

Board of Directors: 08.03.18  
Agenda Item: Bo.3.18.22

## Report from Audit and Assurance Committee – 6 February 2018

<b>Presented by:</b>	Barrie Senior, Non-Executive Director & Audit Committee Chairman	<b>Author:</b>	Barrie Senior, Non-Executive Director & Audit Committee Chairman
<b>Previously considered by:</b>	N/A		

Key points	Purpose:
This paper provides a summary of the key matters that were discussed at the meeting of the Audit and Assurance Committee held on 6 February 2018.	To note and gain assurance

Executive Summary
<p>In its 6 February 2018 meeting the Committee considered and discussed:</p> <ul style="list-style-type: none"> <li>• Progress of plans for the preparation of the 2017/18 Accounts and Annual Report and Quality Report and the external audit thereof</li> <li>• Progress of internal audit activity in accordance with the 2017/18 Internal Audit Plan</li> <li>• Follow-up actions in respect of previous Internal Audit findings and recommendations</li> <li>• Progress of Counter Fraud activities within the Trust</li> <li>• Latest tender activity</li> <li>• Losses and special payments</li> <li>• Limitations on non-audit work that external auditors may perform</li> <li>• An update on CQC compliance activity</li> <li>• Remedial actions in the light of the delayed issue of GP letters following EPR implementation</li> <li>• Remedial actions to overcome deficiencies in waste segregation within the Trust identified by a recent internal audit review</li> </ul>

Financial implications:
No

Regulatory relevance:
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<b>NHSI:</b>	Quality Governance Framework
	Risk Assessment Framework

<b>Equality Impact / Implications:</b>	<p><b>Is there likely to be any impact on any of the protected characteristics?</b> (Age, Disability, Gender, Gender Reassignment, Pregnancy and Maternity, Race, Religion or Belief, Sexual Orientation, Health Inequalities, Human Rights)</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If yes, what is the mitigation against this?</p>
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<b>Other:</b>	CQC compliance
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<b>Strategic Objective:</b> <i>Reference to Strategic Objective(s) this paper relates to</i>	To provide outstanding care for patients
	To deliver our financial plan and key performance targets
	To collaborate effectively with local and regional partners

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## **Audit and Assurance Committee – 6 February 2018**

### **1. Introduction**

The purpose of this paper is to advise the Board of Directors of the key matters discussed at the Audit and Assurance Committee meeting held on 6 February 2018.

### **2. Key Matters discussed**

- A 'limited assurance' internal audit report in respect of the Short Stay Ward
- The lack of adequate measurable targets within the business case for the 'New Hospital Wing' Project
- The 'significant assurance' opinion on the General Data Protection Regulations internal audit being heavily dependent upon future actions ahead of the 25 May 2018 implementation deadline
- Revaluation of the Trust's land and buildings on a tight timescale for the purposes of the 31 March 2018 accounts
- Lessons learned from the delayed issue of GP letters following EPR implementation
- Actions being taken to achieve the acceptable segregation of waste within the Trust following a 'no assurance' internal audit report
- The intention to enhance the Committee's terms of reference and to seek approval thereof at the 3 April Committee meeting and then the 10 May Trust Board meeting.

### **3. Agenda Items**

#### **3.1 External Audit**

External Audit reported that audit planning work was well under way, with only a small number of matters still under discussion with Finance.

#### **3.2 Internal Audit Progress**

Internal Audit presented their progress report.

A summary of progress against the agreed Internal Audit Plan for 2017/18 was provided.

The Committee considered and accepted the reasons for and proposals to defer a number of audit reviews specified in the 17/18 Internal Audit Plan into 18/19, representing 92 days of planned audit effort.

The Committee discussed each of the audit reports finalised since the December 2017 Audit Committee meeting:

- BH/21/18 Patient Led Assessment of Care Environment – Significant Assurance

The Committee noted the report.

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- BH/22/18 Freedom to Speak Up (FTSU) – Significant Assurance

The Committee noted the report, noting that, in the opinion of Internal Audit, the Trust's approach to FTSU investigation handling, reporting and lessons learned is not yet fully embedded.

- BH/23/18 New Hospital Wing – Benefit Realisation– Significant Assurance

The Committee noted the report and expressed some concern that the benefits expected from this major project set out in the business case were not sufficiently measurable. The Committee was reassured that business cases do now include specific, measurable and time-framed expected benefits.

- BH/24/18 CQC Compliance – Well Led Framework

The Committee noted this update report, provided as planned without an audit opinion.

- BH/25/18 Short Stay Ward – Limited Assurance

The Committee noted this report, focusing on the limited assurance obtained by Internal Audit regarding ward processes/Standard Operating Procedures and performance monitoring. The Committee was reassured by the Acting Chief Operating Officer that the audit recommendations arising from this review are being addressed as quickly as possible.

- BH/26/18 Data Protection Act – Significant Assurance

The Committee noted this report and the fact that the Significant Assurance opinion is dependent upon a significant amount of effort and achievement so as to achieve compliance with the new General Data Protection Regulation legislation ahead of the 25 May 2018 implementation deadline.

- BH/27/18 Information Commissioner Office (ICO) Follow-Up – Significant Assurance

The Committee noted the satisfactory results of this follow-up of the consensual ICO review in November 2016.

- BH/28/18 Medicine Optimisation – Significant Assurance

The Committee noted the results of this review.

- BH/29/18 Standards of Business Conduct and Conflicts of Interest – Significant Assurance

The Committee noted the results of this review.

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### **3.3 Follow up of Internal Audit Recommendations (BH/30/18)**

The follow up report showing progress made against all agreed recommendations made in Internal Audit reports was discussed by the Committee. The Committee expressed the view that, whilst acknowledging management workloads, more should be done more speedily to implement all internal audit recommendations.

### **3.4 Counter Fraud Progress Report**

The Committee noted the continuing and increasing efforts by the Local Counter Fraud Service to prevent and detect fraud within the Trust.

### **3.5 Annual Accounts Update 2017/18**

The Committee received an update regarding the statutory accounts, annual report and quality report processes and timescales.

The Committee was further advised regarding progress to adopt an amended approach to valuing the Trust's land and buildings. The tight timescale for completing this exercise, and the likely results thereof, were questioned.

### **3.6 Exception reports**

The latest year to date analysis of tender activity and of losses and special payments were noted.

### **3.7 Use of external auditors for non-audit purposes**

The Committee considered and approved a policy designed to ensure Trust compliance with National Audit Office guidance as to the nature and extent of non-audit work that the Trust's external auditors can provide. The policy sets out permitted and prohibited activity, a total annual monetary limit as to non-audit fees (70% of audit fees) and a £25k accumulated annual limit above which any non-audit work requires prior Audit Committee approval.

### **3.8 CQC Compliance Process**

The Committee received a presentation from the Director of Governance & Corporate Affairs providing a progress report and reassurance regarding compliance actions arising from the 2014 and 2016 CQC inspections.

### **3.9 Clinical Correspondence Electronic Circulation Assurance**

The Committee received an update from the Director of Informatics (DoI) regarding the reason for the delayed distribution of a significant number of GP letters following the implementation of EPR. The DoI explained the remedial actions and lessons learned both by the Trust and the CCG. The Committee was reassured that no instances of resultant patient harm had been identified.

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### **3.10 Waste Segregation Update**

The Acting Chief Operating Officer and the Director of Estates & Facilities provided an update, in the light of a recent internal audit report, on actions to ensure appropriate segregation of waste throughout the Trust. The Committee was reassured that positive action was being taken and looks forward to further progress reports.

### **3.11. Audit Committee terms of reference and annual workplan**

The Committee Chairman deferred these items to the April Committee meeting to provide him with the opportunity and time to enhance the terms of reference and make related changes to the 18/19 workplan.

In the light of the anticipated changes to the terms of reference, all future 'general' Audit Committee meetings are now scheduled for up to 3 hours duration.

### **4. Escalation to the Corporate Risk Register and/or Board of Directors**

There were no items requiring formal escalation.

### **5. Recommendation**

The Board of Directors is asked to note this report.