

Trust Board			Date:	29 June 16
Agenda item	Title	Executive Director lead and presenter	Report author	
BD/16/83	Audit and Risk Committee Annual Report	Emma Roberts Director of Corporate Affairs and Company Secretary	Lee Mercer Head of Risk and Legal Services	
This report is for:				
Decision				
Discussion				
To Note			X	
History				
N/A				
The following impacts have been identified and assessed within this report				
Equality	None identified			
Quality	None identified			
Privacy	None identified			
Executive summary of key issues				
This report gives an overview of the Audit and Risk Committee's work through 2015/16 including an analysis of the committee self-assessment survey results. The committee is asked to note the report.				
This report addresses these strategic priorities:				
We will deliver the best care			X	
We will support and develop our staff			X	
We will continually improve what we do			X	
We will use our resources wisely			X	
We will be future focussed			X	

1 Terms of Reference

1.1 Committee membership

The Audit and Risk Committee (A&RC) membership comprises two Non-Executive Directors (NEDs). The quorum for Committee meetings is two members. This ensures compliance with the Trust Standing Orders. Any NED of the Trust may act as a nominated substitute or deputy in the unavoidable absence of any NED. This attendance will count towards the quorum. An exception is the Chair of the Trust who cannot count toward membership nor act as a substitute.

The Medical Director, Director of Nursing and Director of Resources are expected to attend each meeting. The Company Secretary will also attend each meeting.

Tony McNiff, Non-Executive Director, stood down as Chair of the A&RC in December 2015. Charlotte Moar, a new non-executive director and new chair of the A&RC, started in February 2016 and chaired her first Audit and Risk Committee meeting on 4th February 2016.

1.2 Terms of Reference Review

The A&RC reviewed its terms of reference at its February 2016 meeting and will consider a further revised version in April which clearly assigns the responsibility for ensuring that there is an integrated audit programme including clinical audit in place. These will subsequently be approved by Trust Board.

1.3 Chair's comment

The annual work programme of the A&RC is determined by the terms of reference with the major focus on planning the annual audit programme and reviewing internal, external audit and counterfraud audits as well as providing assurance on the annual accounts and quality and governance statements.

2 Committee Attendance

2.1 Summary

The Audit and Risk Committee meeting was held five times during 2015/16. There were NED representatives at all meetings. Susan Thompson and Lee O'Bryan represented

Peaches Golding at meetings held in May and August 2015 respectively.

Hayley Richards attended three (out of a possible three) meetings before being appointed as Acting CEO in December 2015.

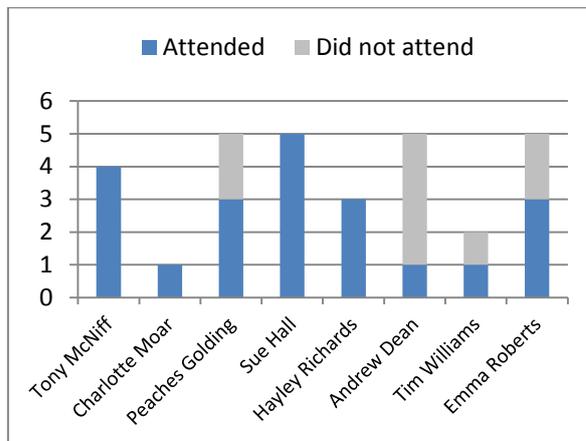


Figure 1 - NED and ED attendance at A&RC in 2015/16

3 Committee Business

3.1 Overview

The role of the A&RC is to provide the Board with a means of independent and objective review of financial and corporate governance, assurance processes and risk management across the whole of the Trust's activities both generally and in support of the annual governance statement.

It does this by approving the internal and external audit plans, taking assurances that audits are in progress in accordance with plan and scrutinising audit reports.

It also oversees the establishment and maintenance of an effective system of integrated governance, internal control and risk management across the whole of the organisation's activities that supports the achievement of the Trust's objectives.

The A&RC also scrutinised the Trust's management processes for identifying, and acting on, the potential for fraud.

Once a year, the committee will also review and sign off (prior to formal approval by the Board) the annual report, statutory accounts and quality accounts as well as receiving the draft audit letter and endorsing the annual governance statement by and on behalf of the Board, confirming compliance with relevant requirements and conditions.

4 Committee survey and feedback

4.1 Audit & Risk Committee (A&RC) - specific questions

4.1.1 Committee functioning

Of the 30 responses received, 5 participants were members or regular attendees of the Audit and Risk Committee (A&RC).

The majority of A&RC members reported being satisfied that the committee measures its performance against clear objectives and a work plan (60% 'yes'; 40% 'don't know').

All members and attendees reported that the meetings were effectively chaired (100%) and all respondents rated the length of the committee as either 'good' or 'excellent' (100%). The follow up of matters arising was considered 'good' (100%) but members were more cautious about the quality of reporting from the committee to Trust Board, with scores ranging from 3-5 (out of 5).

Members and attendees either agreed or strongly agreed with statements about members behaving according to Trust values, that the Chair encourages full and open discussion and that the committee had effective foresight of future issues.

100% of respondents felt the numbers attending the committee was about right, that the committee's role in monitoring the Executive processes for assessing business risk was clear and that it actively considered the executive ownership of specific risks.

Respondents were less equivocal about whether all executive responsibilities for making and endorsing decisions have been excluded from their role as a committee member ('Yes' 40%; 'No' 20%; 'Don't Know' 40%) and whether there is rotation of NEDs from the Board to the Committees ('Yes' 40%; 'No' 40%; 'Don't Know' 20%)

4.1.2 Internal Audit (IA)

100% of respondents agreed that Internal Audit papers produced clear findings and recommendations and that they provide

adequate assurance to the committee on the function being audited.

One person felt that the Executive did not always follow up medium and high-priority recommendations, one neither agreed nor disagreed and three felt that the Executive did follow up recommendations.

4.1.3 External Audit (EA)

100% of respondents agreed that External Audit papers produced clear findings and recommendations and that they provide adequate assurance to the committee on the function being audited.

All of the respondents either agreed or strongly agreed that the committee satisfies itself as to the accuracy of the annual financial statements.

Two respondents neither agreed nor disagreed that the Executive followed up recommendations from External Audit reports, three people agreed.

4.1.4 Risk Management

The majority of respondents (80%) agreed that the Committee is provided with adequate assurance through risk management papers and presentations that risks are effectively managed throughout the Trust.

4.1.5 Additional Comments

The Committee was asked for any additional comments regarding the Committee. One respondent confirmed 'the former chair did an excellent job in the role of chairman; the new chair has stamped her authority on the committee in a positive way'.

4.2 Recommendations

1. Update A&RC Workplan 2016/17