

Meeting Title	Board of Directors		
Date	12.9.19	Agenda item	Bo.9.19.32

## REPORT FROM THE AUDIT & ASSURANCE COMMITTEE MEETING 30 JULY 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 30 July		
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	
<b>Explanation of variance from Board of Directors Agreed General risk appetite (G)</b>	Risk (*)					

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

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

[illegible]

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<b>1</b>	<b>PURPOSE/ AIM</b>
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To provide an update regarding key matters covered in and relating to the Audit & Assurance Committee meeting on 30 July 2019.

<b>2</b>	<b>BACKGROUND/CONTEXT</b>
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The agenda of the meeting held on 30 July 2019 was driven by the 2019/20 Audit and Assurance Committee Annual Workplan.

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

- Business Continuity Planning Update
- External Audit Performance Review
- Internal Audit Progress Report
- Local Counter Fraud Specialist (LCFS) Communication Strategy
- Counter Fraud Progress Report
- Follow-up report: Safeguarding Domestic Violence in A&E
- Appropriateness of single tender waivers
- Standing Orders – Proposed Changes
- Developments in Accounting Standards
- Board Assurance Framework and Strategic Risk Register / Board Committee Oversight
- Clinical Audit Annual Report
- Freedom to Speak Up report

<b>3</b>	<b>RECOMMENDATIONS</b>
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The Board is asked to note and derive assurance from this report.

<b>4</b>	<b>APPENDIX</b>
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Report included overleaf

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## **Audit and Assurance Committee Report to the Board, 12 September 2019**

### **1. Introduction**

The purpose of this paper is to inform the Board of Directors of the key matters discussed and considered during and in relation to the Audit and Assurance Committee meeting held on 30 July 2019.

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

#### **2.1 Business Continuity Planning Update**

Further to a recent Internal Audit review, the Committee received an update regarding Business Continuity Planning within the Trust. The review had shown that three key documents were outstanding and the following update information was provided to the Committee:

- Business Continuity Framework and Guidance  
Work on mapping out all areas that require a Business Continuity Plan (BCP), to be completed during Q3 19/20.
- Information Systems Business Continuity Management Plan  
Due to be tested during Q3 19/20
- Electronic Patient Record (EPR) Business Continuity Plan  
Due to be tested during Q4 19/20

The Committee requested that it be provided with assurance at its next meeting that the Trust's Business Continuity risks have been fully and accurately identified and assessed, together with a progress report regarding developing the Framework, Guidance and Plans.

#### **2.2 External Audit Performance Review**

The Deputy Director of Finance reported that a post-audit review discussion had been held with Deloitte and some minor points for improvement discussed and agreed upon.

The Committee Chairman noted that a private meeting between the Committee and Deloitte after the 23 May Committee meeting had not identified any matters of concern.

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### **2.3 Internal Audit Progress Report**

Internal Audit reported that three audit reports had been finalised since the 23 May Committee meeting:

#### **BH/01/2020 - Charitable Funds – *Significant Assurance***

The objective of this review was to provide assurance that charitable funds are fully collected, held securely, and administered and accounted for correctly and completely. The review found that there is a sound system of control with only three minor recommendations.

#### **BH/02/2020 – Pharmacy and Medicine Management – Theatre Stock – follow-up of Limited Assurance Report – *Significant Assurance***

The purpose of this review was to provide assurance that the recommendations made in an earlier audit report (BH/09/2019) have been implemented or satisfactorily progressed. Three matters, one 'moderate' and two 'minor', were identified as requiring further attention.

#### **BH/03/2020 – Pharmacy and Medicine Management – Controlled Drugs – *Significant Assurance***

The objective of this review was to provide assurance that the key risks surrounding controlled drugs are being managed in line with controlled drugs legislation and guidance.

The Committee noted the overall Significant Assurance opinion and that this was derived from averaging one High, two Significant and one Limited assurance ratings from the four areas of audit activity.

The Committee noted that the review had resulted in four Moderate and three Minor recommendations and expressed hope that the 30 October 2019 deadlines for each of these would be met.

On a general point regarding Internal Audit recommendations, the Committee acknowledged the pressures under which Trust management are operating but asked, once again, that management ensure that internal audit recommendation deadlines are set as tightly as possible, and then met.

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#### **2.4 Local Counter Fraud Specialist (LCFS) Communication Strategy**

The Committee considered and noted this report.

#### **2.5 Counter Fraud Progress Report**

The Committee noted this report confirming good progress in line with the 2019/20 Counter Fraud Plan.

The Committee noted plans to improve and increase scrutiny of payroll data better to protect against and detect payroll fraud.

#### **2.6 Follow-up report: Safeguarding Domestic Violence in A&E**

The Chief Operating Officer attended the meeting to provide an update regarding actions to address the two Moderate and three Minor recommendations in the Significant Assurance Internal Audit Report (BH/20/2019).

The Committee noted the good progress that had been made.

#### **2.7 Appropriateness of Single Tender Waivers**

The Trust's Strategic Head of Procurement (SHP) attended the meeting to provide an update regarding the Single Tender Waiver (STW) process.

The Committee noted the good progress that has been made and was reassured by the SHP's confirmation that the waiver process is being appropriately enforced with clear reasoning against the waiver criteria set out in the SFIs but that, as Estates continue to do their own procurement and STWs, further work is required so as to achieve a similar level of assurance as regards Estates' procurement / STWs.

#### **2.8 Standing Orders – Proposed Changes**

The Committee noted that the changes proposed were of a cosmetic nature pending a fuller review and refresh of Standing Orders and Standing Financial Instructions in the next few months associated with setting up the Wholly Owned Subsidiary. The Committee agreed to recommend that the Board accept the proposed changes.

#### **2.9 Accounting Standards – Latest Developments**

The Deputy Director of Finance (DDoF) reported that HM Treasury has now confirmed that International Financial Reporting Standard 16 (IFRS16), relating to accounting for leases, will be implemented by NHS bodies with effect from 1 April

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2020. This means that IFRS16 will impact upon the 2020 prior year comparatives in 2021 accounts.

The DDoF confirmed that work is in progress to determine the numbers impact of adopting IFRS16 with the work planned to be completed by November. A further progress report will be presented at the Committee's October meeting.

### **2.10 Board Assurance Framework (BAF) and Strategic Risk Register (SRR) / Board Committee Oversight**

The Committee noted the good progress made in recent months regarding the content and consideration of the BAF and SRR, and the derivation of assurance, by Board Committees and by the Board. The Committee Chairman reported that he intended to liaise with other Committee Chairs in the coming months, ahead of other Committees submitting their first annual reports in accordance with Appendix 1 of their respective terms of reference.

### **2.11 Clinical Audit Annual Report 2018/19**

The Committee noted the report and that it had previously been considered and approved by the Clinical Audit & Effectiveness Committee and by the Quality Committee. Based upon its review of the report and taking account of the prior approvals, the Committee was satisfied that the report provided adequate assurance regarding clinical audit activity during 2018/19.

### **2.12 Freedom to Speak Up report**

The Committee received a progress report from the Deputy Chief Nurse and, the report having previously been reviewed and accepted by the Quality Committee and by the Board, noted and was assured by the report.

## **3. Other matters**

### **3.1 Matters raised in the meeting to escalate to Corporate Risk Register**

None.

### **3.2 Other matters to escalate to the Board of Directors**

None.

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#### **4 Recommendation**

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

Barrie A Senior FCA  
Chairman  
2 September 2019