



## AUDIT COMMITTEE

### Annual Report 2013/14 and 2014/15 Work Plan

#### 1 Introduction

- 1.1 The purpose of the report is to formally report to the Board of Directors on the work of the Audit Committee during 2013/14 and indicate its work plan for the financial year 2014/15. The report ensures that that Trust conforms to best practice as recommended in the *NHS Audit Committee Handbook* (DH, 2005) and the *Audit Committee Handbook* (HM Treasury, 2007).
- 1.2 The Audit Committee reviewed and approved its Terms of Reference in October 2013 which were received and approved by the Board of Directors in November 2013.

#### 2 Meetings

- 2.1 During 2013/14 the Audit Committee met on 5 occasions. All meetings were quorate.

#### 2.2 Attendance by Audit Committee Members

Meeting date	Audit Committee members			
	John Donnelly (Chair)	Shirley Harrison	Vic Powell (Vice Chair)	Tony Weetman
23/05/2013	Y	Y	Y	Y
09/07/2013	Y	Y	Y	Y
08/10/2013	Y	Apologies	Apologies	Y
14/01/2014	Y	Y	Y	Apologies
11/03/2014	Y	Apologies	Y	Y
% attendance	100	60	80	80

- 2.3 The following routinely attended Audit Committee meetings during 2013/14:

STHFT: Director of Finance; Deputy Director of Finance (Financial Accounting); Assistant Chief Executive; Assurance Manager.

360 Assurance (Internal Audit): Head of Internal Audit; Deputy Head of Internal Audit, Local Counter Fraud Specialist (as required).

KPMG (External Audit): Engagement Audit Partner, Audit Manager, Assistant Audit Manager, Performance Specialist (as required).

- 2.4 The Audit Committee's Minutes are submitted to the Board of Directors, supported by a verbal report given by the Committee Chair. Items to be highlighted to the Board of Directors is a standing item on the Audit Committee agenda.

### 3 Work undertaken 2013/14

The Committee dealt with the following matters:

- Going Concern concept papers received (Initial assessment January 2014 and updated assessment March 2014). The Committee agreed that the 2013/14 Annual Accounts be prepared on a “going concern basis”.
- Accounting Policies for completion of 2013/14 Financial Statements paper, including the appropriate accounting treatment for Charitable Funds, received and approved (January, 2014).
- Process and timetable for approval of 2013/14 Financial Statements and Annual Report paper received and approved (January, 2014).
- Assurance Framework received and noted (March 2014) prior to submission to Board of Directors.
- Statutory Financial Statements and Annual Report and Accounts 2012/13 (including the Quality Report) received and approved by the committee prior to being submitted to the Board of Directors for final approval (May 2013).
- Internal Audit Annual Report including the Head of Internal Audit Opinion received and noted. The report found significant assurance on the Trust’s system of internal controls (May 2013).
- External Audit Annual Governance Report (ISA 260) including the Letter of Representation and Audit Opinion received and noted (May 2013). The report found no material errors in the financial statements and no matters to suggest the Trust did not have adequate arrangements for securing economy, efficiency and effectiveness. The report was subsequently presented to the Council of Governors (August 2013).
- External Audit External Assurance Report on the 2012/13 Quality Report received and noted (May 2013). It gave a limited assurance opinion that the Quality Report was compliant and accurate. The report was subsequently presented to the Council of Governors (August 2013).
- Losses and Compensations Report received and noted (July 2013). Further actions were outlined to minimise future losses and compensations including the production of a Debt Management Policy.
- Audit Committee 2012/13 Annual Report and 2013/14 Work Plan and Terms of Reference received and approved (May 2013).
- Local Counter Fraud Services progress reports received and noted (all meetings except May 2013); 2013/14 Annual Report (March 2014); 2014/15 Work Plan and Risk Assessment (March 2014).
- Single Tender Waiver Reports received and noted (all meetings except May 2013).
- Registers of Gifts and Hospitality reports received and noted (all meetings except May 2013).
- Risk-based Internal Audit Plan 2014/15 received and approved (January and March 2014).
- Risk-based External Audit Plan received and approved (October 2013).
- Internal Audit Progress Reports received and noted (all meetings except May 2013).
- Progress Report against the Action Plans for D and E Grade audits.<sup>1</sup> Received and noted (all meetings except May 2013). The following audits were discussed and actioned as appropriate:
  - Supplies (May 2013, July 2013, October 2013, January 2014, March 2014)
  - Bereavement Services (July 2013)
  - Encryption Process (October 2013, January 2014, March 2014)
- External Audit Progress Reports received and noted (all meetings except May 2013).
- Insurance Arrangements paper received and noted (July 2013).

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<sup>1</sup> Internal Audits are graded. D grading indicates the presence of medium-high risks/ internal control weaknesses, where immediate action is required. E grading denotes systems which contain significant risks requiring immediate attention and reporting to management.

- Internal and External Audit Relationship paper including Protocol between Internal and External Audit received and noted (October 2013).
- Progress report on the reconfiguration of Internal Audit received and noted (July 2013). From 1<sup>st</sup> July 2013 Assure and EMIAS merged to form 360 Assurance.
- Report on a Review of External Audit Services carried out by the Trust was received and approved (July 2013). The review concluded that the Trust was receiving a satisfactory service and recommended the re-appointment of KPMG for 2013/14 to the Council of Governors.  
The Council of Governors approved the recommendation (August 2013).
- Report on an Extension of Appointment of External Auditor carried out by the Trust was received and approved (January 2014). The report recommended to the Council of Governors the extension of the External Audit contract to September 2016.  
The Council of Governors approved the recommendation (February 2014).

#### **4 2014/15 Work Plan**

The 2014/15 Work Plan is detailed in Appendix 1. Meeting dates for 2015 have not yet been agreed.

#### **5 Audit Committee Effectiveness**

The committee reviewed and approved the Terms of Reference in October 2013.

#### **6 Conclusion**

The Audit Committee continues to play an important role in the governance and continued success of the Trust.

John Donnelly  
Chair  
May 2014

**AUDIT COMMITTEE - 2014/15 WORK PLAN**

Item	Meetings				
	22/05/14	08/07/14	07/10/14	Jan 2015	Mar 2015
Adoption of Statutory Financial Statements and Annual Report 2013/14: • Annual Accounts • Annual Report including Quality Report and Remuneration Report • Annual Governance Statement	x				
Board Committees Annual Reports 2013/14 and 2014/15 Work Plan	x				
Internal Audit Annual Report 2013/14 including Head of Internal Audit Opinion Statement	x				
External Audit ISA 260 Report 2013/14 (Governance Annual Report) and Limited Assurance report on 2013/14 Quality Report	x				
D & E grade audits (progress against action plans)		x	x	x	x
D & E Grade Audit Reports		x	x	x	x
Single Tender Waivers		x	x	x	x
Register of Hospitality		x	x	x	x
External Audit Progress Report		x	x	x	x
Going concern paper				x	x
Losses and compensations		x			
Assurance Framework			x		x
Review and approval of Terms of Reference			x		
Process and timetable: 2014/15 Statutory Financial Statements and Annual Report (including Quality Report)				x	x
2014/15 Accounting Policies and Approach				x	x
Review of Internal Audit Services			x		
Review of External Audit Services		x			
LCFS Progress Report		x	x	x	x
LCFS Annual Report 2014/15 and Plan 2015/16					x
External Audit 2014/15 Plan			x		
Internal Audit 2015/16 Plan				x	x
Review of External Audit and Internal Audit joint working arrangements				x	
Insurance Arrangements – Annual Report				x	
Retender Exercise for External Audit Services				x	