

'You matter, we care'

Trust Board Meeting (Part 1)	Date: 28 May 2014
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Title:	Annual Report of the Audit and Risk Committee
Item:	BD/14/050

Executive Director lead and presenter	Sue Hall, Director of Resources
Report author(s)	Hannah Dennis, Corporate Governance and Risk Manager

History:	<i>Executive Team, 20 May 2014</i>
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This report is for:	
Decision	
Discussion	
To Note	X

Executive Summary
This report summarises the work of the Committee during 2013-14. The Board should note the report and approve the attached Terms of Reference for the Committee.

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

Annual Report of Audit and Risk Committee to Trust Board

1. Purpose

Committees are the Board's key assurance providers, with NED representation providing an independent, challenging perspective in discussion. Good governance is about effective leadership. To effectively lead, our Committees must be given the right tools to review and challenge management activity and to approve or decline to support proposed action.

The purpose of this report is to advise the Board of the work undertaken by the Committee during 2013/14, informed by the outcomes of the Committee self-evaluation and subsequent recommendations for improvement made based on best practice.

2. Attendance during 2013/14

2.1. Member and Executive Director attendance

The Committee met on the following dates during 2013/14:

- April 2013
- June 2013
- 15th August 2013
- October 2013
- February 2014

The Audit and Risk Committee has a wholly Non-Executive membership, with Executive Directors in attendance as Committee business dictates. The attendance of members throughout the year was recorded as follows, with a total of 5 meetings held:

Name	Role	Attendance
Tony McNiff	Chair, for full year	All meetings
Tony Gallagher	Non-Executive member, from April to November 2013	1/3 meetings
	In attendance, as Chair of the Trust	1/2 meetings
Peter Greensmith	Non-Executive member, from April to July 2013	1/2 meetings
Peaches Golding	Non-Executive member, from August 2013 to present	2/3 meetings
Hayley Richards	Medical Director, in attendance	4/5 meetings
Hazel Watson	Director of Nursing, from April to November 2013, in attendance	2/4 meetings
Alan Metherall	Acting Director of Nursing, from December 2013, in attendance	1/1 meetings
Kristin Dominy	Director of Operations, in attendance	4/5 meetings
Paul Miller	Director of Finance and Deputy Chief Executive, until 31 October 2013	All meetings
	Interim Director of Business Development, from 1 November 2013 to 31 March 2014	
Sue Hall	Interim Director of Business Development,	All meetings

Annual Report of Audit and Risk Committee to Trust Board

	until 31 October 2013 Interim Director of Finance, from 1 November 2013 to 31 January 2014 Director of Resources, from 1 February	
Emma Roberts	Director of Corporate Affairs and Company Secretary	3/5 meetings

Representation from External and Internal Audit was seen at every meeting, and from the Local Counter Fraud Specialist at 3 of the 5 meetings.

3. Summary of Business

3.1. The Committee has undertaken its core business throughout 2013/14, maintaining oversight of the following:

- Risk Management, including risk registers and assurance framework
- Internal Audit
- External Audit
- Local Counter Fraud work
- Annual Report and Accounts
- Quality Account
- Emergency Preparedness, Resilience and Response (EPRR) Audit
- Financial Management
- Policy Management
- Information Governance

4. Committee Self-Evaluation

4.1. The Role of the Committee

The core role of the Committee is to provide assurance to the Board on governance, risk management and financial management. Respondents highlighted that there is further work to be done on the reliability of assurances relied upon Trust-wide and by the Committee, which has been recognised and work is underway to map assurances. This will make lines of assurance clearer and therefore highlight both areas of robust assurance and gaps in assurance to be closed.

The Committee self-evaluation confirmed that the members and regular attendees felt the Committee was operating in line with its Terms of Reference and meeting its objectives in scrutinising audit findings and the Trust's response to these, overseeing financial management and ensuring the governance structures of the Trust are robust and fit for purpose.

There was some uncertainty as to whether the Committee provides an annual report. For 2013/14 all Committees are providing an annual report to the Board, in this form.

4.2. The Role of the Chair

The Committee evaluation considered the role of the Chair in controlling the content of, and guiding the Committee through, the agenda. The Chair takes the meeting through the agenda in line with guided timings, giving additional time to discussions as they require, and concluding discussions when necessary.

Annual Report of Audit and Risk Committee to Trust Board

The Chair was noted to be well placed in this role as a result of his experience of both finance and risk, and this is demonstrated in his challenge of agenda items and during Committee discussion.

4.3. Membership, Independence, Objectivity & Understanding

Responses in this area of the evaluation found that the membership (two Non-Executive Directors) was appropriate for the Committee but it was recognised that Executive Director attendance is critical to the effective undertaking of Committee business and regular attendance is fundamental for the provision of management assurances on agenda items.

Terms of appointment to the Committee are not currently defined in a letter to members. This is good practice and should be provided to all Committee members throughout the Trust's governance structures.

Positive comments were made confirming that members and attendees feel the Committee delivers its Terms of Reference, receiving appropriate information which has proved to be timely. Concerns were raised regarding the timeliness of organisational response to Internal Audit recommendations. It was noted that reporting on responses has improved since responsibility for this has moved to the Governance team.

4.4. Skills

There were no concerns raised in relation to the skill mix of the membership of the Committee, and attendance of Executive Directors and specialists was appropriate.

4.5. Committee Support

Through the evaluation process it was recognised that Committee meetings are well run and agenda items are given the consideration they require. Agenda setting was highlighted as an area which was well managed, although it was suggested that this would work well as a discussion with the Chair. This linked to comments in relation to private meetings of the members of the Committee with the Governance Support Officer. It was noted that the declaration of interests needs to be a standing agenda item on every Committee agenda.

It was highlighted that the Committee is not asked to declare any interests at the start of each meeting. It is good practice that this is undertaken and will be applied across all Trust's Committees.

Feedback on minutes of meetings was that these were at an appropriate level of detail, and accurately reflected discussions taking place. Committee discussion was felt to be robust and members were effectively challenging attendees through discussion.

4.6. Communication

Through the evaluation of the Quality and Standards Committee it was highlighted that the working relationship between the Audit and Risk and Quality and Standards Committees is not clearly defined in their Terms of Reference. These will therefore be updated alongside the Terms of Reference for the Quality and Standards Committee.

5. Chair Reporting

The Chair of the Audit and Risk Committee has reported to the Board on the work of the Committee during its meetings. Through the Chair's reporting the Committee has provided assurance to the Board that it is maintaining oversight of those areas it is responsible for, raising issues where these have been brought to the attention of the

Annual Report of Audit and Risk Committee to Trust Board

Committee, and making recommendations to the Board where required, such as recommending the approval of the financial statements for the previous financial year.

6. Recommendations

6.1. Evaluation recommendations

All Committee members, both Non-Executive and Executive Directors, will be provided with a letter summarising the terms of their role within the Committee. This is good practice and should be provided to all Committee members throughout the Trust's governance structures. This has been completed for Non-Executive Directors and will be complete by the end of May 2014 for Executive Directors.

The Governance Team will distribute meeting actions as soon as possible following the Committee meeting and will support the Executive Lead to oversee the completion of these actions through collation of updates on action taken. The Executive Lead and Chair must take an active role in ensuring these actions are completed, holding individuals to account through the Committee.

Agenda setting meetings will take place for all Committees, with the presence of the Chair and Executive Lead required. The Governance Team will take this action and, if required, will facilitate teleconferencing to ensure this can take place.

Declaration of Interests has been added as a standing item on all Committee agendas.

6.2. Terms of Reference

The Terms of Reference of the Committee have been updated to reflect changes to membership, and to make clearer the working relationship the Committee has with the Quality and Standards Committee. The Terms of Reference are provided as Appendix 1 to this report for the approval of the Trust Board.