

# Board of Directors Meeting

# Report

**Subject:** Financial Governance  
**Date:** 27<sup>th</sup> February 2014  
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**Lead Director:** Fran Steele, Chief Financial Officer

## Executive Summary

As part of our discretionary requirements, in November 2012 KPMG carried out a review covering:

- 2012/13 financial plan;
- 2012/13 trading position;
- Deliverability of CIP ambitions; and
- Longer term financial viability.

To address the recommendations from the review an action plan was developed, which was submitted to Monitor in January 2013.

KPMG returned in November 2013 to review progress against the actions, obtaining evidence to confirm the completion of actions and meet with key officers to further confirm the completeness of actions and the process taken to manage the actions. The report confirmed that 18 actions out of 20 (90%) had been completed, with two being in progress.

The two remaining actions have now been confirmed as completed, and this was reported to Monitor on Friday 14<sup>th</sup> February 2014.

Due to commercial sensitivity it is not deemed appropriate to include the whole report, but below are the relevant extracts confirming completeness of the remaining two actions:

*“The Trust had completed, at November 2013, 18 actions out of 20 (90%) with two being in progress, which would not be completed within the timeframe of this review: 1) Forward looking financial reporting; and 2) Finance restructuring / transformation. However, our subsequent review of those outstanding actions, in February 2014, has highlighted progress in these two areas and we now consider the actions complete subject to them being fully embedded and the Trust reviewing the effectiveness of the actions taken.”*

Improvement area	Assessment of progress
Divisional financial support and challenge to be strengthened	<p><b>All actions completed</b></p> <p>Following review the Trust is restructuring its finance department. This is to create more customer focus and more resilience in the provision of support to the Trust divisions. Phase one of the workforce change, is now complete, phase two started 18 November 2013. The Trust has now enhanced its financial management support to divisions with the appointment of four Finance and Performance Managers. These roles will aid the transformation benefits realisation and business development. Over the next 12 months the new structure and roles need to embed to provide a complete customer centric service. The Trust must also review the effectiveness of these revised arrangements going forward.</p> <p>A Finance Transformation room has been set up to capture customer comments, provide information on business intelligence, management and leadership, transformation work streams, project plans.</p>

<p>Financial reporting to be simplified allowing more time for analysis and explanatory work</p>	<p><b>All actions completed</b></p> <p>The Trust has enhanced its finance report to the Finance and Performance Committee. The October 2013 report included, Income and Expenditure to date, 26 week cash flow, analysis of Monitor discretionary requirements, contract and activity performance and CIP. The report to the Board is consistent with the report to Finance and Performance Committee and, whilst shorter in length, does contain the same suite of information.</p> <p>The Trust supplements the finance report by a financial template which highlights the range of financial risk for 2013/14 and the best, most likely and worst case scenarios. The Trust should align this with the Income and expenditure reported to the Finance and Performance Committee and the Trust Board.</p> <p>The Trust now reports a cash management dash board to its Cash Committee. This dash board contains rolling cash flows and analysis of debtors and creditors to aid liquidity decisions and forecasts.</p>
<p><b>Recommendation</b></p> <p>Members are requested to agree that this review is satisfactorily completed.</p>	

Relevant Strategic Objectives (please mark in bold)	
Achieve the best patient experience	<b>Achieve financial sustainability</b>
Improve patient safety and provide high quality care	<b>Build successful relationships with external organisations and regulators</b>
Attract, develop and motivate effective teams	

<b>Links to the BAF and Corporate Risk Register</b>	BAF Strategic Objective 4: Financial sustainability.
<b>Details of additional risks associated with this paper</b> <i>(may include CQC Essential Standards, NHSLA, NHS Constitution)</i>	Not applicable
<b>Links to NHS Constitution</b>	Not applicable
<b>Financial Implications/Impact</b>	Not applicable
<b>Legal Implications/Impact</b>	Not applicable
<b>Partnership working &amp; Public Engagement Implications/Impact</b>	Not applicable
<b>Committees/groups where this item has been presented before</b>	PMO tracker presented to Executive Team, original Action Plan at Finance & Performance Committee
<b>Monitoring and Review</b>	Not applicable
<b>Is a QIA required/been completed? If yes provide brief details</b>	Not applicable