

**Trust Board Meeting: Wednesday 12 November 2014**

**TB2014.137**

<b>Title</b>	<b>Audit Committee Chairman's Report</b>
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<b>Status</b>	For information
<b>History</b>	This is a regular report to the Board

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

## 1. Introduction

The Committee's last regular report was considered by Trust Board at its meeting on 14 May 2014. At the Trust Board meeting held on 9 July 2014, Trust Board received the Audit Committee Annual Report 2013/14. Since the last regular report to the Board, the Audit Committee has met on 21 May, 4 June (for the approval of Final Accounts) and 17 September, 2014. The main issues raised and discussed at the meetings are set out below.

## 2. Significant issues of interest to the Board

The Committee considered the following issues:

- The Committee received an update on outstanding recommendations from Internal Audit, based on data available as at 4 September 2014. In summary, forty-four recommendations had been closed since mid-May 2014. Eighteen recommendations which were due to have been implemented by the end of August were outstanding at the time of report, though it was noted that many of these were at least partially completed, and it was felt that significant improvement had been made.
- The Trust's Internal Auditors undertook a developmental audit to assess the Trust's Cyber Maturity, and its report and recommendations were considered by the Committee. A further report has been scheduled to be provided to the Committee in April 2015.
- The Trust's Internal Auditors presented regular progress reports, highlighting final reports issued in relation to:
  - Quality Governance
  - IT General Controls
  - Cyber Security Assessment
  - EPR Re-procurement

and they confirmed that fieldwork was in progress to review overall compliance with the Human Tissue Act.

- The Committee discussed the Internal Auditors' limited assurance report on Junior Doctors' rotas, and it was noted that a new system was being implemented to capture and monitor the junior doctors' rotas.
- Regular progress reports were also presented in relation to Counter Fraud, highlighting that the number of referrals was interpreted as reflecting a good level of awareness throughout the organisation. The Anti-Fraud Services Strategic and Operational Plan for 2014/15 was approved.
- An assessment of compliance with the UK Corporate Governance Code was presented, confirming that the Trust was compliant with the Corporate Governance Code and that no departures had been identified.

- The Committee gave detailed consideration to a review of evidence in support of the Board Governance Memorandum [BGM]. Self-assessment statements were reviewed in detail, with reference to the supporting evidence available, and the Committee discussed what associated actions should be identified to enhance compliance with good practice. The revised BGM has since been considered further by the Board at its Seminar on 22 October 2014, and was formally approved at the Part II Meeting of the Trust Board on that day, for submission to Monitor by 1 November 2014.
- The Committee approved changes to the Board Assurance Framework [BAF] and Corporate Risk Register [CRR], including those made after the Trust Management Executive's [TME's] detailed review of risks that had remained static on the CRR. It was proposed that there should be a closer and more transparent correlation between the CRR, and the agendas for the Board and its sub-Committees.
- The Annual Review of the Risk Management Strategy Implementation Plan reported that the assessment had scored the Trust's overall risk maturity at 80, representing a modest improvement on the previous score of 77. It was submitted that this reflected the fact that the Trust had consolidated the consistent and thorough application of risk management across the organisation, but acknowledged that more work needed to be done to overcome the threshold (of 81) for achieving Level 4: where the organisation was proactive in driving, and maintaining the embedding of risk management and integration in all areas of the organisation.
- The Committee reviewed the results of a Trust-wide Health Records Audit, which were considered by the Clinical Audit Committee and the Clinical Governance Committee to have been generally encouraging. It was noted that five criteria showed compliance of less than 80% and, given that this had been an area identified by the Care Quality Commission [CQC] as non-compliant, it was suggested that this be referred to TME for further consideration.
- The Committee approved the procedure for reviewing the Registers on Interests, Gifts, Hospitality and Sponsorship, in accordance with the Policy approved by the Board at its meeting on 22 January 2014.
- Following review of single tender waiver forms, the Trust's Internal Auditors confirmed that new processes introduced were robust.
- The Committee received the External Audit Fee Letter for 2014/15.
- The Committee received the Audit Results Report, summarising the findings from the 2013/14 audit.
- The Committee received the Local Counter Fraud Annual Report 2013/14.
- The Committee considered the draft Quality Account 2013/14 prior to its publication. Subsequently, the External Auditors' review confirmed that, as a result of work performed in the independent assurance engagement, they would be issuing an unqualified Limited Assurance Report to the Trust.

- The Committee considered the draft Annual Governance Statement 2013/14, subsequently presented as part of the Annual Accounts, approved by the Board at its meeting on 9 July 2014.
- The Committee recommended the Annual Accounts 2013/14 for adoption by the Board at its meeting on 9 July 2014.
- The Committee considered the draft Annual Report 2013/14, which was subsequently approved by the Board at its meeting on 9 July 2014, and which has now been published.

### 3. Key Risks Discussed

The following key risks were discussed:

- The risk of failure to deliver the benefits of strategic partnerships was considered, and a 'Deep Dive' review of the level of assurance with regard to this risk was presented. Taking into account the significant amount of work which was reported to be on-going, it was suggested that further detailed consideration should be given at a Board Seminar as to how to gain the necessary assurance with regard to this risk, and the associated risks of
  - i. Failure to establish sustainable regional networks;
  - ii. Failure to provide adequate support for education; and
  - iii. Failure to support research and innovation.
- A 'Deep Dive' review of the level of assurance with regard to the risk of failure to achieve transformation of services was also presented for the Committee's consideration.
- The risk of loss of share of current and potential markets was considered, and a 'Deep Dive' review of the level of assurance with regard to this risk was presented. In summary, it was suggested that the Trust's pursuit of a collaborative approach, in response to the risks associated with outcomes based commissioning, should ideally be mirrored in the approach to planned care. As with local services, developing strong collaborative working relationships was acknowledged to be a key focus for specialist services.
- A 'Deep Dive' review of the level of assurance with regard to the risk of failure to sustain an engaged and effective workforce was presented for the Committee's consideration, highlighting that staff retention was to be addressed in more depth through a 'risk summit', the outcome of which has subsequently been reported and continues to be followed up.

#### 4. Key decisions taken

The following key decisions were made:

- The Committee recommended the Annual Accounts 2013/14 for adoption by the Board at its meeting on 9 July 2014.
- The Committee agreed that the format of the “Deep Dives” be reviewed, to facilitate the production of a report which provided a clearer overview of the issues, supported by further detail as required.

#### 5. Agreed Actions

The Committee agreed the following actions:

- That the risk of failure to deliver the benefits of strategic partnerships should be considered further at a future Trust Board Seminar
- That the level of *ex gratia* payments made in connection with lost/broken dentures/teeth be referred to the Medical Director and Chief Nurse, to consider the likely adverse impact upon patient experience which this represented

#### 6. Matters deferred for future consideration

No matters were deferred for future consideration.

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

The outcome of an on-going investigation into Consultant Sessional payments, when available, is to be submitted to the Finance and Performance Committee, as well to the Audit Committee.

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

The External Auditors’ Annual Audit Letter is to be formally submitted to the Board at its meeting on 12 November 2014.

The Committee also requested that the Trust Board consider the risk of failure to deliver the benefits of strategic partnerships to the organisation in more detail at a seminar session.

#### Recommendation

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

**Anne Tutt**  
**Audit Committee Chairman**

**November 2014**