

Board of Directors: 20 May 2021  
 Agenda Item: Bo.5.21.13

## REPORT FROM THE AUDIT COMMITTEE MEETING 6 APRIL 2021

<b>Presented by</b>	Matthew Horner, Director of Finance	
<b>Author</b>	Barrie Senior – Non-Executive Director and Audit Committee Chairman	
<b>Lead Director</b>	Matthew Horner, Director of Finance	
<b>Purpose of the paper</b>	To provide an update regarding key matters covered in the Audit Committee meeting on 6 April 2021	
<b>Key control</b>		
<b>Action required</b>	To assure	
<b>Previously discussed at/informed by</b>		
<b>Previously approved at:</b>	<b>Committee/Group</b>	<b>Date</b>
<b>Recommendation</b>		
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 type="checkbox"/>	<input checked="" type="checkbox"/>

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<b>Regulation, Legislation and Compliance relevance</b>
<b>NHS Improvement: (please select those that are relevant)</b> <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Risk Assessment Framework  <input type="checkbox"/> Code of Governance         </div> <div> <input type="checkbox"/> Quality Governance Framework  <input type="checkbox"/> Annual Reporting Manual         </div> </div>
<b>Care Quality Commission Domain:</b> Choose an item.
<b>Care Quality Commission Fundamental Standard:</b> Choose an item.
<b>Other (please state):</b>

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

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## Report of the Audit Committee to Board, 20 May 2021

<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 Committee meeting on 6 April 2021.

<b>2</b>	<b>BACKGROUND/CONTEXT</b>
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The agenda of the meeting held on 6 April was driven by the 2020/21 Audit Committee Annual Workplan.

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

- Charitable Funds Annual Report and Accounts 2019/20
- Internal Audit Operational Plan 2021/22
- Internal Audit Progress Report
- Follow up of Internal Audit Recommendations
- Limited Assurance Internal Audit Report – Endoscopy
- Counter Fraud Plan 2021/22, Counter Fraud Progress Report April 2021
- Appropriateness of single source tenders
- Board Assurance Framework and Strategic Risk Register
- Effective management of clinical risks arising from financial pressures
- Quality Management System
- Business Continuity Planning (BCP)
- Emergency Preparedness, Resilience and Response (EPRR)
- Governance Review - update

<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

## **Audit Committee Report to the Board, 20 May 2021**

### **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 Committee meeting held on 6 April 2021.

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

- **Charitable Funds Annual Report and Accounts 2019/20**

The Committee received an update on the continuing difficulty obtaining auditor approval to the accounting treatment in respect of a particular investment within the fund. The Committee expressed frustration that this matter was taking so long to resolve, particularly as there was a danger that related professional fees could potentially more than use up the investment amount.

The Committee requested that efforts be redoubled to resolve this matter without further delay.

- **Internal Audit Operational Plan 2021/22**

The Committee noted and approved the decision, in the light of Covid workloads and uncertainties, to produce a one year Internal Audit Plan rather than the usual three year forward view plan.

Internal Audit confirmed that, in producing the proposed 21/22 Plan:

- There had been full consideration of the Board Assurance Framework (BAF) and Strategic Risk Register (SRR)
- Each Executive Director had been consulted
- The draft Plan had been considered and approved by the Executive Management Team (EMT)

After discussion of its content, the Committee approved the Plan.

- **Internal Audit Progress Report**

The Committee noted that, since the last Committee meeting, a further six internal audit reviews had been completed, with good results, with two reviews achieving High Assurance and four Significant Assurance opinions:

- BH/10/2021 – Security Management – Significant Assurance

The objective of this review was to provide assurance that the Trust's security arrangements meet the needs of key stakeholders and are delivered in line with agreed performance standards.

The review resulted in one minor recommendation, to clarify Security Steering Group quoracy.

- BH/11/2021 – Sustainability; Green Plan – Significant Assurance

The objective of this review was to gain assurance that adequate controls are in place to enable the Trust to embed and achieve the planned targets set out within its strategic 'Green Plan'.

In many respects the review resulted in High Assurance. The review generated one moderate recommendation, to better align the Green Plan with the Trust's strategy.

- BH/12/2021 – Information Asset Register Follow Up – Significant Assurance

The objective of this review was to provide assurance that the recommendations made in the previous limited assurance audit report (BH/30/2020) have been implemented.

The review identified that good progress has been made and is expected to continue, with no significant risk exposures.

- BH/13/2021 – Control of Substances Hazardous to Health (COSHH) Follow Up – Significant Assurance

The objective of this review was to provide assurance that the recommendations in the previous limited assurance Internal Audit report (BH/45/2019) have been implemented.

The review found that four of the original eleven recommendations have been fully implemented, five are virtually complete and two still require further work. The review also resulted in six new recommendations, two moderate and four minor so as to further strengthen COSHH controls. Internal Audit confirmed that nothing outstanding presents a high risk and that there are no major concerns.

- BH/14/2021 – Concerns and Complaints Management – High Assurance

The objective of this review was to provide assurance that robust systems and processes are in place to manage patient complaints and concerns and to identify potential improvements to the quality and safety of patient services.

The Committee was pleased to note that the review provided High Assurance, with no recommendations.

- BH/15/2021 – Premises Assurance Model – High Assurance

The Premises Assurance Model (PAM) is designed to allow NHS organisations to better understand the efficiency, effectiveness and level of safety with which they manage their estate and how that links to patient experience. The objective of this review was to provide assurance that the Trust utilises PAM to support the Board and senior management to make more informed decisions about the development of their Estates and Facilities services, and to provide assurance that the estate is safe, efficient and of high quality.

Here too, the Committee was pleased to note that the review provided High Assurance, with no recommendations.

- **Follow up of Internal Audit Recommendations**

The Committee noted and was assured by the good progress made during the last year in responding to Internal Audit recommendations, particularly given the constraints and pressures generated by Covid.

- **Limited Assurance Internal Audit Report – Endoscopy**

The Trust's Chief Operating Officer (COO) attended the meeting to discuss findings and actions relating to the limited assurance Internal Audit report BH/09/2021 Asset Utilisation – Endoscopy.

The objective of this audit had been to provide assurance that the Trust's endoscopy assets are utilised in the most optimum and effective manner with the aim of providing best outcomes for patients and value for money for the Trust.

The audit resulted in three major recommendations calling for improvements in asset tracking and asset utilisation capture and reporting. A new system, Scan4Safety, is being implemented to facilitate improvements.

The Committee was satisfied that good progress is being made to implement changes that will ensure that all endoscopy assets are identified, their location tracked and their utilisation recorded and reported.

- **Counter Fraud Plan 2021/22, Counter Fraud Progress Report April 2021**

The Committee noted the introduction of new national Counter Fraud Standards and that the 21/22 Plan was designed to achieve compliance with those standards. The Committee approved the Plan.

The Committee noted the April 2021 Progress Report containing a useful summary of recent Counter Fraud alerts, descriptions of the new Counter Fraud Standards and an update on current investigations.

- **Appropriateness of single source tenders**

The Committee noted a higher than usual volume of single source tender activity but was reassured by the continuing high level of senior management

input into permitting single source procurements. The increased volume was, in part, due to the responsive late availability of funds from the Centre to accommodate Covid demands and, in part, due to the 'use it or lose it' instruction from the Centre regarding capital expenditure before/after the 31 March 2021 year end.

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

The Committee noted and was assured by the continuing improvements to risk management scrutiny and to the format and content of the BAF. The Committee members reflected on their insight into the BAF and SRR during Academy, Committee and Board meetings and were satisfied by the composite assurance provided.

- **Effective management of clinical risks arising from financial pressures**

On an annual basis the Committee considers whether controls are in place to ensure that patient safety is not compromised by financial constraints. The Committee was reassured by the Finance Director's confirmation that such controls had been fully effective in the last twelve months, and despite Covid pressures.

- **Quality Management System**

The Committee noted, discussed and was assured by the report presented by the Associate Director of Quality describing the Trust's Quality Management System and its ability effectively and reliably to protect patient and staff interests.

- **Business Continuity Planning (BCP)**

The Chief Operating Officer (COO) reported that BCP had been transferred to be within his directorate.

The COO confirmed that recommendations in the 2018 Internal Audit review for BCP improvement in the Business Continuity Framework, Electronic Patient Record system and the Trust Business Continuity Plan had all been actioned, and that a further cycle of review was planned for these three areas.

The COO noted that Covid had given rise to 'real life' challenges to and tests of the Trust's BCP [and Emergency Preparedness, Resilience and Response (EPRR) – see below] arrangements. These challenges and tests had provided high levels of assurance whilst also provoking some changes and improvements.

The Committee derived assurance regarding the Trust's BCP arrangements.

- **Emergency Preparedness, Resilience and Response**

The COO reported that in previous years the Trust has been required to undertake and report to NHSE/I a detailed annual assessment of the Trust's compliance with EPRR Assurance Core Standards. In its 2019 submission the Trust confirmed being 'substantially compliant' with 60 out of 64 standards and with actions planned regarding the remaining four. Two of these four have now been completed, with work continuing on the remaining two (Command and Control training, and EPRR training). The COO confirmed that these two matters are now priorities for the Trust's EPRR Manager.

The COO reported that the annual EPRR submission filed with the Centre in October 2020 was very different to prior years, due to Covid. Instead of a full Core Standards submission, the Trust was required to complete an executive self assessment and then provide:

- An update to the prior year submission
- Confirmation that a formal review of the Trust's response to the Covid pandemic has or will be performed
- Confirmation of actions and plans to embed Covid-related EPRR learnings into our EPRR arrangements.

The Committee noted and was reassured by the report.

- **Governance Review – update**

The Committee approved the revised Audit Committee terms of reference for presentation to the Board.

### **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

14 May 2021