

Board Meeting:	25 May 2007
Title:	Audit Committee Annual Report
Executive Summary:	This report summarises the work of the Audit Committee in 2006/07
Items for discussion:	The Board is requested to review this report and feed back any comments which can be incorporated into the Audit Committee workplan for 2007/08.
Recommendations/decisions required:	Approve 2007/08 workplan.
Financial implications:	None
Impact upon patients:	The audit function overseen by the Audit Committee is a key mechanism for the Trust to ensure that resources are allocated appropriately to the benefit of patients.
Impact upon carers:	The audit function overseen by the Audit Committee is a key mechanism for the Trust to ensure that resources are allocated appropriately to the benefit of patients.
Consultation/Communication:	None
Risk issues:	The Audit Committee is one of the key risk committees of the Trust. Effective functioning of the Audit Committee is essential to the governance of the Trust.
Name of Lead Executive Director:	Charlotte Moar, Finance Director
Name of Author:	Charlotte Moar, Finance Director

The Audit Committee has approved terms of reference and an annual work programme (attached). The key deliverables in 2006/07 against this work programme were as follows:

- Approval of internal audit programme and monitoring performance through quarterly reports
- Approval of external audit programme and monitoring performance through quarterly reports
- Approval of LCFS programme and monitoring through quarterly reports
- Review of Standards for Better Health self-assessment and Auditors Local Evaluation self-assessment
- Review of Standing Orders, Standing Financial Instructions and Scheme of Reservation and Delegation
- Continuation of systematic benchmarking programme commissioned from the Audit Commission

The audit programmes for the year were derived from the Trust's assurance framework and risk register and were designed to cover all the major areas of risk to the Trust. Particular focuses in year were around information quality, payment by results and financial management. As a result of these the Audit Committee was able to recommend to the Board the following for 2005/06;

- That the Audit Committee had reviewed the Trust's assurance framework and believes that it is fit for purpose
- That there are no areas of significant duplication or omission in the systems of governance in the organisation that have come to the Committee's attention and not been adequately resolved
- That the system of risk management in the organisation is adequate in identifying risks and allowing the Board to understand the appropriate management of those risks
- The Statement of Internal Control is consistent with the view of the Committee on the Trust's system of internal control and it supports the Board's approval of the statement

The ALE score for 2005/06 was a 1 for use of resources because of the Trust's deficit at year end. The scores for the other areas were 2, 2, 3, 3.

The year end work for 2006/07 is not yet complete but work is in hand to deliver unqualified audited accounts within the DOH timescales, a compliant Statement of Internal Control and an improvement on the ALE score from 2005/06.

In addition the Audit Committee undertook the following special projects:

- Monitoring implementation of Electronic Staff Record
 - Ongoing Review of Trust contingency planning and business continuity planning
 - Tendered legal service with appointment of new legal team from 1 November 2006
 - Approval of Trust's Procurement Strategy and monitoring implementation through six monthly reports
 - Reviewing delivery of the Academy against initial objectives
 - Working with the newly appointed internal auditors to ensure a smooth transition
 - The production of an annual report (now being presented to the Board)
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In 2005/06 those attending the Audit Committee (including the internal and external auditors) undertook an assessment of effectiveness of the Audit Committee using the model in the Audit Committee Handbook. The key developmental points agreed from this were all delivered in 2006/07. A further assessment of effectiveness, particularly against the FT criteria is planned for 2007/08.

The Audit Committee programme for 2007/08 is currently being developed but is likely to include a continuing focus on major projects including the transition to FT plus the ongoing requirements of the work programme. It will also be planned to give the Board the requisite assurances around the 2006/7 audited accounts and Statement of Internal Control. The programme will be discussed at the Audit Committee in April and presented to the Board in May. It will include a consideration of any required changes to the Committee's workload and of the costs which the Committee incurs and whether they are appropriate to the perceived risks and benefits.

Angela Gillibrand
Chair of Audit Committee
13 April 2007