

Item 6.1.1

Audit Committee

Item 11

minutes

Minutes of the Audit Committee Meeting

held on Tuesday 30th May 2017

Present:	Julian Farmer David Bricknell Mark Jones Marion Savill	Non-Executive Director & Committee Chair Non-Executive Director Non-Executive Director Non-Executive Director
In Attendance:	Sarah Blackwell Cath Healey Lucy Lavan Caroline Stead Mike Thomas Jane Tomkinson Claire Wilson	Senior Internal Audit Manager - MIAA Secretary Director of Corporate Affairs Senior Manager - Grant Thornton Director - Grant Thornton Chief Executive Chief Finance Officer
Apologies for Absence:	Lawrence Cotter Jo Whittingham	Non-Executive Director Senior Manager Audit - Grant Thornton

1. Apologies for Absence

As stated above.

Prior to commencing the meeting the Chair introduced Caroline Stead, Senior Manager for Grant Thornton who was covering the absence of Jo Whittingham.

2. Declarations of Interest Relating to Agenda Items

There were no declarations of interest to record.

3. Internal Audit (Agenda item 4 refers)

3.1 Internal Audit Progress Report - May 2017

(Agenda item 4.1 refers)

MIAA provided the Internal Audit Progress Report for the Audit Committee (AC) to provide an update in respect of assurances, key issues and progress against the Internal Audit Plan for 2016/17.

Since the previous AC meeting two additional reports had been finalised, these included:

Action

- Mortality Framework Review; and
- E-Rostering Review.

With regard to the Mortality Framework Review the Trust had received significant assurance, with three medium and one low level recommendations being identified. Significant assurance had also been received following the review of the e-Rostering system with one high, two medium and one low level recommendations being highlighted for action.

Committee members were advised that reports had been issued in relation to both the Corporate Governance Statement and the Consultant Job Planning reviews and findings would be reported to the AC on completion.

With no questions or concerns being raised the report was noted by AC members.

3.2 Director of Audit Opinion and Annual Report 2016/17 (Agenda item 4.2 refers)

The Director of Internal Audit Opinion was provided by MIAA in support of the Trust's Annual Governance Statement (AGS) and included considerations of organisational performance, regulatory compliance and wider economy transformation.

The overall opinion for the period 1st April 2016 to 31st March 2017 was the provision of significant assurance to confirm that there was a generally sound system of internal control designed to meet the organisation's objectives; and that controls were generally being applied consistently.

Audit Committee members noted the content of the report and its recommendations.

3.3 Internal Audit Charter (Agenda item 4.3 refers)

MIAA confirmed their on-going compliance with the Public Sector Internal audit Standards and provided AC members with a copy of the Internal Audit Charter for reference; the content of the paper was noted as being read by all.

4. Annual Accounts Review (Agenda item 3 refers)

4.1 Review Audited Annual Report, Accounts and Financial Statements (Agenda item 3.1 refers)

The annual report for the year ending 31st March 2017 had been prepared in accordance with the Department of Health Group Reporting Manual (DH GAM).

The members of the Audit Committee were requested to review the audited annual report, accounts and financial statements and make a recommendation to the BoD for the documents to be formally approved prior to submission to NHS Improvement before the deadline of 12:00 noon on Wednesday 31st May 2017.

The CFO provided an overview of the analysis of the Trust's annual financial performance and noted the plans for 2016/17 had required the delivery of a deficit of £0.927m in line with the Trust's externally set 'Control Total' that had been agreed with NHS Improvement.

It was noted that the reported surplus of £1,183k included a technical benefit arising from the reversal of a prior year adjustment relating to impairment.

The Trust delivered a normalised deficit (excluding the impact of impairments) of £0.392m, which was £0.535k better than plan. This position included delivery of a £2.5m Cost Improvement Plan (CIP) and the receipt of £2.98m Strategic and Transformation Funding (STF).

The Audit Committee noted that temporary staffing costs (including agency) had significantly reduced from £3,407 in 2015/16 to £1,594 in 2016/17 which was a very good performance and below the £2.2m cap for agency spend.

During discussions David Bricknell enquired whether the Trust had been required to make any technical adjustments or take on any emergency non-recurrent measures in order to deliver the financial position against plan; the CFO stated that this had not been required and the exit run rate was in line with the updates that had been issued to the BoD during the year.

The Chief Executive provided Committee members with an overview of the Annual Governance Statement (AGS) which concluded that there were no significant control issues identified in 2016/17; however during the year the Trust had actively address the actions and organisational learning arising from the reported serious incidents and had maintained an active oversight of the effectiveness of controls in place to mitigate the risk of harm and the ensure delivery of operational targets.

4.2 Audit Findings Report (Agenda item 3.2 refers)

Mike Thomas presented the key finding report and informed the AC that Grant Thornton would be issuing a limited assurance opinion in relation to the mandated quality indicators. An unqualified opinion was provided in relation to the financial statements.

Committee members were informed that no material adjustments had been identified that had made an impact on the financial position and the following key messages were provided:

- The accounts presented for audit were of high quality and submitted in accordance with the specified deadline;
- The accounts were supported by high quality working papers;
- Grant Thornton had requested minor adjustments to the disclosures and presentation of the accounts which the Trust had actioned.

Mike Thomas advised Committee members that the AGS had been reviewed as part of the audit and concluded that Grant Thornton were satisfied that the Trust's AGS met the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2016/17.

With regard to Value for Money, the external auditors were satisfied that the Trust had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. Limited assurance procedures had been completed on the Trust's Quality Report and a separated report would be presented to the BOD's to advise them of the results, conclusions and planned limited assurance opinion.

During the review the Committee Chair enquired whether the difference of the Trust's income and corresponding expenditure with the North West Specialist Commissioning Hub was of major concern; the CFO advised that the difference was due to timing differences between the organisations and the difference in the set-up of the accounting systems. Grant Thornton representatives confirmed that the Trust had supplied evidence supporting the figure that had been included in the accounts.

The Audit Committee Chair thanked Grant Thornton colleagues and the Finance Team for a successful audit.

With no further questions arising the Chair noted that the audited accounts were in line with the monthly Board Reports during the fiscal year. Audit Committee Chair agreed to recommend the Board of Directors formally approve the 2016/17 annual report and accounts and authorise the signing of the management representation letter prior to their submission to NHS Improvement.

5. Minutes of Meeting held on 20th March 2017

The minutes were noted by the Committee and approved.

6. Action Log

Action 1 - Marked as complete and action closed.

Action 2 - Marked as complete and action closed.

Action 3 - Marked as complete and action closed.

Action 4 - For review in November 2017.

Action 5 - Director of Corporate Affairs following up on investigative piece of work; to report back to AC in July 2017.

Action 6 - Marked as complete and action closed.

Action 7 - For review in July 2017.

Action 8 - For review in July 2017.

11. ACG Issues

No issues in relation to the Annual Governance Statement were raised.

12. Date and Time of Next Meeting:

Monday 17th July 2017, 08:30 - 10:30am, Conference Room.

LL