

Council of Governors

Subject:	Report of the Audit and Assurance Committee	Date: 15 th August 2018		
Prepared By:	Graham Ward, NED, Chair of Audit and Assurance Committee			
Approved By:	Graham Ward, NED, Chair of Audit and Assurance Committee			
Presented By:	Graham Ward, NED, Chair of Audit and Assurance Committee			
Purpose				
The Audit and Assurance Committee met on the 24 th May and 19 th July 2018. This paper informs members of the significant matters for reporting to the Council of Governors			Approval	
			Assurance	x
			Update	
			Consider	
Strategic Objectives				
To provide outstanding care to our patients	To support each other to do a great job	To inspire excellence	To get the most from our resources	To play a leading role in transforming health and care services
x	x	x	x	x
Overall Level of Assurance				
	Significant	Sufficient	Limited	None
		x		
Risks/Issues				
Financial	The Audit and Assurance Committee is responsible for ensuring the system of internal control is robust and effective in order to provide high quality, value for money services to patients and provide a safe environment for staff. Safeguarding the reputation of the Trust			
Patient Impact				
Staff Impact				
Services				
Reputational				
Committees/groups where this item has been presented before				
N/A				
Executive Summary				
<p>The Council is asked to accept the content of the Report and note the items highlighted below:</p> <ul style="list-style-type: none"> • Final Head of Internal Audit opinion – Significant Assurance • Recommendation to Board for approval of the Final Annual Report (including Annual Governance Statement) subject to any final changes from the External Auditors • Recommendation to Board for approval of the Annual Financial Accounts subject to final changes from the External Auditors • Recommendation to Board for approval of the Quality Account subject to final changes from the External Auditors • Internal Audit Report – Significant Assurance on both reports presented and full implementation of recommendations for the Transfer Handling follow up. • Annual Audit Letter – extension of the outstanding audit tracking report to include external audit recommendations made as part of their work towards the Annual Audit Letter. • Recommendation that Board should consider all options to materially improve the response rate to the register of interests. <p>The Audit and Assurance Committee met on the 25th May and 19th July 2018. The meetings were quorate, the Minutes approved and there were no outstanding actions. There were no declarations of interest.</p> <p>The Chair welcomed Claire Ward to the Committee, on the 24th MAY for her first meeting since becoming a member of the Committee.</p>				

The following items were presented and discussed:

Annual Report - final report

Committee received the report and were informed that it had been discussed with the External Auditors. PwC confirmed that they were happy with the report.

Committee agreed to recommend to the Board that the Report be approved.

Audited Annual Financial Accounts

Committee received the accounts and the highlights were detailed. In addition, the further changes arising from the assessment of the PFI opening balances were detailed including the resultant reduction in the finance lease and the consequent non-material uncorrected change in the interest charge.

The Committee also received the External Audit Report which provided further details of the adjusted and unadjusted changes and the change in the Going Concern statement to include the statement *“however a material uncertainty exists which may cast significant doubt about the Trust’s ability to continue as a going concern”*.

Committee agreed to recommend to the Board that the final accounts be approved.

POST MEETING NOTE – on a final review of the Accounts and their associated notes three minor changes were identified as being required:

1. The inclusion of the additional Going Concern wording above in the AGS
2. Inclusion of a general note on financial management of risk that had been omitted; and
3. An addition to the note of the impact of the judgement on capitalising interest to also state the interest rate without the capitalisation.

As none of these changes was considered significant or material (no changes to numbers) the Chair approved these changes.

Quality Account

Committee received the report and were informed that it had been presented to the Quality Committee on 16th May 2018 for their approval. The report was also circulated to the Overview and Scrutiny Committee, Healthwatch and the CCG all of whom had responded positively.

The External Auditors also received copies of the Quality Report as it was refined, following which a number of changes had been agreed. The External Auditors shared their draft report on the Quality Report, which was discussed at length with the Committee. The outcome was that they had not yet completed their work and that there may be further changes required, including to the Annual Governance Statement. It was also explained why disclaimers had been issued on the 18 week and A&E 4 hour wait performance indicators.

The Committee agreed that it would recommend that the Quality Report and the Annual Governance Statement be approved by the Board, subject to any final amendments being made once the External Auditors review was completed. It was also recommended that the Board be asked to delegate the approval of any changes to the Chair of Audit and Assurance Committee, unless in the Chair’s opinion such changes were significant, in which case a further Committee meeting would be called for Tuesday 29th May to approve the significant changes.

Internal Audit Progress Report and Final Head of Internal Audit Opinion

Committee received the HoIAO from 360 Assurance who reported Significant Assurance. Committee noted thanks to everyone and also the continuing improvement in the responsiveness to recommendations (which now stands at 90%, which is the highest of all of 360 Assurance's clients).

Information Governance Update

Committee received the report and noted that the IG Toolkit final submission score was 93% green satisfactory. The Committee thanked the team for all their hard work to achieve this excellent outcome.

Internal Audit Progress Report

Committee received the report and were informed that three reports had been issued since the last meeting. Significant assurance was provided for both the Review of Outpatient Demand & Capacity Planning and Charitable Funds. The review of Generic Controls was in an advisory capacity only with the results presented to the July Risk Committee. No high risk issues were identified during these reviews.

Follow up review of Transfer Handover (originally Limited Assurance, with follow up review showing all recommendations had been implemented). It was agreed that this report should also be presented to Risk Committee and considered in the wider context of patient transfers.

Committee noted progress in relation to the completion of the 2017/18 Internal Audit Plan and in the delivery of the 2018/19 Internal Audit Plan.

External Audit – Progress Report and Annual Audit Letter

Committee received the progress report and the final annual audit letter. The contents of the reports were briefly discussed (detail was covered at the previous meeting); however, discussion was held on how the recommendations made by PwC within the Annual Audit Report should be taken forward as these do not form part of the normal outstanding audit recommendations tracking used for internal audit recommendations.

It was agreed that the outstanding audit recommendations tracking should be extended to include external audit recommendations and that Quality Committee should track their progress (management response and implementation).

BAF

Committee received the redesigned BAF which was agreed as a positive and clear step forward, which included a positive endorsement from the external auditor who thought its was clear and well constructed.

Risk Summary

Committee received a report on the activities of the Risk Committee from 1st April 2017 to 31st March 2018 to show that it has carried out its obligations in accordance with the terms of reference and the work plan for the year. The Report was discussed and noted.

Procurement

Committee received the report and noted the strong progress against the achievement of the aims and objectives across People & Organisation, Process Policies & Systems and Partnerships.

Register of Interests

Committee received an update report on the Conflicts of Interest Report and was asked to consider and approve the decision to refuse a request for anonymity from a consultant who undertakes private expert witness work. The refusal was agreed as the correct approach.

Further discussion then followed at the improved but still very poor level of registration, which is still below 50%. It was agreed that this issue should be escalated to the Board to consider options to not only encourage but consider disciplinary measures for non-registration.