

Meeting Title	Board of Directors		
Date	12.11.20	Agenda item	Bo.11.20.19

REPORT FROM THE AUDIT & ASSURANCE COMMITTEE MEETING 13 OCTOBER 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 o13 October 2020		
Key control			
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	
Explanation of variance from Board of Directors Agreed General risk appetite (G)	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 type="checkbox"/>	<input checked="" type="checkbox"/>

Regulation, Legislation and Compliance relevance

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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):

Relevance to other Board of Director's Committee: (please select all that apply)					
Workforce	Quality	Finance & Performance	Partnerships		Other (please state)
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Regulation Committee

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Report of the Audit & Assurance Committee to Board, 12 November 2020

1	PURPOSE/ AIM
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To provide an update regarding key matters covered in and relating to the Audit & Assurance Committee meeting on 13 October 2020.

2	BACKGROUND/CONTEXT
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The agenda of the meeting held on 13 October 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

and also:

- External Audit Plan 2020/21
- Internal Audit Progress Report
- Effectiveness of the Trust's Counter Fraud, Bribery and Corruption Policies and Procedures / Counter Fraud Progress Report
- Clinical Audit Update
- CQC Compliance Update
- Audit & Assurance Committee Annual Report to Board 2019/20
- Audit & Assurance Committee Annual Self Assessment and Terms of Reference review

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 Report to the Board, 12 November 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 13 October 2020.

2. Key Matters discussed

- **Board Assurance Framework (BAF) and Strategic Risk Register (SRR)**

The meeting was attended by the Director of Strategy & Integration for this agenda item.

It was agreed that, as part of defining the Trust's new governance structure, it was important to devise and agree an appropriate path by which, ultimately, assurance is provided to the Board. Such assurance to be in respect of the effective management of key strategic risks so as to ensure the achievement of the Trust's strategic objectives.

It was agreed that, as part of the flow of assurance from management to sub-committees to Academies/Committees to Regulation Committee to Board, the Audit Committee will have a key role to play in ensuring the effectiveness of assurance gathering, assessment and reporting.

It was recognised that there was the potential for duplication of effort by the Regulation Committee and the Audit Committee in assessing and conveying assurance to the Board.

It was felt that a suitable distinction so as to avoid unnecessary duplication of effort could be achieved by the Audit Committee, on behalf of the Board, assessing and being satisfied with the assurance gathering, assessment and reporting process whilst leaving the Regulation Committee to play a key role in the operation of that process.

It was agreed that it would be beneficial, as part of the new governance structure, to ensure as far as is possible the orderly sequential flow of assurance, passing from management to sub-committees to Academies/Committees to Regulation Committee to Board. This would ensure that assurance passes up to Board in a timely manner and without assurance reporting being presented, say, to Board without full prior and sequential consideration and approval at 'lower levels'.

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The Committee once again noted that scrutiny of the SRR and BAF has been diminished since the Board Committees were suspended due to Covid-19 restrictions. The Committee looked forward to assessing and then observing enhanced scrutiny as part of the new governance arrangements. In particular, the Committee was keen to receive robust assurance as to the accuracy and completeness of the SRR and BAF.

The Committee looked forward to playing its part, on behalf of the Board, in assessing, from an assurance and wider good governance perspective, the proposed new terms of reference for:

- Sub-committees
- Academies
- Committees (including the Audit Committee)
- Regulation Committee
- Board

The Committee discussed with the Director of Strategy & Integration and with Internal Audit the potential for Internal Audit to review and provide comments on both the proposed new governance structure and the operation of that structure after, say, six months of operation.

Other matters discussed

- **External Audit Plan 2020/21**

External Audit reported that, as a result of uncertainties arising due to Covid-19, it is not yet possible to produce a plan for the audit of the Trust's 2020/21 financial statements and reports. External Audit will monitor the situation in conjunction with Financial Management and, if feasible, present the plan at the Committee's 1 December meeting.

- **Internal Audit Progress Report**

Internal Audit presented four audit reports finalised since the July Audit Committee meeting:

BH/02/2021 Facilities Management – Laundry – Significant Assurance

The objective of this review was to provide assurance that there are adequate systems and controls in place for the management of Laundry Services in line with national guidance.

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The review identified that system controls are in place to meet laundry standards as set out in legal and statutory requirements. Only two minor audit recommendations were made.

BH/03/2021 Freedom of Information – High Assurance

The objective of this audit was to provide assurance that the Trust processes for managing Freedom of Information (FoI) requests are processed in accordance with the Freedom of Information Act 2000. The Committee was pleased to note no audit recommendations having arisen.

BH/04/2021 Maternity Improvement Plan – Significant Assurance

The objective of this audit was to provide assurance that the Trust has made adequate progress in implementing the ‘must do’ recommendations made by the CQC in their April 2020 Inspection Report.

The audit confirmed that significant work has been done, with all required actions either having been completed or clearly scheduled for timely completion.

BH/05/2021 Follow Up of Internal Audit Recommendations – No Opinion

The Committee noted the clearance of a small number of old outstanding recommendations and good progress being made with the remaining recommendations, albeit with some delays as a result of Covid-19.

The Committee considered and approved the deferral of three planned audits, albeit still to be completed during 2020/21:

- Information Asset Register – Follow Up of Limited Assurance Report
- Claims Management
- Incident Reporting/Management; Quality Oversight System

The Committee was reassured that, where possible, Internal Audit resource freed up by these deferrals would be deployed onto other reviews within the 2020/21 Internal Audit Plan so as to ensure overall progress and without an excess of audits to be undertaken towards the end of the 2020/21 year.

The Committee noted the efforts of Internal Audit, in conjunction with Trust management, to make best progress with the 2020/21 Internal Audit Plan despite the constraints imposed as a result of Covid-19.

- **Effectiveness of the Trust’s Counter Fraud, Bribery and Corruption Policies and Procedures / Counter Fraud Progress Report**

The Committee was reassured by the progress reported by Local Counter Fraud Service.

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- **Clinical Audit Update**

The Trust's Chief Medical Officer (CMO) attended the meeting to provide an update regarding Clinical Audit.

The CMO pointed to the Trust's focus on Quality Improvement, of which Clinical Audit is a component. He referred to the Quality Oversight Report, due to be presented to the Regulation Committee on 14 October, which sets out Clinical Audit activity undertaken, the step changes and improvements made in response to national audit results, and how audit objectives were then reassessed.

The CMO drew the attention of the Committee to a gap in the Clinical Audit Programme, namely recognising how good the Trust is in providing patient care: there have been a significant number of national audits in which the Trust has been rated in the top quartile. The CMO offered his ambition for BTHFT to be recognised as the best hospital for treating the sickest patients, and offered his view that the enablers exist to allow this to happen.

- **CQC Compliance Update**

The Committee was reminded of the CQC action plan progress report considered at the September Board meeting and deemed to be satisfactory.

- **Audit & Assurance Committee Annual Report to Board 2019/20**

The draft report was approved by the Committee for onward transmission to Board.

- **Audit & Assurance Committee Annual Self-Assessment and Terms of Reference review**

The Committee reflected upon both its terms of reference (ToR), which comply with and are based upon the model ToR in the HFMA Audit Committee Handbook, and upon the satisfactory results of the Committee's self assessment in late 2019 utilising the checklists in that same Handbook.

The Committee concluded that its performance by reference to the self assessment checklists remained effective. It was agreed that the next formal self assessment should await the specification and implementation of the Trust's new governance arrangements.

The Committee concluded that its ToR remained appropriate for the time being pending the revision of the Trust's governance structure, including the Committee's ToR.

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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

5 November 2020