The Audit Committee

Overview
The role of the Audit Committee is to provide independent assurance to the Board and Governors on the effectiveness of the governance processes, risk management systems and internal controls on which the Board places reliance for achieving its corporate objectives and in meeting its fiduciary responsibilities. The process of gaining assurance is particularly important at the present time when hospitals and the whole healthcare system is going through enormous change and reform. The independent testing of the Board Assurance Framework is a key part of the work of the Audit Committee in order to ensure that risks are properly identified and that action plans are prepared and implemented to close gaps in assurance.

The Committee
The Committee is open to all Non-Executive Directors (except for the Trust Chair). The Committee has met on X occasions in 2015/16. A new Chair of the Committee was appointed from 1st July following the retirement of Geoff Bean. The members of the Committee for 2015/16 and their attendance are as follows:

Geoff Bean
Robert Collinson
Carole Hudson
Neil Turner
Neil Campbell
Mick Guymer

Terms of Reference
The terms of reference for the Audit Committee were reviewed and updated in October 2015 for Board approval and a review of the effectiveness of the Audit Committee was carried out at the committee’s request by Merseyside Internal Audit in March 2016. The Audit Committee is supported by the Board Secretary and by the attendance of the Internal Auditors, Counter Fraud Specialist and the External Auditors to the Trust. Executive Directors routinely attend the meetings to report on governance, risk management and statutory and regulatory reporting. Other officers of the Trust are invited to attend to deal with specific matters under consideration.

Work of the Audit Committee 2015/16
The following areas of work have been subject to review in 2015/16:

- Reviewing the work of the Internal Audit team. This includes consideration of the findings from X Audit Reports and the follow up of outstanding actions from X reports. X Audit Reports were judged to be of limited assurance and the details of which are included in the Annual Governance Statement
- Reviewing the work and the findings of the External Auditor, assessing the effectiveness of the external audit process and the quality of service provided
• Reviewing the work of the Fraud team and ensuring the subsequent updating of policies to take account of gaps identified in policy

• Reviewing the work of the Committees of the Board and matters referred to the Audit Committee and referring matters from the Audit Committee to relevant committees for consideration of risks identified

• Reviewing the Annual Report (including the Quality Accounts) and Financial Statement before submission to the Board

• Reviewing the Accounting Policies used in the Annual Accounts

• Reviewing disclosure statements including the Annual Governance Statement, the Head of Internal Audit Opinion, the External Audit Opinion and the Statement of Compliance from the Trust regulator

• Reviewing the statement required under the Code of Governance from the Board that the annual report is far, balanced and understandable

• The assessment of the Trust as a ‘Going Concern’

• The review of a report on the Care Quality Commission Registration and Annual Declaration and agreed the actions being taken

• Reviewing the Assurance process and its actions to mitigate risk

• Reviewing the processes for the update of the Risk Register and this year reviewing the process associated with changes in service delivery associated with the changes in commissioning arrangements

• Reviewing reports from all external agencies on the Trusts performance and compliance

• Reviewing the adequacy of the policies and procedures relating to fraud and corruption

• Reviewing the Clinical Audit Strategy, the programme of work, the references to the Quality Committee and the annual report

• Reviewing and updating the Raising Concerns Policy and its implementation

• Reviewing Losses and Special Payments Reports and Tender Waiver Reports

• Reviewing Gifts and Hospitality Registers to ensure compliance with the Trusts Standards of Business Conduct

• Reviewing the effectiveness of the Trusts Business Continuity Plan in respect of IT
• Reviewing the Charitable Funds Accounts
• Reviewing the Legal Services Annual Report and action plan
• Review of pharmacy stock management
• Review of the Overseas Patients Policy and referred to Board the requirement for the implementation of a new policy
• Review of the management of Mandatory Training (including safeguarding)
• A review of the risks associated with gaps in the register of Information Asset Owners was considered which requires an action plan in order to control data access, to prevent breaches of data protection
• A review of the administration of Charitable Funds
• A review of compliance with the complaints procedure
• A review of the delivery of the capital scheme Wrightington phase 1
• Oversight of the risk assessment associated with the implementation of HIS
• An audit of the compilation of reference costs
• A review of Information Asset Ownership/access controls and archiving.

Risks and Issues arising from the work of the Audit Committee

There are a number of risks which have been considered a part of the work of the Audit Committee and in the Annual Audit that could impact on the financial statements of the Trust these include:

• The risks associated with the implementation of the CCG 5 Year Plan and the Locality Plan and in particular the changes to services commissioned from the hospital and the subsequent impact on future income streams, including the potential for disputes and further arbitration
• Risks associated with the implementation of the HIS System and joint work has been carried out with the IMT Committee on outstanding risks
• The assumptions made in respect of valuations of property and disposals and their treatment in the accounts
• Accounting for Vanguard Expenditure
• Capital Expenditure and the assurance that the new assets are valued correctly and that depreciation charges commence at the correct time

Internal Audit

Merseyside Internal Audit Agency (MIAA) carry out our internal audit function. The Audit Committee and the Director of Finance work with MIAA to agree the Internal Audit Plan and key performance indicators for assessing their performance and effectiveness. MIAA provide the trust with benchmarking data, updates on trust assurance frameworks and briefing notes on a range of current issues. In particular MIAA provide good briefing sessions for Chairs of Audit Committees, Governors and staff.

Anti-Fraud

The local anti-fraud function is very important in identifying and preventing fraud and operational risks to the Trust. The Trust has a zero tolerance policy in respect of fraud, corruption and bribery and investigations are carried out if evidence supports this. The Trust has a mandatory training eLearning anti-fraud module which has been rolled out across the Trust and all staff are required to pass this bi-annually.

The Local Anti-Fraud Specialist (LAFS) works regularly with staff and management in identifying areas of potential fraud risk and co-ordinates this work with external partners. The LAFS has provided an updated policy for the Trust on fraud corruption; bribery and a response plan in line with NHS protect recommendations and also amended the policy for the Trust to adopt in regards to overseas visitors and works with the Department of Health and the Home Office in respect to this.

External Audit

Deloitte were appointed by the Trust as Auditors in 2010 and Governors (through a task and finish group) have agreed to extend this contract for one further year to allow for the Trust to adopt the new National Framework for the Appointment of External Auditors in May 2016 and to take account of the implications of Vanguard. A formal tender process for the appointment of new Auditors will commence in September 2016, utilising the new National Framework.

The value of non-audit services carried out by Deloitte for 2015/16 is X

Looking Forward

The Committee work plan for 2016/17 will take account of areas of risk identified and will cover all changes required by statutory and regulatory requirements. The Internal Audit Programme for 2016/17 is xxxx