

Meeting Title	Board of Directors		
Date	10.9.20	Agenda item	Bo.9.20.25

## REPORT FROM THE AUDIT & ASSURANCE COMMITTEE MEETING 29 JULY 2020

Presented by	Matthew Horner, Director of Finance		
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 10 and 16 June 2020		
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
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<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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## Report of the Audit & Assurance Committee to Board, 10 September 2020

### 1 PURPOSE/ AIM

To provide an update regarding key matters covered in and relating to the Audit & Assurance Committee meeting on 29 July 2020.

### 2 BACKGROUND/CONTEXT

The agenda of the meeting held on 29 July was driven by the 2020/21 Audit and Assurance Committee Annual Workplan.

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

- Board Assurance Framework and Strategic Risk Register, coupled with Board Committee assurance
- Assurance Framework and Map

and also:

- Annual External Audit Performance Review
- Annual Internal Audit Performance Review
- Internal Audit Progress Reports
- Counter Fraud Developments
- Internal Audit Report – Nursing Assessment and Care Plans
- Cyber Security Update
- Data Quality Assurance
- Clinical Audit Annual Report
- Quality Account 2019/20 Assurance
- Effectiveness of Whistleblowing/Freedom to Speak Up Arrangements

### 3 RECOMMENDATIONS

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

### 4 APPENDIX

Report included overleaf

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## **Audit and Assurance Committee Report to the Board, 10 September 2020**

### **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 29 July 2020.

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

- **Board Assurance Framework (BAF) and Strategic Risk Register (SRR), coupled with Board Committee assurance**

The Committee noted that neither the BAF nor the SRR had been subject to the usual Board Committee scrutiny since the stepping down of Board Committees in February, necessarily as a result of Covid-19 restrictions. However this had not been compensated for by an increased level of direct Board/Regulation Committee scrutiny.

The Committee also noted that the stepping down of the Board Committees had prevented the production and delivery of Board Committee annual assurance reports for consideration by the Audit & Assurance Committee, on behalf of the Board, in accordance with Committees' terms of reference.

Whilst noting verbal reassurances that executive management have continued to maintain the BAF and SRR in the normal way, the Committee concluded that it was not sufficiently assured by the BAF and SRR, particularly with regard to the completeness of 'gaps in control' and 'gaps in assurance' recognition and response.

The Committee Chairman confirmed that he had suggested to the Trust Chairman that, pending the introduction and implementation of an effective revised governance structure, the Board and/or Regulation Committee should exercise quasi-Board Committee level of scrutiny of the BAF and SRR so as to ensure adequate assurance.

The Head of Internal Audit reported to the Committee that Board Committees at Audit Yorkshire's other clients had already been reinstated after the 'Covid shutdown'.

The Committee noted the now long outstanding action for there to be a Board development session on the development, use and completeness of assurance of the BAF and SRR. The Committee was keen to see this now carried through in the development and roll-out of the revised governance structure.

- **Assurance Framework and Map**

The Committee noted that this document provides a useful overview of some of the key building blocks that are in place to provide assurance within the Trust regarding the pursuit and achievement of the Trust's strategic objectives and the effective management of risks.

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The Committee noted however that the Framework and Map contains no reference to Board Committees or their replacement(s), pending the revised governance arrangements becoming clear.

The Committee looked forward to receiving, assessing and evaluating a revised version of the Assurance Framework and Map reflecting in full the proposed new governance structure.

#### **Other matters discussed**

- **Annual External Audit Performance Review**

The Committee awaits the results of a meeting between Finance and External Auditors to discuss and assess the 2019/20 audit process and to identify any improvements for the new year.

In the meantime, the Committee notes the efforts of all concerned successfully to conclude the 2019/20 audit during Covid-19 restrictions.

- **Annual Internal Audit Performance Review**

The Trust's Internal Audit function is supplied by Audit Yorkshire. The Committee was pleased to note the results of the recent Internal Audit External Quality Assessment of Audit Yorkshire performed by the Chartered Institute of Public Finance and Accountancy (CIPFA). CIPFA has concluded that Audit Yorkshire fully complies with Public Sector Internal Audit Standards.

Here too, the Committee notes the efforts of Internal Audit and management personnel successfully to complete the 2019/20 Internal Audit Plan.

- **Internal Audit Progress Reports**

The Committee considered and approved the retiming of certain audits included in the previously approved 2020/21 Internal Audit Plan.

The Committee sought and received reassurance that there is a reliable process in place to identify and accommodate changes to the Internal Audit Plan arising from Covid pressures and restrictions, all to be subject to Audit & Assurance Committee approval.

Following the late completion of the 2019/20 Internal Audit Plan, that was due to Covid delays, only two audits from the 2020/21 Internal Audit Plan had so far been completed. The Committee noted the 'high assurance' opinion attributed to the Organisational Leadership Benefits Realisation audit and suggested that the report be circulated to all Board members. The audit of Ambulance Handovers had resulted in a 'significant assurance' opinion, with only one 'moderate' priority recommendation.

- **Counter Fraud Developments**

The Committee sought and obtained:

- Reassurance regarding the controls over the awarding of contracts and the avoidance of bribery, to be supplemented by further Internal Audit scrutiny and participation in a National Fraud Initiative.

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- Reassurance that Covid-19 has not given rise to an increase in fraudulent activity.

- **Internal Audit Report – Nursing Assessment and Care Plans**

The Chief Nurse attended the meeting to report and answer questions on this limited assurance audit report finalised in June. The report included three Moderate and one Minor recommendations.

The Chief Nurse confirmed that this audit had been requested by management after Nursing Assessment and Care Plans had been identified as an area of concern requiring improvements. 'Deep dive' investigation had confirmed that the concern related in large measure to the documentation of care rather than the delivery of care itself.

Whilst the EPR system caters for nursing assessment and care plans, it does so in a way that does not fully meet the Trust's, or Calderdale & Huddersfield's (CHFTs), requirements. The required enhancements to the EPR system are 'in the queue' for attention and, in the meantime the Trust is working with CHFT to identify interim fixes and workarounds.

- **Cyber Security Update**

The Committee noted the continuing vigilance to protect the Trust against cyber attack, including the completion of a self-assessment using a framework provided by the National Cyber Security Centre. The self-assessment shows that the Trust continues to have strong technical protection.

In addition, two independent cyber security assessments have been successfully completed, including one that has resulted in the Trust achieving ISO27001 accreditation. This accreditation provides assurance that the Trust has the correct controls, staff and processes in place to manage IT security.

- **Data Quality Assurance**

The Committee noted the latest update on Trust-wide data quality and the marked increase in related governance and controls due to the launch of the Data Quality Framework, Data Governance Board and continued focus on improvement plans.

The Committee felt that data quality was a topic deserving of Board-wide scrutiny at a Board Development session. It was felt appropriate to explore the causes, implications and remedial actions relating to data quality kite mark analysis appended to Board dashboard reporting.

- **Clinical Audit Annual Report**

The Committee noted this report had not yet been finalised, in part due to the National Audit Programme being suspended in February 2020 and also the redeployment of the Clinical Audit team due to Covid-19. The draft report was now complete and awaiting review by Board Committee/academy prior to being shared with the Audit & Assurance Committee.

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- **Quality Account 2019/20 Assurance**

The Committee noted the revised timetable for the completion and submission of the Quality Account and the removal of the requirement for external audit review.

The Committee noted that the Executive Management Team would in August consider whether voluntarily to commission external scrutiny of the Quality Account and then for the Regulation Committee to make a decision on this matter.

- **Effectiveness of Whistleblowing/Freedom to Speak Up (FTSU) Arrangements**

The Committee noted that the Trust's whistleblowing/FTSU arrangements were previously monitored by the Workforce and Quality Committees prior to those committees being stood down due to Covid. The arrangements are reviewed each quarter by a group led by the Trust Chairman.

**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.

**4 Recommendation**

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

Barrie Senior  
Chairman – Audit & Assurance Committee

3 September 2020