

‘You matter, we care’

Summary Report – Trust Board – Part 1	Date: 26th June 2013
Report Title: Audit & Risk Committee – Chair’s Report	
Agenda Item:	Enclosures:
Sponsor; Audit & Risk Committee Chair	Presenter: Committee Chair
Report Author: Chair of Audit & Risk Committee	
Report discussed previously at:	<i>None</i>

Purpose of the Report and Action required		
To highlight the business of the Audit & Risk Committee to the Trust Board covering the two meetings to date in the 2013/14 year.	Approval	X
	Discussion	
	Information	X
To adopt the 2012/13 financial statements following approval by the Audit & Risk Committee on 3 rd June 2013.		

Executive Summary of Key Issues
<p>The Committee has met twice during the 2013/14 financial year, on 23rd April and 6th June 2013.</p> <p>Matters considered include:</p> <ul style="list-style-type: none"> - Review of Trust Risk Registers and responsibility for management of risk - Internal Audit reports and associated opinions - Internal Audit planning and strategy for future - External Audit plan and progress reports - Going Concern and Liquidity assessment - Review of Annual Accounting Policies - Internal Audit recommendations progress - Approval of Standing Financial Instructions (SFIs) - Risk Management Policies - Board Assurance processes and relationships of other committees - Review of standing finance registers - Counter Fraud progress report and investigations - Review of 2012/13 audited financial statements - Quality Accounts production 2012/13 <p>The risk registers are reviewed at each meeting of the committee. There has been good progress noted in the move of these registers from SBUs to localities. The Committee considered how these registers could be presented and scoring of risks</p>

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was reviewed.

The Internal and External Audit plans are on track. The 2012/13 financial statements have been approved by the committee on 3rd June and the Trust received a positive opinion from the External Auditors on these financial statements. The Trust Board is now asked to formally adopt the 2012/13 financial statements at its 26th June meeting.

Concerns include the risks associated with the medicines management Internal Audit Report even though a revised amber/red opinion was received. It recognised that some audit areas are well controlled but there was still some areas of non-compliance. The Internal Audit programme continues to be focussed towards areas of greater and higher risks but the accountability on actions to the audit committee needs to be improved.

The Trust received its Head of Internal Audit Opinion to incorporate in its 2012/13 Annual governance statement which provided significant assurance that there was a generally a sound system of Internal control in place during the year.

The Trust made a positive declaration on its going concern assessment for the 2012/13 financial year and considered its future liquidity assessment as an aspirant foundation trust.

The update of changes to the Standing Financial Instructions (SFIs) and Standing Orders was approved at the committee’s April meeting and these were subsequently approved by the Trust Board on 2nd May 2013. These included the approval of delegated limits on which to authorise Trust wide expenditure.

The Committee was assured on the progress of the 2012/13 Quality Accounts production and the Trust is due to submit this on 30th June 2013. The work is yet to be completed but should be in a Board report for the 26th June meeting.

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Which Strategic Objective does this paper address	
Consolidate	Y
Integrate	Y
Expand	Y

Corporate Impact Assessment	
Quality and Safety implications	<i>None</i>

Recommendations to other committees
<i>None</i>

Recommendation/Decision
The Board is recommended to approve the financial statements for 2012/13 as approved by the Audit & Risk Committee at its 3 rd June 2013 meeting. The Board is also asked to note the work of the Audit Committee at the April and June meetings.

Audit & Risk Committee – Chair’s Report

1. Introduction

1.1. This report outlines the activity of the committee between April and June 2013. There have been two meetings, on 23rd April 2013 and 3rd June 2013.

2. Committee Activity

2.1. The committee’s remit is to:

- To oversee the establishment and maintenance of an effective system of internal control, and management reporting.
- To ensure that there are robust processes in place for the effective management of clinical and corporate risk to underpin the delivery of the Trust’s principal objectives.
- To oversee the effective operation and use of Internal Audit.
- To encourage and enhance the effectiveness of the relationship with External Audit.
- To oversee the corporate governance aspects that covers the public service values of accountability, probity and openness.
- To oversee the information governance arrangements of the Trust.
- To 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.
- To receive input from the Quality and Safety Committee as required on its work in ensuring reliability and robustness in the preparation, assessment and data integrity of the Quality Accounts or Clinical Risk reporting and Clinical Audit, to facilitate the assurances necessary for this Committee to validate the Trust’s Quality Accounting and overall risk review process.

3. During the report period the committee has considered the following issues:

- 3.1 The Trust wide risk register will move to electronic reporting and will be presented to the June Board meeting. The Bristol Risk Register was presented with the current Bristol tender for mental health services forming a significant part of this. It was positive that this particular risk register was clinically focussed and this should be the approach across all the Trust.
- 3.2 The Annual report on risk management presented recommendations for the following year and informed that better risk registers were being produced.
- 3.3 There is a proposal for the transfer of the management of risk transferring to the new Corporate affairs function and this is currently subject to a consultation period.
- 3.4 An Acute care pathway summary report was produced following an Audit Commission review of improving the acute care pathway in

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- 3.5 The Internal Audit plan was updated at these meetings and changes agreed on audit focus areas including clinical audit and the integration of the fit for the future plan.
- 3.6 The Internal Audit annual report reported that there was a sound system of Internal Control although there were several amber/red opinions. The Internal Audit will continue to be directed towards risk areas and the Audit & Risk Committee will start to insist that actions are acted upon by the Trust.
- 3.7 The Trust approved the 2012/13 audited financial statements at its 3rd June meeting and received an unqualified opinion on these statements from its external auditors. The committee received accompanying reports including going concern assessment and accounting policies that form part of the notes to the financial statements. The committee was also presented with the Draft version of the full annual report ahead of publishing this for the planned AGM meeting in September 2013. The Trust further received a positive value for money opinion and financial resilience report from its external auditors.
- 3.8 The Committee approved the update to the Standing Financial Instructions (SFIs) and Standing Orders at its April meeting and these were approved by the Trust Board on 2nd May 2013. These tie in with the delegated authorities that are used to authorise trust wide expenditure and are now to be published to be available to all staff.
- 3.9 The Committee received a cleansed list of Internal Audit tracked recommendations following the progress of actions from previous audits. This is now planned to be given operational ownership and brought under the responsibility of the Corporate Affairs function subject to the on-going consultation.
- 3.10 The Committee was requested to add any comments to the Assurance Framework and the new Board Assurance Framework that will be going to the Trust Board.
- 3.11 The Committee received counter fraud progress reports and an update on the 2012/13 bribery risk assessment linked into this.
- 3.12 The Committee were informed on the production of the 2012/13 quality accounts and that this was near completion at its June meeting. The Committee was informed that data capture and reporting for 2012/13 was being reviewed and there would be a more comprehensive set of actions for 2013/14.

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4. Committee concerns

- 4.1. The committee has expressed some concern at the Trust’s previous red Internal Audit reports and the effective management of Internal Audit actions by the Trust.
- 4.2. The committee commented on the level of assurance that could be taken from the work of the Counter Fraud advisers in relation to the presence of an anti-fraud culture at AWP. Only 48 staff members responded to a Trustwide survey re their Fraud and Corruption Awareness.

The committee queried how directors of the Trust could gain assurance that there are proper internal controls over the collection and reporting of the measures of performance included in the Quality Account and that these controls are working effectively in practice. Further assurance was requested on this matter in advance of the approval of the Quality Accounts

5. Ongoing actions

- 5.1. Outstanding tasks delegated to the committee by the Board include a continued review of risk registers, assurance frameworks, and progress made in implementing Internal Audit recommendations.

Tony McNiff
Chair

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