

South East Coast Ambulance Service NHS Foundation Trust

Audit Committee

Annual Report to the Trust Board

1. Introduction

1.1. The purpose of this report is to inform the Board of the activity of the Audit Committee (AuC) in meeting its Terms of Reference from April 2011 – March 2012.

2. Audit Committee purpose

2.1. The activity undertaken by the AuC has provided assurance to the Board on the effectiveness of governance, risk management and internal control, internal audit, external audit and counter fraud, in line with the Terms of Reference of the Committee. The purpose of the Committee is to provide the Trust with a means of independent and objective review of internal control over the following key areas:

- Financial systems;
- The information used by the Trust;
- Assurance Framework systems;
- Performance and risk management systems;
- Compliance with law, guidance and codes of conduct.

3. Committee structure and reporting arrangements

3.1. The AuC reports directly to the Board through summary reports from the Chair. The Committee is chaired by a Non-Executive Director, and all Non-Executive Directors are members of the Committee; the Chairman of the Board of Directors is not a member of the FBDC.

4. Membership and attendance

4.1. The AuC met 4 times in 2011-12, as well as an additional extraordinary meeting on 3 May 2011, for the purpose of reviewing the Annual Report and Accounts. Membership comprised 6 Non-Executive Directors, although representatives from Executive and Senior Management, Internal Auditors (RSM Tenon), External Auditors (Audit Commission) and Counter Fraud (RSM Tenon) were also in attendance at meetings. Attendance at the meetings by members is detailed in the table below.

	3 May 2011 (Ext)	01 Jun 2011	09 Sept 2011	09 Dec 2011	09 Mar 2012
Nigel Penny (Chair)	Y	Y	Y	Y	Y
Christine Barwell	Y	Y	Y	Y	Y
Tim Howe	Y	Y	Y	Y	Y
John Jackson	Y	Y	Y	Y	Y
Isobel Simpson	Y	N	Y	N	Y
Trevor Willington	Y	Y	Y	Y	Y

5. Key business of the Committee during 2011-12

5.1. The main areas of AuC activity during 2011/12 included:

- Annual Report and Accounts;
- Charitable Fund;
- Losses and special payments;
- Internal audit plan and progress;
- External audit plan and progress;
- Counter Fraud plan and progress;
- Board Assurance Framework
- Other governance issues

5.2. *Annual Report and Accounts*

Given the Trust's authorisation as a Foundation Trust on 1 March 2011, the Trust was required to produce two Annual Reports and Statement of Accounts, the first covering the period 1 April 2010 – 28 February 2011, and the second covering the period 1 March 2011 – 31 March 2011. In approving the Trust's Annual Report and Accounts, the AuC noted the Head of Internal Audit opinion of "significant assurance" for both, and the unqualified opinion provided by the Trust's External Auditors. The AuC were advised of the limited assurance opinion from the Audit Commission on the content of the Quality Report contained within the FT Annual Report. The Trust declared two internal control issues within the Statement of Internal Control for 2010-11, the first relating to underperformance against the national Category B performance target, the other issue concerned fuel costs.

5.3. *Charitable Fund*

In December 2011 the AuC received the audited Charitable Fund accounts and recommended these to the Board for sign-off. The Committee noted the need to ensure turnover of the funds within the account.

5.4. *Losses and special payments*

The most significant losses have been through vehicle accidents; the Committee has requested further work be undertaken to develop a greater understanding of the root cause of these. Other areas include medical equipment, and staff overpayments. Internal audits of both these areas have been undertaken in the year.

5.5. *Internal Audit Plan and progress*

Internal Audit reports and plans are received regularly by the AuC. RSM Tenon, the Trust's auditors, reported "significant assurance" opinions on the Trust's Annual Reports and Statements of Accounts. Reports undertaken within the year have included staff overpayments, medicines management, fuel costs, safeguarding and project management arrangements. The AuC has monitored management's response to all control recommendations, and has received assurance that action has been taken.

5.6. *External Audit Plan and progress*

The Trust's External Auditors, the Audit Commission, issued an unqualified opinion on the Trust's financial statements for 2010-11, and a limited assurance opinion for the Trust's Quality Account. Work is currently underway on a tender exercise with the Council of Governors for the appointment of External Auditors from 1 October 2012.

5.7. Counter Fraud Plan and progress

Counter Fraud update reports are received and discussed at each meeting of the AuC. Counter Fraud services are currently provided by RSM Tenon. Notable cases have included various allegations of staff working whilst on sick leave and work relating to providers of services to the Trust. Proactive work has included providing recommendations to the Trust on the implications of the new Bribery Act legislation, including the development of a draft Anti-Fraud Policy and Anti-Bribery Policy, and fraud awareness presentations to staff.

5.8. Board Assurance Framework

The Committee considers the Board Assurance Framework at each meeting. This sets out the Trust's strategic risks and the control measures in place to mitigate these. Consideration has been given to the alignment with the Trust's Risk Register, the management of which is reviewed by the Risk Management & Clinical Governance Committee.

5.9. Other governance issues

The AuC has received updates on the Trust's compliance with CQC registration, the NHSLA and IG Toolkit. In addition, the Committee receives regular summary reports from the Compliance & Assurance Working Group.

6. Recommendation

6.1. The Board are asked to note this report.