

Board of Directors Meeting in Public

Subject:	Report of the Audit and Assurance Committee	Date: 6 th June 2019		
Prepared By:	Graham Ward, NED, Chair of Audit and Assurance Committee, Shirley A Higginbotham Director of Corporate Affairs			
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 23 rd May 2019. This paper informs members of the significant matters agreed by the Committee for reporting to the Board of Directors:			Approval	
			Assurance	x
			Update	
			Consider	
Strategic Objectives				
To provide outstanding care	To promote and support health and wellbeing	To maximise the potential of our workforce	To continuously learn and improve	To achieve better value
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 Board of Directors is asked to accept the content of the Report and note the items highlighted below:</p> <ul style="list-style-type: none"> • Counter Fraud Annual Report • Internal Audit Progress Report • Internal Audit Annual Report (inc HIAO) • External Audit reports • Going Concern Assessment • Audited Annual Accounts, Financial Statements and final key changes • Final Annual Report (inc AGS) • Final Quality Account • Quality Report – Long Form Report • Annual Report to Board of Directors <p>The Audit and Assurance Committee met on 23rd May 2019. The meeting was quorate, the Minutes approved and there were no outstanding actions. There were no declarations of interest.</p>				

The following items were presented and discussed:

Counter Fraud Annual Report

The Trust has maintained compliance with Standards for Providers throughout the course of the year through the delivery of proactive and reactive work undertaken in accordance with the approved annual work plan.

An annual Self Review Tool (SRT) submission to the NHSCFA, confirming the Trust's compliance with Standards for Providers, was agreed and authorised by the Chief Financial Officer and Audit Committee Chair prior to submission.

Internal Audit Progress Report

All reviews and follow ups have been completed, except two, Action Plan Governance and Data Quality Framework, which are currently in progress.

Nineteen reviews have been completed during the year, with recommendations implemented or superseded in the year achieving 78.6%. While this is still regarded by 360 Assurance it is disappointing when compared to the 90% achieved in the previous year. Actions are in place to increase compliance in 2019/20.

Internal Audit Annual Report (inc HIOA)

The Head of Internal Audit Opinion is an opinion of **Significant Assurance** that there is a generally sound framework of governance, risk management and control designed to meet the organisation's objectives, and that controls are generally being applied consistently.

- The opinion included a review of the following:
 - The design and operation of the Board Assurance Framework (BAF);
 - The outcome of individual assignments within your 2018/19 Internal Audit Plan and any work undertaken from the 2017/18 Plan which was not completed at the time of my 2017/18 opinion; and
 - The extent to which we responded, in a timely manner, to actions agreed following audit recommendations (internal audit follow up work).

Audited Annual Accounts, Financial Statements and final key changes

The committee received an update regarding the preparation of the Annual Accounts and Financial Statements, noting the material and immaterial changes, together with the unadjusted immaterial errors, noted by PWC, relating to asset life adjustments (£2,045K) and life cycle expenditure (£1,319K).

External Audit reports

External Audit PWC, presented the following reports:

- External Audit Report to those charged with Governance (ISA260)
- Management Representation Letter
- Draft Audit Opinion

PWC highlighted the unadjusted errors in the Annual Accounts (see above) noting that they were in aggregate below the materiality level and that NHSI had confirmed that even if they were adjusted for at this stage no change would be made to the Provider Sustainability Fund payments.

PWC added that their audit work of the Annual Accounts was not yet completed, though they didn't expect any major issues. It was agreed that if anything significant was found that PWC would advise the CFO and Chair of Audit & Assurance Committee immediately.

Going Concern Assessment

There is no presumption of going concern status and therefore Directors must decide each year whether or not it is appropriate for the organisation to prepare its accounts on the going concern basis, taking into account best estimates of future activity and cash flows.

The committee considered the report and recommended the assessment to the Board for approval

Final Annual Report (inc AGS)

The Committee received the final draft of the annual report which had been reviewed by PWC

Final Quality Account

The Committee received the final draft of the Quality Account which had previously been scrutinised by the Quality Committee and reviewed by PWC.

Quality Report – Long Form Report

The external auditors presented their report with regard to the Quality Report. The purpose of this report is to provide the Council of Governors of Sherwood Forest Hospitals NHS Foundation Trust with the findings and recommendations for improvements, in accordance with NHSI's requirements. It is referred to by NHSI as the "Governors report". It is included within the Annual Report and Accounts submission and reported to the Governors at their next meeting scheduled for August 2019.

Annual Report to Board of Directors

The Committee approved the annual report for submission to the Board of Directors. The annual report is consistent with the draft AGS, Head of Internal Audit Opinion and the external audit review and concludes that the Committee has discharged its responsibilities for scrutinising the risks and controls which affect all aspects of the organisation's business