

Trust Board Meeting in Public: Wednesday 8 May 2019

TB2019.55

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

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

Executive Summary

1. The Audit Committee is a sub-committee of the Trust Board and, as such, provides a regular report to the Board on the main issues raised and discussed at its meetings.

2. Since the last meeting of the Board held in public in March 2019, the Audit Committee met on 17 April 2019 as part of its regular cycle of meetings.

3. Under its terms of reference, the 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. This report aims to contribute to the fulfilment of that purpose.

Recommendations

4. The Board is asked to:

- Note the contents of the Audit Committee's regular report to the Board on the main issues that were discussed at its meeting held on 17 April 2019.

Introduction

Since the Board last met in public in March 2019, the Audit Committee [“the Committee”] held its most recent regular meeting on 17 April 2019.

Under its terms of reference, the Committee is responsible for overseeing the establishment and maintenance of an effective system of internal control throughout the organisation. It ensures that there are effective internal arrangements in place, reviews the work and findings of External Audit, reviews the Trust’s annual statutory accounts before they are presented to the Trust Board and maintains oversight of the Trust’s Counter Fraud arrangements.

Updates on other existing areas of focus for the Committee

The main focus of the meeting was the first opportunity for the Committee to start to review the assurance in respect of the Annual Accounts. The Committee received updates from the relevant execs on key areas of focus:

Year-end accounting process and related issues:

- The Committee received a report on the validity of the ‘Going Concern’ this provided an update on the latest guidance and the latest position in relation to the testing of the Trust’s going concern position. The Trust External Auditors confirmed that the report from the Chief Finance Officer was consistent with the current guidance.
- The Committee considered that draft Trust Annual Report for 2018/19, this is being considered in more detail at its next meeting on 9 May 2019.
- The draft Annual Quality Account was also considered by the Committee, the Trust External Auditors explained the work undertaken to review aspects of the Quality Account. This is being considered in more detail at its next meeting on 9 May 2019.

Annual Accounts Related Assurance:

- The Internal Auditors provided the Head of Internal Audit Report, which provided a significant assurance opinion.
- Draft Annual Governance Statement, it was noted that this had been discussed by Trust Management Executive; this is being considered in more detail at the Committee’s next meeting on 9 May 2019.
- The External Auditors reported that they are on track with their audit the results of this work will be considered in more detail at the Committee’s meeting on 20 May 2019.

Counter Fraud and Internal Audit Reviews

- Local Counter Fraud Annual Report, Progress Report and Plan for 2019/20. The Annual report for 2018/19 included the Annual Self-Assessment Review. It was reported that the self-assessment has been conducted in line with the national standards for counter fraud services. The Committee requested further work to set the context of the assessment and to ensure the supporting evidence was available centrally. The progress report provided an update on progress with counter fraud training and the review and update of trust policies. The Counter Fraud plan has been amended to reflect the work across each of the key plan

areas by the team over the past year.

- Oracle Fusion Update, the Committee noted that a due diligence process is being undertaken on the preferred option to progress this work, this is due to be reported back the Committee at a future meeting.
- Radiation Safety Progress Report, the Radiology Manager for JR site, provided the Committee with an update on the action plan. A number of areas of progress had been made this included the completion of training metrics, protocols are up to date and cleaning schedules are in place. The Committee were assured about the review and monitoring of the Internal Audit report action plan and further assurance will be provided to the Committee in future.
- Medicines Management Progress Report, the Chief Pharmacist provided an update on the report. The Committee were provided with an update on the pharmacy lead audit process and the range of actions put in place to address the findings from the Internal Audit review. It was noted that regular updates are reported to TME. The Committee requested that the regular follow-up of this issue be considered as part of the Internal audit Plan for 2019/20.

New matters arising

The Committee received reports on the following as part of this meeting:

- PMO Governance: The Committee received a verbal update on the NHSI Undertakings, the Committee requested a written report to provide assurance on the effectiveness of Programme Management Office. It was requested that this be considered as part of the Internal Audit Plan for 2019/20.
- Database on Accreditation and Regulation: The Committee noted the progress made in drawing the initial information together and requested that an update to be taken to the Committee in September 2019.

Areas arising from routine reporting

The Committee received the following:

- Losses and Special payments report covering the year to March 2019, it was noted that total losses were lower than in the previous year. The Committee accepted the bad debt write off as reported.
- Implementation of Internal Audit recommendations, the Committee requested a full review of outstanding recommendations be undertaken by Trust Management Executive and a further update will be reported to the Audit Committee meeting on 20 May.
- Compliance and single tender waivers, the report to the Committee covered the period from 1 January 2019 to 31 March 2019.
- Register of Interests, Gifts and Hospitality; the Committee considered that draft register for 2018/19, this is being considered in more detail at its next meeting on 9 May 2019.

Other Items

The draft Annual Review of Committee Effectiveness was presented to the Committee and further work is being undertaken to review and update the Terms of Reference of the Committee and once this is completed the Annual Report will be presented to the Trust

Board.

Key Issues/Risk areas included:

- The need for the Committee to maintain focus on the **Annual Accounts** process.
- The need to ensure that Finance and Performance Committee continue to review **cash flow forecasting**.
- To ensure that TME continue to maintain focus on progressing **Internal Audit recommendations** in particular on, radiation safety and medicines management.

Recommendation

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

Anne Tutt

Audit Committee Chairman

May 2019