



BOARD OF DIRECTORS MEETING (Open)

Date: 10th May 2017

Item Ref: 16i(b)

TITLE OF PAPER	Audit Committee – Summary Report to the Board of Directors in respect of Significant Issues
TO BE PRESENTED BY	Mrs. Ann Stanley, Chair – Audit Committee Non-Executive Director
ACTION REQUIRED	For Assurance
OUTCOME	To report items of significance discussed at the Audit Committee meetings held on 18 th April 2017 and 24 th April 2017
TIMETABLE FOR DECISION	None required.
LINKS TO OTHER KEY REPORTS / DECISIONS	Minutes of the Committee.
LINKS TO OTHER RELEVANT FRAMEWORKS BAF, RISK, OUTCOMES	Trust Board Assurance Framework NHS Audit Framework
IMPLICATIONS FOR SERVICE DELIVERY AND FINANCIAL IMPACT	Timely reporting to the Board of Directors
CONSIDERATION OF LEGAL ISSUES	None required.

Author of Report	Ann Stanley
Designation	Chair – Audit Committee (Non-Executive Director)
Date of Report	April 2017



SUMMARY REPORT

Report to: Board of Directors

Date: 10th May 2017

Subject: Audit Committee – Summary Report to the Board of Directors in respect of Significant Issues

Author: Ann Stanley, Chair – Audit Committee (Non-Executive Director)

1 Purpose

<i>For Approval</i>	<i>For a collective decision</i>	<i>To report progress</i>	<i>To seek input from</i>	<i>For information</i>	<i>Other (please state below)</i>
		X		X	

To report in a timely manner, items of particular significance discussed at the Audit Committee meetings held on the 18th and 24th April 2017.

2 Summary

Board members will receive the minutes of the Audit Committee meetings held on the 18th and 24th April 2017 in due course, however, at the end of the meetings, the Committee agreed by means of this report to notify Board members of the following significant issues.

Meeting on 18th April 2017

- Internal Audit Progress Report for the year 16/17

The Audit Committee received the 360 Assurance Internal Audit Progress Report, noting its key messages, specifically in respect of the level of actions completed on follow up (51% of high/medium actions were found to be on-going/outstanding from assignments reported during the previous financial years. Noting overall performance of 57% actions completed on follow up – an increase from 48%, however, it was acknowledged that significant improvement is still required.

- Interim Head of Internal Audit Opinion Statement

The Audit Committee received the 360 Assurance Interim Internal Audit Opinion Statement, which at this point of the year indicated a “Moderate Assurance” i.e. the Trust has generally a sound system of internal control, but there is some evidence of inconsistent application of controls which could put the achievement of the organisation’s objectives at risk.

The opinion was formed based on the following:

A review and assessment of the design and operation of the Board Assurance Framework; the outcome of individual assignments within the 2016/17 Internal Audit Plan; and the extent to which the Trust has responded to audit recommendations as identified as part of the follow up work.

The Statement recognised the significant action undertaken to develop the governance arrangements in the Trust and to improve the response to internal audit recommendations.

- KPMG External Audit Interim Report

The Committee received the KPMG External Audit Interim Report, noting two minor recommendations. The presentation also explained the reliance of external audit on external sources of assurance and notably, the interim opinion of Head of Internal Audit.

- Accounting Policies & Material Estimates 2016/17

The Committee received the accounting policies and material estimates papers as part of the annual accounts approval process for 2016/17.

- Draft Annual Governance Statement 2016/17

Received by the Committee for comment, noting that the final Statement will be approved by the Board at their Extra-Ordinary Meeting on the 26th May.

- Board Assurance Framework

The Committee received, noted and approved the Board Assurance Framework for submission to the Board of Directors' May 2017 meeting. Confirmation was also received that a specific development session has now been confirmed for 24th May 2017 to formulate the Framework for 2017/18.

- Risk Management Strategy

The review took the form of presentation of an options paper. After discussion it was agreed that the Risk Management Strategy should be re-visited and consulted upon during the summer, adopting a new format similar to that of Oxford University Hospitals NHS FT, which is regarded as a model of good practice.

- Board Sub-Committee Annual Assurance Reports

These were new annual reports to the Committee received from the Workforce & OD Committee; Quality Assurance Committee and Finance & Investment Committee. The Committee agreed that the reports provided assurance to Audit Committee that each Committee had conducted a performance review against its own terms of reference and provided assurance to Audit Committee and ultimately the Board of overall Committee effectiveness.

- Audit Committee Annual Report & Significant Issues Report

The Committee received its draft Annual Report and Significant Issues Report to the Board in terms of its effectiveness during 2016/17. The Committee agreed discharge of its responsibilities as set out in the terms of reference and the results of a review of its effectiveness as per the self-assessment questionnaire.

Meeting on 24th April 2017

- Draft Annual Accounts 2016/17 & Analytical Review

Members received the draft Annual Accounts for 2016/17 and the supporting analytical review

and were asked to note content and highlight any points of accuracy to the Finance Team by Tuesday, 25th April prior to submission to NHSi.

- Draft Annual Report 2016/17

Members received the draft Annual Report 2016/17 and noted further revision would be on-going regarding finalisation of year end processes.

- Draft Quality Report 2016/17

The Committee received notification that the draft would be subject to additional review following Audit Committee and Quality Committee before the final sign off at Audit Committee in May.

3 Next Steps

The above items will be taken forward by the Committee as appropriate and to timescales agreed via the action log.

4 Required Actions

For the Board of Directors to note the issues raised and receive assurance that the Committee will action the resulting issues as appropriate.

5 Monitoring Arrangements

Through Audit Committee as appropriate.

6 Contact Details

For further information, please contact:

Ann Stanley,
Chair – Audit Committee (Non-Executive Director).