

BOARD COMMITTEE SUMMARY SHEET

NAME OF COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: 24 May 2019

KEY POINTS TO DRAW TO THE BOARD'S ATTENTION

INTERNAL AUDIT REPORTS

Annual Report and Head of Internal Audit Opinion

The Head of Internal Audit's opinion was that the work performed by the Trust was "generally satisfactory with some improvements required". The Governance, risk management and control in relation to business critical areas was generally satisfactory. However, there were some areas of weakness and/or non-compliance in the framework of governance, risk management and control which potentially put the achievement of objectives at risk. Some improvements were required in those areas to enhance the adequacy and/or effectiveness of the framework of governance, risk management and control. However, it was noted that the Trust had made good progress in strengthening its internal control environment during 2018/19 and there had been a positive direction of travel in terms of the number and severity of issues noted over the course of the IA reviews.

Internal Audit Annual Plan 2019/20

The internal audit plan is driven by the Trust's organisational objectives and priorities, and the risks that may prevent the Trust from meeting those objectives. The Audit Committee had received and provided comment on the draft plan at its April meeting and those changes and additions had been incorporated into the final plan. The Committee approved the Internal Audit Plan 2019/20.

Procurement Procedures IA Report

The Committee received a report from the Internal Auditor of Gloucestershire Hospitals NHS Foundation Trust regarding procurement Shared Services. This report was received as the audit work needed to inform a 'letter of comfort' requested by the Committee in the light of recent performance issues at Shared Services had not been completed. The Committee noted that the report gave a 'Limited' rating for operational effectiveness, but received assurance from the Director of Finance that many of the recommendations identified in the report had already been implemented, notably the appointment of a Head of Shared Services. The audit was due to be repeated this year, when the rating was expected to improve. However, the Committee expressed its disappointment that a representative of Shared Services had not been able to attend to present the report in person, given the previous concerns raised at the Audit Committee. The Director of Finance agreed to pass this feedback on to the Head of Shared Services.

FSS Key Financial Systems – Accounts Payable IA Report

This audit report by the Gloucestershire Hospitals NHS Foundation Trust audit provided significant assurance regarding key financial systems at Shared Services. The Committee noted that some of the recommendations had already been implemented, with the remainder being taken forward.

POST BALANCE SHEET EVENTS REPORT

The Committee considered any events that had occurred since the start of April 2019 that would materially affect the accounts or going concern disclosure for 2018/19. The Committee approved the following proposed disclosure in the 2018/19 Accounts that "There are no events after the Balance Sheet Date that need reporting".

The Committee also considered and approved the going concern disclosures in the Statutory Accounts and the Letter of Representation.

FINAL ACCOUNTS AND CERTIFICATES

The Committee reviewed and approved the Statutory Accounts for the year ending 31st March 2019 on behalf of the Board, with some minor tabled amendments agreed by the Committee and the External Auditor.

The Committee expressed its thanks to Steve Andrews, Tanya Hartley and the Finance team for the work involved in completing these accounts. Thanks were also expressed to colleagues at KPMG for carrying out a very robust and thorough audit. Together had performed well and the huge efforts of all those involved in preparing the accounts and achieving the Trust's year-end financial position was recognised.

QUALITY REPORT

The Audit Committee approved the Quality Report 2018/19, taking account of the External Auditors review. The Quality Report would be included as part of the Trust Annual Report and would be submitted to NHS Improvement by the end of May 2019.

This final draft of the Annual Quality Report summarised the progress made in achieving targets, objectives and initiatives identified, and had been collated following an extensive review of all associated information received from a variety of sources throughout the year. The Committee acknowledged the huge amount of work carried out to produce the Quality Report and noted that input had been received from internal and external stakeholders throughout the year in both Gloucestershire and Herefordshire, and their formal feedback would be published as part of the final report

The Committee noted the requirement that External Assurance on the Quality Report must provide a limited assurance report on the content of Quality Reports produced by Foundation Trusts. KPMG had reviewed the draft report for consistency and tested a number of mandated indicators - and had issued an unqualified audit opinion.

ANNUAL REPORT AND ACCOUNTS INCLUDING REMUNERATION REPORT

The Committee reviewed and approved the Annual Report 2018/19. The Trust's Annual Report was developed under guidance provided by the UK Government and NHS Improvement and the report had been reviewed by Trust Executives and by the Trust's auditor, KPMG. Some minor amendments to the accountability section of the report, and to the Annual Governance Statement, were agreed by the Committee.

The Committee agreed that the annual report demonstrated the huge efforts of staff to achieve targets and objectives, and significant assurance was received around the Trust's performance from the results of national surveys and reports.

ANNUAL EXTERNAL AUDIT REPORT – INCLUDING QUALITY REPORT AUDIT

The Committee received the Annual External Audit Report (ISA 260) from KPMG. The report summarised the audit findings and conclusions following the audit of the Trust's 2018/19 financial statements, annual report and quality report.

Financial Statements

The Committee noted that KPMG intended to issue an unqualified audit opinion on the accounts following the Audit Committee adopting them and receipt of the management representations letter.

KPMG had completed their audit of the financial statements and had read the content of the Annual Report (including the Remuneration Report) and reviewed the Annual Governance Statement (AGS). Their key findings were:

- There are no unadjusted audit differences.
- Minor presentational changes to the accounts have been agreed with Finance, mainly related to compliance with the Group Accounting Manual (GAM).
- In addition to routine requests, management representations over related party transactions were requested.

- The Annual Report has been reviewed and there are no matters to raise.

Value for Money and Audit Certificate

Based on the findings of their work, KPMG concluded that the Trust has adequate arrangements to secure economy, efficiency and effectiveness in its use of resources.

Quality Report 2018/19

KPMG completed their audit of the Trust's Quality Report and issued the following statements:

- You have achieved a clean limited assurance opinion on the content of your Quality Report which could be referenced to supporting information and evidence provided. This represents an unmodified audit opinion on the Quality Report.
- We have also tested Out of Area Placements and Early Intervention in Psychosis (EIP) as the two mandated indicators. Our detailed testing on the indicators has concluded that we are able to give a clean limited assurance opinion on the presentation and recording of these. However, our testing on the EIP indicator identified minor updates required to be in line with the national reporting definition.
- Our work on the local indicator of 'patients in touch with services who die by suicide' as selected by Governors has indicated that if we were to provide an opinion over the indicator we would provide a clean limited assurance opinion.

PROVIDER LICENCE DECLARATION

The Committee, on behalf of the Board, agreed to make a declaration 'Confirmed' in respect of the governance condition of the Trust's provider licence, as set out in the Corporate Governance Statement which requires the Trust Board to confirm:

- Compliance with the governance condition at the date of the statement; and
- Forward compliance with the governance condition for the current financial year, specifying (i) and risks to compliance and (ii) any actions proposed to manage such risks

The Committee noted the training and development opportunities provided to Governors, which included induction, service presentations, access to external training and attendance at external events, as well as the outputs from the Trust's joint Board/Governor engagement work undertaken during the year and intended to support Governors to undertake their role. The Committee therefore made a declaration of 'Confirmed', on behalf of the Board, in respect of the provision of Governor training.

The Committee made a declaration of 'Confirmed', on behalf of the Board, in relation to an annual self-certification regarding their systems for compliance with provider licence conditions (General Condition G6). The self-certification relates to systems and processes in place in the financial year just ended, and to systems and processes in place for the current financial year. The Committee agreed to publish the self-certification within one month as required by NHS Improvement.

The Committee noted in respect of each declaration that the views of Governors had been sought, and had been taken into account in making the declarations.

OTHER ITEMS

- The Committee received the "Considerations Prior to Approval of the Accounts and Risk of Material Misstatements" report and agreed that this offered significant assurance on the controls in place to guard against material mis-statements, including those related to the ongoing merger with Gloucestershire Care Services NHS Trust. The Committee considered the evidence presented and was satisfied as to the reliability of the Annual Accounts and the Letter of Representation.
- The Committee reviewed the Annual Governance Statement and approved the document for signature by the Deputy Chief Executive, on the Chief Executive's behalf..
- The Committee received the Statement of Chief Executive's responsibilities and approved the document for signature by the Deputy Chief Executive, on the Chief Executive's behalf.
- The Chair of the Committee reported that she had met in private with both Internal and External Auditors to discuss the annual accounts. No concerns had been raised. The Chair had also had her usual meeting with the Head of Counter Fraud to discuss the 2018/19 and 2019/20 Counter Fraud

programmes.

ACTIONS REQUIRED BY THE BOARD

The Board is asked to note the contents of this summary.

SUMMARY PREPARED BY: Marcia Gallagher

ROLE: Committee Chair

DATE: 24 May 2019