the revision of key supporting strategies to core business. These will form an important part of developing risk, quality and assurance in the Trust, in support of continuous quality improvement and the delivery of safe and high quality care;
 - 3.5 Members of the Trust Management Executive continue to work with commissioners across the health economy to ensure the agreement of contracts and forward plans for the coming year, ensuring these are clinically and financially viable;
 - 3.6 A significant review of sustainability has concluded and programmes developed for the coming financial year to reduce our carbon footprint. This will ensure Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements, based on UKCIP 2009 weather projections, in order that this organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with;

3.7 Work has been undertaken to revise the processes for managing financial and patient information relating to private patients and overseas visitors, including improved security measures to control permission to access the electronic systems.

3 Key Performance Indicators and future actions

	Section	2011/12	2012/13 Actions
1	Governance	<p>Terms of reference</p> <ul style="list-style-type: none"> approved by the Trust Board in November 2010 for introduction from 1 January 2011. amended in August 2011 with respect to the attendance at meetings by members and to align with risk management strategy amended in July 2012 following board governance review. 	Implement work plan linked to revised terms of reference.
2	Performance	<p>Governance, Risk Management and internal control</p> <ul style="list-style-type: none"> Reviewed Annual Governance Statement together with Head of Internal Audit Opinion. Reviewed Assurance Framework and Trust Risk Register. <p>Internal Audit</p> <ul style="list-style-type: none"> Reviewed and approved the strategic internal audit plan and operational plan at its March 2012 meeting. Considered the major findings of internal audit and management responses. Tendered and appointed new Internal Audit provider. <p>Counter Fraud</p> <ul style="list-style-type: none"> Reviewed and approved the counter fraud work plan at its March 2012 meeting. Considered progress against the plan. Tendered and appointed new Counter Fraud provider <p>External Audit</p> <ul style="list-style-type: none"> Reviewed and agreed annual plan Received reports and recommendations from external audit. 	<p>Strengthen effectiveness of assurance “deep dives” through a structured programme and consistent reporting format.</p> <p>Refresh internal audit strategic and operational plan.</p> <p>Refresh counter fraud work plan.</p> <p>Monitor transition to new provider following Audit Commission</p>

		<p>Financial Reporting</p> <ul style="list-style-type: none"> Reviewed the draft and audited annual report and accounts prior to submission to the Board. <p>Standing Orders/ Standing Financial Instructions</p> <ul style="list-style-type: none"> Reviewed Losses and special payments 	outsourcing.
3	Focus Areas	<p>Nuffield Orthopaedic Centre</p> <ul style="list-style-type: none"> Review of handover issues into business as normal <p>Whole of Government Accounts</p> <ul style="list-style-type: none"> Restatement of 2010/11 accounts following mandated change in Accounting Policy, in respect of the treatment of Donated and Government Grant Income and the holding of Donated Asset and Government Grant Reserves. <p>Audit Seminar</p> <ul style="list-style-type: none"> Considered the Risk, Assurance and Quality Strategies prior to their presentation to the July 2012 Board. 	

4 Forward look

4.1 The Audit Committee is responsible for providing assurance to the Trust Board on the Trust's system of internal control by means of independent and objective review of financial and corporate governance, and risk management arrangements, including compliance with law, guidance, and regulations governing the NHS and will deliver this through a structured forward work programme for 2012/13 focused around the Trust strategic objectives and the active use of the Board Assurance Framework as a key assurance mechanism.

4.2 Forward work programme for 2012/13 is attached at Annex 1.

Alisdair Cameron

Chairman, Audit and Finance Committee

September 2012

Draft Work Programme 2012/13

Agenda Item / Issue	Lead	Sept	Nov	Jan	March	May	June
		14th	14th	9th	13th	8th	TBC
Trust strategic objective 2012/13: SO1. To be a patient-centred organisation providing high quality and compassionate care , whilst promoting a culture of integrity and respect for both patients and staff - “delivering compassionate excellence”							
Review assurances around the quality management agenda	CN / DW		X				
Trust strategic objective 2012/13: SO 2. To become a vigorous, adaptable and successful organisation with strong well-embedded governance systems and high standards of assurance, building on a successful Foundation Trust application- becoming a resilient flexible, and successful organisation							
Review the Assurance Framework	DA	X	X	X	X	X	
Review the Risk Register	DA	X	X	X	X	X	
Note business of other committees and review inter-relationships (to cover clinical governance, quality and finance & performance)	DA	X					
Review draft and final Annual Governance Statement	DA				X		X
Receive the External Auditor’s report to those charged with governance	EA						X
Review and approve annual Internal Audit Plan	IA	X			X		
Review Internal Audit progress reports	IA		X	X	X		
Receive Annual Internal Audit report and associated opinions	IA					X	
Trust strategic objective 2012/13: SO 3. To meet the challenges of the current economic climate and the changes in the NHS - delivering better value healthcare							
Review of audited annual accounts and financial statements	DF&P					X	X
Review the Trust’s Annual Report and Quality Account	DF&P					X	X
Review assurances around financial management	DF&P			X			
Agree External Audit Plan and fees	EA			X	X		
Review External Audit progress	EA			X		X	

Agenda Item / Issue	Lead	Sept	Nov	Jan	March	May	June
reports							
Receive the External Auditor's annual audit letter	EA	X					
Review changes to standing financial instructions and changes to accounting policies	DF&P			X			
Review of losses and special payments	DF&P		X	X	X	X	
Review of single tenders		X			X		
Review and approve annual counter fraud plan	LCFS	X			X		
Review counter fraud progress reports	LCFS			X		X	
Review the organisation's assessment against national Fraud criteria	LCFS			X			
Review counter fraud annual report	LCFS					X	
Trust strategic objective 2012/13: SO4 To provide high quality general acute healthcare services to the population of Oxfordshire - delivering integrated healthcare							
Review assurances around acute healthcare services	DCS		X				
Trust strategic objective 2012/13: SO 5. To provide a strong leadership to healthcare partners to create sustainable clinical networks together that provide health benefits to the population and the all partners - supporting sustainable clinical networks							
Review assurance around partnership working and clinical networks	DCS / DW			X			
Trust strategic objective 2012/13: SO 6. To provide high quality specialist and tertiary services to the population of Oxfordshire and beyond - delivering excellence in specialist and tertiary care							
Review assurances around the specialist and tertiary care.	DCS / DPI					X	
Trust strategic objective 2012/13: SO 7. To lead the development of a durable academic health sciences system with local academic, health and social care partners - a robust academic health science network							
Review assurances around the development of the Academic Health Science Network	MD / CN					X	
Terms of Reference Compliance							
Review the effectiveness of internal audit	IA				X		
Review the effectiveness of external audit	EA				X		

Agenda Item / Issue	Lead	Sept	Nov	Jan	March	May	June
Review the effectiveness of the Local Counter Fraud Specialist	LCFS				X		
Plan how to discharge the Audit Committee duties	ACC				X		
Self-assess Committee's effectiveness	ACC			X			
Review Committee's terms of reference	ACC			X			
Briefing / update sessions	DA		X			X	
Produce annual Audit Committee report	ACC	X			X		
Private discussions with internal and external audit	ACC	X	X	X	X	X	X

Number of agenda items per meeting

9 8 14 15 13 5

Lead

ACC	Audit Committee Chair
D F&P	Director of Finance and Procurement
DA	Director of Assurance
EA	External Audit
IA	Internal Audit
LCFS	Local Counter Fraud Specialist
CN	Chief Nurse
DPI	Director of Planning & Information
MD	Medical Director
DW	Director of Workforce
DCS	Director of Clinical Services