

AUDIT COMMITTEE

Key summary points from the meeting held on **Friday 9 February 2018**:

1. Internal Audit

- (i) **Income and debtors** – Moderate assurance was given with four recommendations re-raised from 2016/17 as only partially implemented (two low, one moderate and one high).

This report will be presented to Sustainability Committee.

- (ii) **Payroll** – Substantial assurance was given with three medium recommendations and one low priority recommendation. This report will be presented to Workforce Committee.

- (iii) **Cash and Treasury Management** – Moderate assurance was given. Processes are good but the cash position has deteriorated which is reflected in the 'moderate' opinion. The system is well-run and would warrant 'substantial' but for the cash position. There were two medium recommendations. This report will be presented to Sustainability Committee.

- (iv) **Budgetary Control and Financial Reporting** – Limited assurance was given. This audit focussed on the work of the Confirm and Challenge Group and Sustainability Committee, and buy-in to the Cost Improvement Programme and the difficulty faced when the organisation is not truly engaged. Ten recommendations were made and five have been completed. However, there was concern about the lack of ownership and engagement from the broader organisation. The report really focussed on the governance and sustainability around the transformation agenda. This report also highlighted a number of recommendations not fully completed. The key issue is around behaviour and accountability culture and the need to take action to address this.

Concern was expressed that Internal Audit felt that a number of follow-up recommendations had not been completely implemented, despite action owners previously closing off the recommendations. It was recognised however, that generally SaTH was responsive and improvements had been made in all areas, especially with implementation of high priority recommendations. There was a discussion about materiality of findings.

Audit Committee recommended that the Board need to spend some time at a development session considering the behaviour and accountability culture and how engagement can be increased to ensure sustainable, effective services for the citizens of Shropshire. This report will be presented to Sustainability Committee.

2. Deloitte Disclosures Report

Deloitte advised that the Trust has the best system of all its clients for capturing disclosures of interests, although further work and support from the Care Groups is needed going forward to ensure the Conflicts of Interest Policy is being followed by all Trust employees (including Trust Board).

3. KPMG (External Audit)

A summary of the work to date and progress on the 2017/18 audit was presented. KPMG believed that work on the financial statements was progressing according to schedule.

4. Board Assurance Framework Risks

The Committee recommended follow-up with one Tier 2 Committee regarding their recording and reporting of BAF discussions.

Name of Chair: Clive Deadman

Date report prepared: 12 February 2018