

Meeting Title	Board of Directors		
Date	7.3.19	Agenda item	Bo.3.19.27

REPORT FROM THE AUDIT & ASSURANCE COMMITTEE MEETING 5 FEBRUARY 2019

Presented by	Barrie Senior – Non-Executive Director and Audit Committee Chairman		
Author	Barrie Senior – Non-Executive Director and Audit Committee Chairman		
Lead Director	Matthew Horner, Director of Finance		
Purpose of the paper	To provide an update regarding key matters covered in the Audit & Assurance Committee meeting on 5 February 2019		
Key control	Identify if the paper is a key control for the Board Assurance Framework		
Action required	To note		
Previously discussed at/ informed by			
Previously approved at:	Committee/Group	Date	
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	
	Risk (*)					
Explanation of variance from Board of Directors Agreed General risk appetite (G)						

Risk Implications (see section 4 for details)	Yes	No
Corporate Risk register and/or Board Assurance Framework Amendments	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Quality implications	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Resource implications	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Legal/regulatory implications	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Diversity and Inclusion implications	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Regulation, Legislation and Compliance relevance

NHS Improvement: (please select those that are relevant)	
<input type="checkbox"/> Risk Assessment Framework	<input type="checkbox"/> Quality Governance Framework
<input type="checkbox"/> Code of Governance	<input type="checkbox"/> Annual Reporting Manual
Care Quality Commission Domain:	
Care Quality Commission Fundamental Standard:	
Other (please state):	

[illegible]

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1 PURPOSE/ AIM

To provide an update regarding key matters covered in the Audit & Assurance Committee meeting on 5 February 2019

2 BACKGROUND/CONTEXT

The agenda of the meeting held on 5 February was driven by the 2018/19 Audit and Assurance Committee Annual Workplan.

The key matters considered, discussed and from which, where appropriate, assurance was gained were:

- Quality Report Audit Guidance 2018/19
- Internal Audit Progress Report
- Counter Fraud Progress Report
- 2018/19 Annual Accounts Update
- Assurance regarding third party providers to the Trust
- Internal Audit Report Process
- Audit & Assurance Committee revised terms of reference
- CQC Inspection Report and Compliance Actions
- Update on Provider to Provider Limited Assurance Internal Audit Report
- Data Quality
- Self-Certification of the NHS Provider Licence
- Board Assurance Framework

3 PROPOSAL

4 RISK ASSESSMENT

5 RECOMMENDATIONS

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

6 Appendices

Report included overleaf

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Audit and Assurance Committee meeting – 5 February 2019

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 5 February 2019.

2. Key Matters discussed

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

2.1 Quality Report Audit Guidance 2018/19

The Committee noted the update provided by External Audit regarding NHSI's requirements for 2018/19 Quality Reports.

The mandated indicators for audit scrutiny were confirmed as:

- Percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge
- Maximum waiting time of 62 days from urgent GP referral to first treatment for all cancers

It was noted that NHSI “strongly recommend” that the Summary Hospital-level Mortality Indicator (SHMI) should be selected as the local indicator for 2018/19. The Trust has adopted this recommendation.

2.2 Internal Audit Progress Report

Internal Audit presented their report of progress since the Committee meeting in December.

The Committee considered the justifications for the deferral or cancellation of seven Internal Audit reviews in the 2018/19 plan. All were accepted and approved.

The Committee noted continued 100% compliance with Internal Audit Key Performance Indicators relating to Internal Audit reporting and agreement with management.

The Committee sought and received reassurance that completion of the 2018/19 Internal Audit Plan was on track and that sufficient resources are available so as to achieve completion within timescale.

In accordance with the risk-based Internal Audit Plan 2017/18, since the December Committee meeting Internal Audit had produced six further audit reports agreed with management with:

- One ‘High Assurance’ rating
- Three ‘Significant Assurance’ ratings

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- One 'Limited Assurance' rating

and one report, providing an update on follow up of Internal Audit recommendations, not requiring a rating.

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

BH/26/2019 - Safer Staffing; Safe Care (Acuity Scoring) – High Assurance

The objective of the review was to provide assurance that the Health Roster Safe Care module is being effectively utilised in recording and reporting accurate staffing mix data.

The review confirmed that Safe Staffing is a key focus for the Trust and is supported by a sound system of recording, monitoring and assessment of acuity of care based upon the levels of staff available and the health needs of patients on each ward.

One minor audit recommendation was made and accepted, for completion by 28 February.

BH/27/2019 – Risk Management Framework and Strategy – Significant Assurance

The objective of the review was to provide assurance that the Trust has effective and embedded risk management processes in place.

The review confirmed that the Trust has appropriate and effective controls in place to ensure that divisional risks are raised, reviewed, updated and reported on, with escalation where appropriate.

Internal Audit noted that the Trust has made significant advances in risk management since the last Internal Audit review in April 2017. Internal Audit observed that divisional personnel are now fully aware of the required risk management processes and procedures.

The review generated three moderate and five minor recommendations. The Committee was satisfied with the agreed deadlines.

BH/28/2019 – Short Stay Ward; Follow Up of Limited Assurance Report – Limited Assurance

The objective of the review was to provide assurance that the recommendations made in the previous Internal Audit report (BH/25/2018) had been implemented.

The Committee expressed concern that the follow up had resulted in yet a further Limited Assurance opinion.

The Chief Operating Officer attended the meeting to reassure the Committee that the matter was receiving urgent attention and that the four outstanding recommendations (two major, two moderate) would all be fully implemented by 31 March 2019.

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BH/29/2019 – Recruitment – Significant Assurance

The objective of the audit was to provide assurance that there is a rigorous and equitable recruitment process to select appointees and to verify their suitability to work for the Trust.

The audit identified a sound system of internal control to protect against unsuitable individuals being employed by the Trust. The review confirmed that there are policies and procedures in place to enable a rigorous and fair recruitment process.

The review generated three recommendations, all minor.

BH/30/2019 – IT Asset Management/Maintenance – IT Portfolio Management and Maintenance – Significant Assurance

The objective of the audit was to provide assurance that effective systems and processes are in place and being adhered to in order appropriately to manage the Trust's owned IT assets.

The review provided significant assurance regarding the arrangements and controls in place regarding hardware and software asset management and maintenance.

The review generated four moderate and one minor recommendation, four of which are due for completion by 31 March and one by 31 May.

BH/31/2019 – Follow Up of Internal Audit Recommendations

The Committee challenged latest status regarding completion of Internal Audit recommendations and was satisfied with progress.

2.3 Counter Fraud Progress Report

The Committee noted with satisfaction the latest progress in counter fraud activities within the Trust.

The Committee noted the data recently issued by the NHS Counter Fraud Authority analysing the estimated amounts of fraud loss by thematic area across the NHS. The Committee asked that Counter Fraud and Internal Audit give consideration to whether the Trust's counter fraud and internal audit activity is weighted appropriately in accordance with these loss levels.

The Committee was pleased to note that Counter Fraud is assisting in strengthening the Trust's processes and controls to reduce revenue losses relating to the treatment of overseas visitors.

2.4 2018/19 Annual Accounts Update

The Committee received an update regarding latest developments in Accounting Standards and their limited actual or potential impacts upon the Trust relating to:

- Revenue from contracts with customers (IFRS 15)

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- Financial instruments (IFRS 9)
- Leases (IFRS 16), applicable from 2020/21

The Committee received an update from Finance and External Audit regarding the two most significant accounting and audit issues facing the Trust this year:

- Valuation of Trust assets, and the adoption of Modern Equivalent Asset Value (MEAV)
- The accounting implications of the existence of and the potential commencement of activity by the Trust's wholly owned subsidiary, Bradford Healthcare Facilities Management Limited.

Both of the above issues will be further considered at the Committee's April meeting, when further information should be available.

2.5 Assurance regarding third party providers to the Trust

The Audit Committee Self Assessment exercise earlier in the year identified as good practice ensuring assurance regarding all key third party providers to the Trust. The Deputy Director of Finance provided a further update regarding work to ensure that all key third party providers to the Trust have been identified and that the ability of each provider to support the Trust is assured. Work on this continues and a further progress report will be provided to the Committee at its April meeting.

2.6 Internal Audit Report Process

The Director of Finance presented a proposal that instead of all Internal Audit reports being formally tabled at Executive Management Team meetings this should be restricted to Limited and No Assurance reports only. Given that all Internal Audit reports, regardless of opinion rating, are presented to and discussed with the relevant Executive Director(s) the Committee agreed that this seemed appropriate.

The Committee did request that it was ensured that all Internal Audit reports are shared with the Chief Executive, as the Trust's Accountable Officer.

2.7 Audit & Assurance Committee revised terms of reference

The Committee formally approved the revised terms of reference emanating from the Committee Self Assessment process earlier in the year and incorporating the revised relationship with other Board Committees. The revised terms of reference will be presented at the Board meeting on 7 March for Board approval.

2.8 CQC Inspection Report and Compliance Actions

The Committee received a helpful and reassuring progress update from the Director of Governance and Corporate Affairs.

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2.9 Update on Provider to Provider Limited Assurance Internal Audit Report

The Chief Operating Officer provided the Committee with reassurance that effective and timely progress has been made to rectify deficiencies in provider to provider contracts and contract management procedures, processes and controls.

2.10 Data Quality

In the absence of the Chief Digital and Information Officer, the Chief Operating Officer provided a verbal update regarding data quality within the Trust, focussing predominantly upon EPR data quality.

The Chief Digital and Information Officer is to attend the Committee's April meeting to provide assurance regarding processes and controls to ensure Trust-wide data quality, and the quality of information flowing from that data.

2.11 Self-Certification of the NHS Provider Licence

The Audit Committee Self Assessment exercise earlier in the year identified as good practice ensuring assurance regarding the Trust's compliance with its licence conditions. The Director of Governance and Corporate Affairs provided to the Committee an update on enhanced procedures and controls to ensure and demonstrate compliance, prior to the self-certification being further considered by the Committee in April and by the Board in May.

2.12 Board Assurance Framework (BAF)

The Director of Governance and Corporate Affairs presented the latest version of the BAF and Corporate Risk Register and pointed to the need/opportunity to improve how the BAF is populated and used. Closer and more frequent cooperation with Executive Directors is planned, and BAF training is to be made available to Non-Executive Directors.

3. Other matters

3.1 Matters to escalate to Corporate Risk Register

None

3.2 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.