

**Board of Directors' Meeting Report – 31 July 2014
Agenda item 219/14**

Title	Report from Audit Committee
Sponsoring Director	Mike Green – Non -Executive
Authors	Mike Green – Non -Executive
Purpose	To update the Trust Board on the meeting of the Audit Committee held on 21 July 2014.
Previously considered at	N/A
Executive Summary	
<ul style="list-style-type: none"> • Letter to Governors approved • Internal audit progress slipping slightly but no red or red/amber reports in the year to date • Reference costing process approved • Information Governance Committee terms of reference and annual report approved • Exercise of Internal audit contract option to be recommended to CEO. 	
Related Trust Objective	All objectives through oversight of assurance process
Related Risk	All risks through oversight of the assurance process
Legal implications / regulatory requirements	Good governance demands an effective assurance framework monitored by the Board through the Audit Committee
Quality impact assessment	N/A
Equality impact assessment	As far as can be considered this paper has no detrimental impact for the 9 protected characteristics under the Equality Act 2010
Recommendations:	
The Board is asked to note this report	

Report from the Audit Committee

1 Background

The purpose of the Committee is to provide the Board with assurance that an effective risk management framework with appropriate controls is in place.

2 Current Issues

External Audit

E&Y presented their letter to Governors setting out the key issues arising from their audit work for the year ended 31 March 2014. This was approved.

Internal Audit progress.

Since the last meeting 3 reports have been completed as follows:

Assignment	Opinion	Action agreed by priority		
		High	Med	Low
Doctors appraisals	Green	0	0	3
Financial Planning/ Commissioning	Green	0	0	1
Complaints	Amber/Green	0	3	1

The Committee also received an update from management on the actions arising from the review of recording Doctors' leave, which it felt did not address the control issues and was sent back for further work.

Two further reports due for presentation at the meeting were not quite ready. It was noted that slippage in the timetable would push a lot of work onto the meetings later in the year.

- *Doctors appraisals* – the appraisal process has been reported to the Board by the Medical Director. 3 low category recommendations were made in relation to the application of the control framework.
- *Financial planning/commissioning* – one low priority recommendation in relation to the design of the control framework was made. The controls in this area are suitably designed, consistently applied and effective.
- *Complaints* – an amber/green opinion with no high priority actions. This report will be presented to QAC and the committee asked that the management responses be reviewed to ensure control improvements have been identified. Good practice was recognised in the thematic review of complaints presented to QAC.

Local Counter Fraud Specialist

The Committee received the annual report from the Local Counter Fraud Specialist, which detailed the performance against the work plan for both proactive and reactive work and off plan activity. The work plan was delivered on time and budget with an additional 10 days authorised by the director of finance in relation to the NHS Protect Focused Assessment. The latter piece of work arose from an NHS Protect review of part of the Self-Assessment Toolkit which it rated Red, whereas the Trust had rated itself Green. A number of discrepancies in this review are still under discussion but the most recent self-assessment is amber after taking on board some of the points raised on evidence provision. Work is underway for a green rating by the next review.

The current year work plan is being progressed in line with expectations. The committee asked to see a report on expenses which is currently in draft with 3 high recommendations.

3 Reference costs

The Committee approved the costing process to support reference costs which are then submitted to the DOH. An internal audit review undertaken in to the reference cost process was presented to the committee in May with an Amber/Green rating.

4 Information Governance (“IG”)

The terms of reference of the IG Committee, revised to simplify the quorum arrangements, were approved subject to some tidying upon the Committee status.

The committee received the IG Annual report which was approved subject to some clarification of certain data and more detail on actions being taken where issues have been identified.

5 Internal audit effectiveness assessment

The results of the assessment questionnaires were presented. There was a disappointing response rate and the CFO undertook to ensure this was improved for future assessments of both internal and external audit. The results were generally positive with the following areas highlighted

- The IA terms of reference should be reviewed as part of the annual planning process
- The performance metrics should be reviewed
- The approach to reviewing major projects should be reviewed.

The Committee agreed to recommend to the CEO that the option to extend Baker Tilley’s contract by one year be exercised. The Committee also requested that the options relating to the procurement of internal audit services after that extension be explored at an early date.

6 Committee self-assessment

The Committee reviewed the results of its self-assessment. No major issues were identified.

7 Work plan review

In reviewing the work plan the Committee noted that the review of the BAF had not been undertaken for some months. It was noted that following a Board Development day the Executive team were to review the format of the BAF, objectives and risks. The CFO and Secretary agreed to pick this up and deliver a progress report to the August Board.

8 Areas for discussion

- BAF

9 Next steps

- Continued progress on 2014/15 internal audit plan
- Evaluation of External Auditors
- Review of Terms of Reference

10 Recommendations

The Board is asked to note this report