

Meeting Title	Board of Directors		
Date	13.9.18	Agenda item	Bo.9.18.22

Report from Audit & Assurance Committee meeting, 7 August 2018

Presented by	Barrie Senior – Non-Executive Director and Audit Committee Chairman	
Author	Barrie Senior – Non-Executive Director and Audit Committee Chairman	
Lead Director	Barrie Senior – Non-Executive Director and Audit Committee Chairman	
Purpose of the paper	To provide an update regarding key matters covered in the Audit & Assurance Committee meeting on 7 August 2018	
Key control		
Action required	For information and assurance	
Previously discussed at/ informed by	Audit Committee members were consulted regarding draft report before its submission to Board	
Previously approved at:	Committee/Group	Date
Key Options, Issues and Risks		
Analysis		
Recommendation		
The Board is asked to note and derive assurance from this report.		

Risk assessment						
Strategic Objective	Appetite (G)					
	Avoid	Minimal	Cautious	Open	Seek	Mature
To provide outstanding care for patients		g				
To deliver our financial plan and key performance targets			g			
To be in the top 20% of NHS employers			g			
To be a continually learning organisation				g		
To collaborate effectively with local and regional partners					g	
The level of risk against each objective should be indicated. Where more than one option is available the level of risk of each option against each element should be indicated by numbering each option and showing numbers in the boxes.	Low		Moderate	High	Significant	
Explanation of variance from Board of Directors Agreed General risk appetite (G)	Risk (*)					

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Risk Implications (see section 4 for details)	Yes	No
Corporate Risk register and/or Board Assurance Framework Amendments	x	
Quality implications	x	
Resource implications	x	
Legal/regulatory implications	x	
Diversity and Inclusion implications		

Regulation, Legislation and Compliance relevance
NHS Improvement: (Risk assessment framework, quality governance framework, code of governance , annual reporting manual)
Care Quality Commission Domain: (<i>Safe, caring, effective, responsive, well led drop down</i>)
Care Quality Commission Fundamental Standard:
Other (please state):

Relevance to other Board of Director's Committee:					
Workforce	Quality	Finance & Performance	Partnerships	Major Projects	Audit & Assurance
x	x	x	x	x	N/A

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1	PURPOSE/ AIM
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To provide an update regarding key matters considered and discussed in the Audit & Assurance Committee meeting on 7 August 2018.

2	BACKGROUND/CONTEXT
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The agenda of the meeting held on 7 August was driven by the 2018/19 Audit and Assurance Committee Annual Workplan.

In the meeting, the Committee considered, discussed and, where appropriate, gained assurance regarding:

- Internal Audit activity since the last Committee meeting
- Latest follow-up activity undertaken by executive management in respect of earlier internal audit findings
- Presentation by Audit Yorkshire of a draft Internal Audit Charter
- The Clinical Audit Annual Report 2017/18
- The results of an Audit and Assurance Committee Annual Self-Assessment
- A report from the Chief Operating Officer regarding progress with remedial actions regarding Referral to Treatment (RTT) and Ambulance Handovers relating to External Audit findings during the review of the Quality Report 2017/18.

The Committee wishes to bring to the Board's attention a recommendation first made at the 10 May Board meeting with regard to Trust-wide business continuity planning – please see section 3.1 of the appended report.

3	RECOMMENDATIONS
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The Board is asked to note and derive assurance from this report.

4	Appendix
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Report included overleaf.

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Audit and Assurance Committee meeting on 7 August 2018

1. Introduction

The purpose of this paper is to inform the Board of Directors of the key matters discussed during the Audit and Assurance Committee meeting held on 7 August 2018.

2. Key Matters discussed

The key matters discussed during the course of the meeting were as follows:

2.1 Internal Audit Progress Report

Internal Audit presented their report of progress since the Committee meetings in May. In accordance with the risk-based Internal Audit Plan 2017/18, Internal Audit had completed seven audit reviews, five of which had been given 'Significant Assurance' opinions, with opinions not being relevant to the two remaining reviews.

Audit Report Summaries: The Committee considered, discussed and derived assurance from each of the seven audit reports that had been agreed with management since the May Audit and Assurance Committee meeting:

BH/01/2019 – Risk Register Benchmarking – no opinion planned or given

Audit Yorkshire had performed a benchmark study of six client Trusts to compare the types, numbers and ratings of risks included within their respective risk registers. The results, which were anonymised, did not give rise to any immediate concern. The report will be considered by the Integrated Governance & Risk Committee and comments fed back to the Audit and Assurance Committee.

BH/02/2019 – Cash Handling Follow Up – Significant Assurance

An internal audit review of Cash Handling was performed during 2017/18, resulting in 'limited assurance' opinion. The recent follow-up review showed marked improvements, with the majority of prior recommendations now having been satisfactorily actioned and the remainder well in progress.

BH/03/2019 – Patient Experience – Strategic Work Plan – Significant Assurance

The purpose of this review was to gain assurance that good patient experience is a key focus for the Trust. It identified significant areas of good practice. Five audit recommendations were made, 4 minor and 1 moderate. All are on track for completion by the end of September 2018.

BH/04/2019 – Infection Control; Sharps – Significant Assurance

The purpose of this review was to provide assurance that adequate management arrangements are in place regarding Infection Control related to sharps. The review

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confirmed that the Trust generally has satisfactory controls relating to managing this risk. Three minor issues and one moderate issue were identified relating to training compliance and staff awareness, three of which will be addressed by 30 September, with the remaining (minor) item being addressed by February 2019.

BH/05/2019 – Follow-up of recommendations (1) – no opinion planned or given

The latest assessment of management follow-up of internal audit recommendations demonstrated that good progress is being made on all fronts.

BH/06/2019 – Capital Projects – Significant Assurance

The purpose of this audit was to seek and provide assurance that the Trust has adequate arrangements in place to ensure that capital projects are effectively organised, controlled and monitored. The review confirmed that the Trust has appropriate controls to manage the review and approval of business cases for the funding of capital projects.

The review did, however, identify that not every single source tender document had been fully signed off as per Standing Financial Instructions. The Committee received reassurance that this will be remedied with immediate effect. The Committee has requested that:

- The newly appointed Head of Procurement provides the Committee with an early assurance presentation regarding the appropriateness and compliance of single source tender activity
- Full documentation for all recent single source tender activity be presented for review by the Committee at its October meeting.

BH/07/2019 – Consent: Human Tissue – Significant Assurance

The purpose of this review was to provide assurance that the recommendations made in the Consent: Human Tissue limited assurance audit performed in 2017/18 have been actioned or are being progressed to acceptable timescale. The review confirmed that all recommendations fully under the control of the Trust have been actioned. In Internal Audit's opinion the remaining actions, that require co-operation from the Coroner or another Trust, are being pursued satisfactorily.

2.2 Internal Audit Follow-up Activity

See BH/05/2019 above.

2.3 Draft Internal Audit Charter

Audit Yorkshire presented to the Committee a draft Internal Audit Charter setting out the formal basis on which Internal Audit Services are provided to the Trust. The Committee requested that the draft Charter be considered and accepted by the Trust's Executive Management Team before returning to the Committee for final approval.

2.4 Clinical Audit Annual Report 2017/18

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This report had already been considered and accepted by the Clinical Audit and Effectiveness Group, the Executive Management Team and by the Quality Committee. The Committee noted the content of the report and requested that the report go to Board for formal approval before publication.

2.5 Audit and Assurance Committee Annual Self Assessment 2018

The Committee formally reflected upon its recent work to perform an Annual Self Assessment utilising the checklists provided in the latest edition of the HFMA NHS Audit Committee Handbook. The assessment provided assurance in many respects but also identified areas for improvement:

- The Committee's current terms of reference make non-specific reference to its interaction with other Board Committees (and the terms of reference of those other Board Committees make no reference to the Audit Committee).
The Committee does not currently receive clear and timely reports from other Trust Committees which set out the assurances that they have received and their impact (either positive or not) on the Trust's assurance framework.

Proposed action – the terms of reference of the Committee, and of the other Board Committees, require modification so as to clarify their inter-relationships. (HFMA NHS Audit Committee Handbook, page 23: "While assurances come from a variety of sources and may fall within the remit of other board committees and sub-committees, it is the role of the audit committee to bring all this information together.")
This will require modification of the Audit Committee's, and other Committees' workplans, and may affect the future sequencing of meetings in the corporate calendar.

- The Committee noted that the Committee's terms of reference stipulate a membership of three NEDs and a quorum of two. Accepting that, from time to time, a member may be unavoidably absent, concern was expressed that a Committee of two is somewhat 'thin'.

Proposed action: give consideration to expanding Committee membership, whilst avoiding undue conflict with membership of other Board Committees.

- The Committee noted that the membership did not include anyone from a clinical background.

Proposed action: give consideration to the inclusion of a member with a suitable clinical background, whilst avoiding undue conflict with membership of other Board Committees.

- The Committee noted that its review of the effectiveness of the Trust's assurance framework was in progress but not yet concluded.

Proposed action: the Committee at least annually to receive, consider and be satisfied with:

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- An explanation of the Trust's assurance framework
- An explanation of Trust's risk management strategy and the Trust-wide risk management policies and procedures
- Assurance as to the effectiveness of the Trust's assurance framework and its risk management policies and procedures
- Full assurance coverage of all significant risks by one or more other Board committees

- The Committee felt that, on reflection, it was not assured that it receives and reviews all relevant evidence required to demonstrate compliance with all regulatory requirements.

Proposed action – the Committee shall seek evidence/assurance as to the Trust's compliance with all regulatory requirements (perhaps as part of an overall Trust assurance map).

- The Committee noted that it has not reviewed key Trust data against the data quality dimensions.

Proposed action – the Committee will seek assurance as to the acceptable quality of all key Trust data.

- The Committee concluded that its role with regard to monitoring, and being assured regarding, clinical audit was not defined with sufficient clarity in its terms of reference (and possibly in the terms of reference of the Trust's Quality Committee).

Proposed action – The Committee's role as regards clinical audit to be clarified in its revised terms of reference, in conjunction with ensuring appropriate complementary clarity in the terms of reference of the Quality Committee.

- The Committee noted the recommendation in the HFMA NHS Audit Committee Handbook that it should receive and discuss reports arising from quality inspections by the NHS Counter Fraud Authority.

Action already taken – the Committee has already sought confirmation that Local Counter Fraud Service (LCFS) will bring any such reports promptly to the attention of the Committee.

- The Committee concluded that it is not assured that it currently receives assurances from all relevant third parties that deliver key functions to the Trust (NHS Shared Business Services, private contractors, etc.).

Proposed action – the Committee to receive, at least annually, assurance from all relevant third parties.

A review of the main body of the HFMA NHS Audit Committee Handbook (4th Edition) and comparison to the self assessment checklists has highlighted certain omissions from the latter:

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- It is recommended that an Audit Committee seeks specific on-going assurance regarding clinical risks arising from financial pressures.

Proposed action – receipt of assurance from executive management and from the Finance & Performance and Quality Committees to be included in the Audit Committee annual workplan as standing items.

- It is recommended that an Audit Committee reviews evidence relating to a Trust's Continuing 'Fitness to Function'

Proposed action – to be included in the Committee's Annual Workplan

- It is recommended that an Audit Committee at least annually seeks assurance regarding the effectiveness of a Trust's 'whistleblowing' / Freedom to Speak Up arrangements.

Proposed action – to be included in the Committee's Annual Workplan

2.6 Progress Report: Referral to Treatment (RTT) and Ambulance Handovers

The Committee received a progress report from the Chief Operating Officer regarding actions to address the findings of External Audit during its review of the 2017/18 Quality Report relating to RTT and Ambulance Handovers. The Committee was reassured by the progress as reported.

3. Other matters

3.1 Business continuity planning

In the Committee's written and my verbal reports to the 10 May Board meeting I referred to the results of an internal audit review, BH/34/18 – Business Continuity – Limited Assurance. The adverse findings from this audit included:

- business continuity documents in draft,
- business continuity plans not in place for some wards/divisions,
- a lack of business continuity training,
- a lack of business continuity testing, and
- an EPR business continuity plan still in draft.

I recommended to the Board that Trust-wide business continuity planning (BCP) should be subject to review, with the aim of eliminating deficiencies and gaining assurance that our BCP arrangements are satisfactory. I suggested that this would probably require significant effort and constitute a major project. I suggested, and it was agreed, that the Major Projects Committee (MPC) should oversee this.

The above was not fully reflected in the draft minutes of the 10 May Board meeting. Although I raised this matter in advance, it was unfortunately not picked up in the review and acceptance of the draft minutes at the 12 July Board meeting, from which I was absent.

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I wish to restate my recommendation that Trust-wide BCP be subject to a thorough review and that necessary improvements are instigated, overseen by MPC and then subject to a further, full scope internal audit review.

3.2 Matters to escalate to Corporate Risk Register

None.

3.3 Other matters to escalate to the Board of Directors

None.

4 Recommendation

The Board of Directors is asked to note this report and the reassurance and assurance that it provides.