

Briefing from Audit Committee: 10 May 2012
Presented by Sarah Connor, NED, Committee Chair

Internal Assurance

CQC Registration There were no assurance issues.

Clinical Audit Results There have been no audit results of concern.

Finance Report There were no assurance issues.

Financial Management Assurance

Losses & Compensation Noted. There has been a high level of write-off of overseas patient debt, in part due to the closure of some old cases for collection. The External Auditors have provided a check-list of best practice, against which Finance will review Trust processes.

Waiver Register Noted, and that Internal Audit will review some elements of this during 2012/13.

Gifts & Hospitality Register The Committee noted the limited assurance from the review of the application of the Trust's Gifts and Hospitality policy. The Committee asked for the proposals to be taken forward as an action plan in partnership with HR, to improve the level of staff understanding and compliance with the policy, and with it raise the level of assurance that can be given on adherence to the policy.

Audit Assurance

External Audit progress report The Trust submitted accounts for audit ahead of schedule. Work on the Trust's Financial Resilience Review is in progress, and work on the Quality Account was outlined.

Internal Audit Report 4 audits from the 2011/12 programme were brought to this meeting (Risk Management – Divisional Arrangements; Creditors; Information Governance; IT Security for Key Information Systems), 1 “green”; 2 “amber / green” and 1 “amber / red”, with a total of 1 high; 15 medium; and 14 low importance recommendations. In addition, 2 Follow Up audits reported good and adequate progress respectively, with 11 out of 42 recommendation not yet fully actioned, but with acceptable deadlines.

Audit Committee is however still awaiting reports for 2 audits from the 2011/12 programme, and received 11 out of 18 reports at a later meeting than planned.

Internal Audit provided a copy of another Trust's Audit Committee agenda for reference – after discussion, we agreed that it reflected a different governance structure and we would not amend our agenda further.

Overdue Audit Recommendations The system which monitors completion of audit recommendations has now been updated, and contains only 1 low priority recommendation.

Annual Report Progress

Annual Accounts Process There were no assurance issues.

Annual Report Benchmarking The external auditors provided a report comparing the Trust's 2010/11 Annual Report to other NHS Annual Reports. The report has been shared with Communications Division.

Quality Accounts The Committee noted the draft Quality Account for 2011/12.

Annual Assurance Reports

Annual Governance Statement (was SIC) The Committee noted the draft Annual Governance Statement.

Annual Assurance on Risk Management Processes The Committee noted the paper on risk management processes and was advised that it provided sufficient assurance on the Trust's risk management arrangements.

Clinical Audit Annual Report The Committee noted the Annual Report, and was advised that it provided sufficient assurance on the Trust's Clinical Audit arrangements. There has been considerable progress over the year, including that the audit monitoring and review process is now more formalised and structured through the Audit Strategy Group. Divisional Directors and other divisional specialty leads are now fully engaged with clinical audit requirements. The Committee recognised the challenge for 2012/13 is to achieve a robust Audit Plan for all divisions and ensure that action plans are put in place following audit results and subsequent recommendations are implemented.

LCFS (Local Counter Fraud Service) Annual Report 2011/12 The Committee noted the LCFS Annual Report, and received assurance that awareness has increased, the process is more embedded and there were fewer investigations.

Internal Audit Annual Report and Head of Internal Audit Opinion The IA Annual Report comprises a summary of work carried out during 2011/12. The Head of Internal Audit Opinion confirms that significant assurance can be given that there is a generally sound system of internal control and that controls are generally being consistently applied. Two key risks identified during the year are a lack of capacity and / or planning to meet the 18 week referral to treatment target; and gaps in risk management arrangements in one Division. These are not sufficient to lead to a qualified opinion.

Effectiveness Review

Audit Committee Self-Assessment of Effectiveness Audit Committee has used RSM Tenon's on-line questionnaire this year to capture views (from NEDs, some Executives, Internal and External Audit) on its effectiveness. A draft report extracting responses and comments was discussed and agreed, with some amendments, for inclusion in the Chair's Annual Report to the Board.

Annual Cycle of Business A revised version was agreed for presentation to the Board.

Chair's Annual Report to the Board A draft was discussed and agreed, with some amendments.

Review of Committee members' contact with organisation & executives, and training needs The new NED member requested meetings with External and Internal Audit. Otherwise, NEDs had no additional contact or training needs.

Terms of Reference The Committee considered revised terms of reference to reflect the agreed change around the role of the Committee on the BAF. The Committee recognised that the changing role in relation to risk management would place greater reliance on assurance through the internal audit workplan and the Annual Governance Statement. The overlapping membership of Board Committees also provides assurance.

AOB

External Audit Fraud Risk Response The Committee noted the letter on Fraud Risk sent to the External Auditors.

Agreement of content of report to Board; draft agenda for June Committee meeting; date of next meeting.

**Sarah Connor
NED Chair of Audit Committee
16 May 2012**