

Audit Committee

Key summary points from the meeting held on 15th September 2016:

Board Assurance Framework

The Committee reviewed the Board Assurance Framework and were pleased to note the new arrangements whereby the appropriate tier 2 Committee (Workforce, Quality & Safety, Sustainability) reviewed the two BAF risks at each meeting.

It was also noted that the key risks to the Trust's Strategic objective were all included on one document (e.g. delayed transfers of care, partnership working, CIP and cash restraints, staffing etc) along with up to date controls, sources of assurance and gaps. Internal Audit also confirmed that the Trust's BAF had received "Substantial assurance" opinion for four consecutive years.

There was detailed discussion around the Financial Strength / Sustainable Future Risk and feedback from the Chair of the Sustainability Committee who felt that the worsening CIP position (£5.5 million) and the retrospective application of a quarterly reduction would exacerbate the cash position and impact on our suppliers, which for local trades could be critical. Internal Audit confirmed SaTH's position is not unique and the worst case scenario would be a cash-backed guarantee from the Centre.

Further points from Committee

- The Committee discussed External Audit's use of the word "unlawful" within their Annual Audit Letter. It was confirmed that this referred to the delivery of a deficit control total, which, as in previous years, would be reported to the Secretary of State. It was noted that the Trust's previous External Auditors described the position as a "breach of statutory regulations" which more accurately reflected that the breach had been agreed with the TDA and that there were plans in place to work to a Sustainable position and 85% of Trusts were in this position. It was agreed the Finance Director would consider providing a Board Development Session to discuss this in more detail.
- Given changes to the financial regime it was noted that quarterly updates on the year-end position and the CIP position will be considered at each meeting for assurance.
- The Committee approved a change to the Internal Audit Plan to ensure the budget was not compromised. It was agreed that the planned audit of the Outline Business Case and Outpatients as they would be scrutinised independently through external review of the OBC. Prior to submission and on Outpatients work that the Transforming Care Programme will be picking up as Value Stream 4. See new plan attached. **The Board is asked to ratify this change.**

EXTERNAL AUDITORS APPOINTMENT PANEL

The Panel received an update from Procurement who remained confident that the appointment would be made, as required, by 1st December 2016. The Finance Director agreed to seek advice from Procurement on the position regarding Internal Audit.

Name of Chair: Robin Hooper

Date report prepared: 15th September 2016

2. Internal Audit Plan 2016/17

Your Plan

We have pleasure bringing to you the draft internal audit plan for 2016/17.

We have developed a balanced and risk based flexible internal audit programme which addresses:

- Core assurance internal audit / technology assurance;
- A programme of work to support the Trust's Annual Governance Statement; and
- A range of performance reviews on areas we have identified as being of value.

The internal audit programme is designed to support the Head of Internal Audit Opinion. The basis for this is:

- An assessment of the design and implementation of the underpinning assurance framework and supporting processes; and
- An assessment of the range of individual opinions arising from risk based audits contained within the risk based plans that have been reported during the year.

We will, however, continue to review and refine this plan as new risks requiring audit consideration are identified.

Proposed updates to the Audit Plan

No changes to the core internal audit plan have been proposed. Refer to the following page for proposed changes to the performance plan.

2016/17 Plan					
	Ref		Deloitte Risk Rating	Proposed 2016/17 days	Anticipated Scope
Governance statement	Integrated governance / risk management				
	IA16/17CR001	Assurance Framework	Medium	8	Key controls over Board Assurance Framework and Risk Management. [Mandatory]
Core internal audit	Financial control and management				
	IA16/17CR002	Procurement	Medium	15	Key controls over the Trust's procurement of goods and services [Cyclical]
	IA16/17CR003	Cash management	Medium	20	Review of key financial controls. [Mandatory]
	IA16/17CR004	Income and debtors			
	IA16/17CR005	Payments and creditors			
	IA16/17CR006	Budgetary Control	Medium	10	Review of controls around the budgeting processes. [Mandatory]
	Manage human resources				
	IA16/17CR007	Payroll	Medium	10	Review of the key controls regarding the payroll processes. [Mandatory]
	Information systems management				
	IA16/17CR008	IT Controls	High	15	General computer controls. [Mandatory]
Contract management	Contract management				
		Planning, control and Audit Committee attendance		20	Preparation of audit plan, liaison with management and attendance at Audit Committees
		Total core audit days		98	

2. Internal Audit Plan 2016/17 (continued)

2016/17 Plan				
Ref	Performance reviews	Deloitte Risk Rating	Proposed 2016/17 days	Anticipated Scope
IA16/17PR001	Business Continuity Planning (BCP)	High	22	Review of the Trust's Business Continuity Planning arrangements. [Audit Committee suggestion]
IA16/17PR004	IG Toolkit	Medium	16	Review of the Trust's Information Governance Toolkit return [Management request]
IA16/17PR005	Policy and procedure compliance in maternity services	High	18	Review of maternity services to assess compliance with key Trust policies
IA16/17PR006	Follow up	High	10	Review of high priority findings from the 2015/16 programme
Total performance days			66	
Total audit days			164	

Proposed updates to the Audit Plan

The following changes to reprioritise the performance plan have been discussed with management and are put forward to the Audit Committee for approval:

- Removal of the Future Fit SOC / OBC audit which is no longer relevant at this stage of the Future Fit programme (IA16/17PR003).
- Deferral of the outpatient appointment process audit to 2017/18 (IA16/17PR002).