



Report to:	Audit Committee
Title of Report:	Audit Committee Assurance Report to Board
Date of meeting:	4 May 2017
Recommendation:	For information and assurance
Chairperson:	John Brougham, Non Executive Director
Purpose	The report summarises the assurances received, approvals, recommendations and decisions made by the Audit Committee at its meeting on 20 April 2017
Background	<p>The Committee meets bi monthly and provides assurance to the Board:</p> <ul style="list-style-type: none">• on all aspects of internal and external audit• that effective assurance controls, structures, systems and processes for integrated governance, risk management and internal controls are in place• on the appointment of the internal and external auditors
Business undertaken	<p><u>Terms of reference and work plan 2017/18</u></p> <p>The Committee reviewed the updated terms of reference and work plan for 2017/18 and endorsed these for approval by the Board.</p> <p>The Committee considered and approved a proposal to reduce the frequency of meetings to four per annual plus two special meetings to review and approve annual reporting documents. The Committee reviewed and agreed changes to the work plan in order to create additional capacity to ensure the work of the committee could be conducted over four meetings and also for the durations of meetings to be increased to two hours and thirty minutes, as required.</p> <p><u>Follow-up report on director liability insurance</u></p> <p>The Committee was advised that legal advice had stated that there was a very low risk of director liability and, in view of the small premium of £1k; it was recommended that the trust purchase cover. The Committee debated the recommendation and concluded that the Trust Executive Committee should make a recommendation on future cover to the Board if it was considered appropriate.</p> <p><u>Audit Committee self-assessment</u></p> <p>The Committee approved a self-assessment tool which focused on committee administration, the outcome of which provided assurance that the Committee was managed effectively.</p>

As the Committee Chair was not in attendance at the meeting, it was agreed that a second self-assessment which was designed to gauge committee effectiveness would be completed at the next meeting.

Internal audit

The Committee requested that future reports should summarise the appropriate information which would provide adequate assurance to the Committee and highlight key messages and trends to enable the Committee to clearly track progress. Concern was raised over a number of outstanding actions to internal audit recommendations, some of which were six months overdue. An audit on risk management and the Board Assurance Framework was reviewed and the Committee reminded executive directors that actions must be completed within the agreed timeframe.

Head of internal audit opinion

The Committee reviewed the head of internal audit opinion and expressed disappointment on the level of the rating as it believed that overall the trust had shown a reasonable level of control and assurance across areas audited during 2016/17. Internal auditors explained the principles used to support the opinion and, following discussion, auditors agreed to review the wording of the opinion to give it a more balanced view. The Committee accepted the rating, subject to the redrafting of the text.

Local counter fraud annual report

A draft annual report covering local counter fraud service (LCFS) activity in 2016/17 was received. The Committee was encouraged to note that a self review tool had shown an overall rating as 'amber', which was an improvement on the previous year's assessment of 'red'. The Committee thanked RSM for the good LCFS work undertaken over the past year.

New guidance on the management of conflicts of interest

The Committee was updated on recently published guidance on the management of conflicts of interest, which would come into operation on 01 June 2017. It was noted that the Trust's current policy was largely in line with the new guidance. The Committee agreed that any variation in practice would be incorporated into the Trust's policy and staff would be reminded of their responsibility to comply with the updated policy.

Review of registers (waivers/tenders, losses and compensation, salary overpayments and gifts and hospitality)

The Committee asked for the format of future reports to be reviewed and amended to allow the Committee to receive clear, concise information which highlighted key points and areas of required focus.

Waivers/tenders

The Committee was concerned that changes previously agreed had not resulted in improvements in performance. It was agreed that

focus must be on avoidable and retrospective waivers. The Committee debated the merit of inviting services with high levels of waivers to explain why they were issued and discuss what actions could be taken to reduce the number in future.

Salary overpayments

The Committee expressed disappointment that the number of late staff leavers forms had increased. It was reported that this was due to a spike in turnover of staff and the Committee was assured that plans to move to a fixed payment date were expected to improve performance.

Gifts and hospitality

No declarations had been received since last meeting

Trust Seal

The Committee was advised that the Seal had not been used since the last meeting.

As no significant, lasting improvement in the performance of waivers/tenders and salary overpayments had been seen, the Committee agreed to undertake an in-depth review of one of the registers at each meeting to assess the appropriateness of controls.

Risks to refer to risk register

None

Key decisions taken

- Proposal to reduce the frequency of meetings to four per annum plus two special meetings to approve annual reporting documents was endorsed and recommended to the Board
- Updated terms of reference and work plan for 2017/18 endorsed for approval by the Board. These will be brought to the Board in June 2017 with the other Committee's terms of reference and work plan
- Decision on the requirement of director liability insurance was referred to the Trust Executive Committee
- Head of internal audit opinion was agreed, subject to rephrasing of the text to give a more balanced view
- Gifts and hospitality policy to be updated in line with new national guidance on conflicts of interest

Issues to escalate

- Proposal to reduce the frequency of meetings to four per annum plus two special meetings
- A number of overdue actions to internal audit recommendations
- The Trust had received an overall rating of 'amber' in a counter fraud self review tool.

Attendance record

John Brougham, Non-Executive Director (Chair)

Don Richards, Chief Financial Officer

Stephen Dunham, Assistant Director of Finance & Commercial Development

Onali Mohamedali, Financial Controller

Jean Hickman ,Trust Secretary

Georgia Holding, Corporate Affairs Support Officer (notes)

Gemma Higginson, Managing Consultant, RSM

Clive Makombera, Director, RSM

Helen Brown, Deputy Chief Executive