

Trust Board Meeting: Wednesday 11 March 2015

TB2015.39

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

Board Lead	Mrs Anne Tutt, Committee Chairman			
Key purpose	Strategy	Assurance	Policy	Performance

A. Introduction

The Audit Committee met on 18 February 2015. The main issues raised and discussed at the meeting are set out below.

B. Significant issues of interest to the Board

The Committee considered the following issues:

1. The Committee heard that the Trust's internal auditors had no grounds for concern in relation to overdue recommendations. Nonetheless the Committee Chairman asked the Chief Executive to request that Executive Directors actively review all overdue, outstanding recommendations, for report to the next meeting of the Committee.
2. The Trust's Internal Auditors [KPMG] presented four **draft** reports, in relation to:
 - Financial Management – significant assurance with minor improvement opportunities
 - CIP - significant assurance with minor improvement opportunities
 - Recruitment - significant assurance with minor improvement opportunities
 - Sickness Absence - partial assurance with improvements required
3. The report on Sickness Absence, commissioned in addition to the original Internal Audit Plan, found FirstCare to be a well-designed, robust system which provided the mechanisms for control, although there were some apparent inconsistencies in its implementation at operational level. The final report will be distributed after receipt of management responses.
4. The final report on Information Governance Toolkit had been issued, giving partial assurance with improvements required. KPMG reported that most of the recommendations had now been implemented, and a final check will be undertaken within the next month, to check that compliance would be achieved in readiness for the submission due by 31 March 2015.
5. A progress report was presented in relation to Counter Fraud, which reflected a good level of engagement across the organisation.
6. The Trust's External Auditors [Ernst & Young] presented an overview of the stage reached in the 2014/15 audit. A very useful piece of analytics work has been undertaken by Ernst & Young on bank and agency expenditure, and this will be reported to the Workforce Optimisation Group, and subsequently to the Finance and Performance Committee at its meeting in April 2015.
7. Ernst & Young presented its plan for the 2014-15 audit. Identification of the financial statement risks facing the Trust was agreed as follows:
 - Revenue and expenditure recognition
 - Risk of management override;

and, in relation to Value for Money:

- Financial planning and management
 - Delivery of cost and service improvements
8. The Trust's processes and procedures for raising concerns were reviewed, noting the recent publication of the independent review '*Freedom to Speak Up*'. A further report will be provided on what further action the Trust should take, in the light of the recommendations made by the independent review.
9. The Committee considered the regular report on losses and special payments for the period April 2014 to January 2015.
10. The Committee reviewed the schedule of single tender waivers for the period November 2014 to January 2015. A request has been made for the level of waivers approved by other Shelford group members, in order to benchmark the levels approved by the Trust, and this will be reported to the next meeting of the Audit Committee.

C. Key Risks Discussed

The following key risks were discussed:

11. The risk of failure to maintain financial stability was considered, and a 'Deep Dive' review of the level of assurance with regard to this risk was presented. This provided a summary of the current position, outlining action being taken. The Committee discussed the need for continued focus on the following areas in particular:
- Encouraging increasing use of PLICs data
 - Contribution to the Clinical Costing Development Group
 - Incentivising appropriate behaviours in relation to the use of Bank and Agency staff
12. The Committee also considered a 'Deep Dive' review of the level of assurance in relation to the risk of failure to achieve sustainable contracts with commissioners. The next steps proposed were reviewed and endorsed, to include:
- Implementation of a system leadership structure for the Oxfordshire health and social care system
 - Development of a single strategic plan for the Oxfordshire health and social care system, against which individual strategies and proposals for service change can be assessed
 - Refresh of the Trust's strategy, to include a focus on specialist services
 - Development of more robust formal and informal relationships between the Trust and its commissioners, at all levels of the organisations; to include securing clinicians' engagement in dialogue with local commissioners

Key decisions taken

The following key decisions were made:

13. Consideration would be given to the need for any further external advice on the governance of the proposed Alliance Programme, following discussion at the Board Seminar in February 2015.

14. The recommendations of the independent review '*Freedom to Speak Up*' will be reviewed, to determine what further action the Trust should take to revise its processes and procedures for raising concerns.

D. Agreed Actions

The Committee agreed the following actions:

15. The Chief Executive was asked to request that Executive Directors actively review all overdue, outstanding recommendations, for report to the next meeting of the Committee.

16. Management responses to the Letter to Management, and to the Letter to those charged with governance, will be reported to the next meeting of the Audit Committee.

16. Proposals to explore the possible use of robotic automation, and the potential to increase efficiency and productivity, will be submitted to the next meeting of the Audit Committee.

17. The Committee agreed the scope for 'Deep Dive' reviews, to be submitted to the next meeting of the Audit Committee in relation to PR6 (sustaining an engaged workforce) and PR7 (Transformation of services).

18. The Director of Finance and Procurement agreed to keep the Trust's external auditors, and the Chairman of the Audit Committee, informed of the outcome of discussions with the District Valuer (DV) to establish the size of an "optimal site" to use as the basis for the 2015 modern equivalent assets [MEA] valuation.

E. Matters deferred for future consideration

19. No matters were deferred for future consideration.

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

20. Analytics work undertaken by the Trust's external auditors on bank and agency expenditure will be reported to the Finance and Performance Committee at its meeting in April 2015.

G. Matters to be referred to the Trust Board

21. The Committee noted that a review of processes in relation to planning and performance was being undertaken. Initial proposals were submitted for consideration by the Board at its Seminar in February 2015, and are due to be considered further by the Board at its meeting in private on 11 March 2015.

22. Proposals for a review of the recommendations made by the independent review '*Freedom to Speak Up*' will be submitted to the Trust Board, to determine what further action should be taken to revise the Trust's processes and procedures for raising concerns.

Recommendation

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

Anne Tutt
Audit Committee Chairman

March 2015