

**Audit Committee**

Key summary points from the meeting held on **Friday 10 February 2017**:

**1. External Audit**

Outlined areas of External Audit Annual Review

- a. Financial Statement Risk – 3 risks:
  - i. Achieving financial balance – issues underpinning position and testing processes underpinning position.
  - ii. Risk of fraud in revenue reconfiguration (presumed risk under IAS) – Management responsibility to detect and prevent fraud
  - iii. Risk of Management override (presumed risk under IAS)
- b. Value for Money Risks – ‘proper arrangements’ in place to secure economy, efficiency and effectiveness on its use of resources.

Noted that achieving financial balance by 2019/20 is contingent on the reconfiguration of services delivered as part of the FF programme.

**2. Internal Audit**

Five completed audits were presented

- i. Cash Management – Substantial Assurance. Controls are strong in a challenged environment and the budgetary controls audit, which is being finalised, should identify the issues that create the environment – five medium priorities. Committee expressed disappointment that Patient Property remains an issue.
- ii. Payments & Creditors – Substantial Assurance. Increased from 23 to 38 creditor days which reflect the cash position. SaTH has been better than most at raising awareness with staff and suppliers but this has created operational difficulties and some decision dilemmas. Concern expressed at delegated limits being exceeded.
- iii. Debtors & Income – Moderate Assurance. It was agreed that in 2017/18 Internal Audit should look more closely at the relationship between NHS and private activity and to ensure governance processes are more robust as the current system is not well defined.
- iv. Payroll – Substantial Assurance. There were four moderate process recommendations.
- v. Procurement – Moderate Assurance. Well established team with good processes in place. There was concern expressed SaTH was moving towards a more standardised approach but recognised this was at a transitional stage. There were a number of recommendations regarding authorisation processes.

Concern was expressed at the number of recurring actions in these audits.

**3. Risk Management and Board Assurance (BAF)**

The Committee received an in-depth presentation of the Risk process from Centre Registers, through the Trust Risk Register and the BAF and probed individual entries on the web-based system. It was noted that the strategic objectives were being reviewed by Execs for discussion at the Board Development session

**4. Appointment of Internal Auditors**

The Finance Director agreed the procurement process with the Chair and NED members with a view to appointing on 28<sup>th</sup> March

**Name of Chair:** Harmesh Darbhanga

**Date report prepared:** 13<sup>th</sup> February 2017