

**Trust Board Meeting: Wednesday 10 July 2013**

**TB2013.90**

<b>Title</b>	<b>Audit Committee</b>
--------------	------------------------

<b>Status</b>	For information
<b>History</b>	This is a regular report to the Board

<b>Board Lead</b>	Mrs Anne Tutt, Committee Chairman			
<b>Key purpose</b>	Strategy	<b>Assurance</b>	Policy	Performance

**Executive Summary**

1	The Audit Committee met on 8 May 2013 and 6 June 2013, and this paper provides reports from both of these meetings.
2	This paper sets out the key decisions, actions, risks and matters for future consideration as raised by the Committee. The minutes from both of the meetings are available on request from the Head of Corporate Governance.
3	<b>Recommendation:</b> The Board is asked to note the contents of this paper.

## Report from the Meeting of 8 May 2013

### 1. Introduction

The Audit Committee met on 8 May 2013. The main issues raised and discussed at the meeting are set out below.

### 2. Significant issues of interest to the Board

The Committee received and noted the following reports:

- Board Assurance Framework (BAF);
- Corporate Risk Register;
- Risk Deep Dive Papers on Finance and Commissioner Alignment;
- Audit Committee Effectiveness;
- Review of Procurement Processes;
- Internal Audit Progress Report;
- Annual Report and Plan (2013/14);
- Counter Fraud Progress Report and Plan (2013/14);
- Employment Checks Review;
- Annual Audit Fee Letter;
- Draft Annual Accounts;
- Letters to Management and Management Representations; and
- Compliance Reports.

### 3. Key Risks Discussed

As part of its discussion of the BAF and Corporate Risk Register, the Committee questioned the scores for the risks relating to the delivery of access targets, and it was agreed that verbal updates would be provided where changes to scores were to be made outside of the meeting schedule.

A further update was provided on the new risk that had been escalated onto the CRR in relation to bed management. A short sharp piece of work had been commissioned to address the issues and it was expected that the outcome of this would soon be reflected in the score.

The Committee were assured that the impact of the postponement of changes to services at the Horton presented no significant or immediate risks.

Two risk deep dives, covering financial stability and commissioner alignment were held. The issues relating to both were interconnected, as both presentations cited the risks around the changed commissioning structure and process, and its impact on sustainable budget setting. On financial sustainability, the risk of failing to effectively control pay and agency costs was highlighted, as was the possible failure to maximise commercial opportunities.

Other risks discussed included:

- The failure to achieve value for money through the procurement process through not taking full account of life cycle costs, and

- The failure to identify material fraud risks facing the Trust, and the impact that even financially negligible amounts of fraud could have on the Trust's reputation

#### **4. Key decisions taken**

The following key decisions were made:

- Internal Audit consideration of the Private Patients Operating Model is to be brought forward
- The consideration by Internal Audit of arrangements for medicines management is to be prioritised
- The Counter Fraud Annual Plan for 2013/14 is to be reviewed

#### **5. Agreed Actions**

- The Policy on Raising Concerns, which is currently under review, is to be presented to the next meeting of the Committee for assessment of its suitability
- A detailed analysis of cashflow management arrangements is to be presented to the next meeting of the Committee
- An update on relationship management activities with key stakeholders is to be presented to a future meeting of the Committee
- The Committee's cycle of business is to be attached to the back of the agenda for discussion at each meeting to ensure that it remains a live document

#### **6. Matters deferred for future consideration**

There were no matters deferred for a future meeting.

#### **7. Assurance required from/actions required by other Board sub-committees**

No matters require assurance from or actions by another Committee.

#### **8. Matters to be referred to the Trust Board**

No matters were referred to the Trust Board.

#### **Recommendation**

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

## Report from the Meeting of 6 June 2013

### 1. Introduction

The Audit Committee met on 6 June 2013. The main issues raised and discussed at the meeting are set out below.

### 2. Significant issues of interest to the Board

The following issues of interest have been highlighted for the Trust Board:

- The Committee reviewed in detail the Trust's Annual accounts for 2012/13 and received the External Auditors report on the accounts. A number of amendments were noted and reported to the confidential Trust Board meeting held on 6 June 2013;
- The Committee were advised by the External Auditors that the Trust would be issued with an unqualified audit opinion and value for money conclusion;
- The Committee were updated on progress to complete the programme of internal audits and received confirmation that these had been completed for 2012/13. No issues were raised which would impact on the Head of Internal Audit Opinion which had been issued with a outcome of substantial assurance.

### 3. Key Risks Discussed

The following risks were discussed:

- The External Auditors identified that there was a lack of evidence on decision making related to redundancy payments. To mitigate this, the process for agreeing and approving redundancy payments was being reviewed and would be aligned to the NHS Trust Development Authority's guidance in this area.

### 4. Key decisions taken

The following key decisions were made:

- The Committee recommended that the Trust Board approved the Annual Accounts 2012/13;
- The Committee adopted the Annual Report 2012/13 in its current format and noted that the Trust Board would consider a final draft prior to publication;

### 5. Agreed Key Actions

The Committee agreed actions relation to:

- Providing the Trust Board with a written description of the changes the Audit Committee proposed to the Annual Accounts 2012/13 to support the decision to approve the Annual Accounts by the Trust Board.

## **6. Future Business**

The Committee will be focusing on the following areas in the next three months:

- Review the Clinical Audit Annual report;
- Review a deep dive into cash flow management;
- Review proposed changes to the standing financial instructions;

## **7. Recommendation**

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

**Anne Tutt**  
**Audit Committee Chairman**  
**July 2013**