

Board of Directors: 23 September 2021  
 Agenda Item: Bo.9.21.27

## REPORT FROM THE AUDIT COMMITTEE – 27 JULY 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 27 July 2021	
<b>Key control</b>		
<b>Action required</b>	To note	
<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	
<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 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>

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

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## Report of the Audit Committee to Board, 23 September 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 27 July 2021.

<b>2</b>	<b>BACKGROUND/CONTEXT</b>
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The agenda of the meeting held on 27 July was driven by the 2021/22 Audit Committee Annual Workplan.

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

- Delay in Certification – External Audit Annual Report 2020/21
- Charitable Accounts 2019/20 – progress update
- Internal Audit Progress Report
- Internal Audit Charter
- Anti-Fraud Bribery and Corruption Policy
- Annual Counter Fraud Report 2020/21
- Board Assurance Framework and Strategic Risk Register
- Assurance Report: Clinical Audit High Priority Work Plan
- Audit Committee Annual Self Assessment

<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, 23 September 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 27 July 2021.

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

- **Delay in Certification – External Audit Annual Report 2020/21**

The Committee noted that, whilst the External Auditors had issued their unqualified opinion on the Trust's 2020/21 financial statements on 14 June, the Auditors had not at that stage completed their work so as to be able to satisfy themselves regarding the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. As at 27 July this work was still incomplete but the Auditors had so far found nothing to report. The intention was to complete the outstanding tasks and be able formally to report to the Committee, and then to the Board at its September meeting. [Work has now been satisfactorily completed, reviewed by the Committee, and the final report is being tabled for consideration by the Board on 23 September.]

- **Charitable Accounts 2019/20 – progress update**

The Committee received a further update regarding the completion of the audit of the Trust's Charitable Fund 2019/20 financial statements. The Committee was pleased to note that agreement had been reached between Finance management and the External Auditors regarding the accounting treatment for a particular investment held by the Fund. Completion of the audit was now imminent.

- **Internal Audit Progress Report**

Internal Audit reported that work had commenced in accordance with the 2021/22 Internal Audit Plan. No management requests for amendments to the Plan had been received. The key performance indicators relating to progress of Internal Audit activity were all at 100%.

Four audit reports had been finalised since the July Audit Committee meeting:

**BH/01/2022 - Infection Control PPE (Availability and Compliance) – High Assurance**

The objective of this audit was to provide assurance that the Trust has adequate availability of Personal Protective Equipment (PPE) in line with staff needs, and that it is being used appropriately in line with guidance.

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The review found that appropriate controls are in place effectively to manage the ordering and distribution of PPE. Mechanisms are in place to monitor the availability of PPE stock to ensure that it is aligned to staff usage, preventing shortages. Quality control processes are in place to report any PPE received that fails to meet national standards.

No recommendations arose from the audit work.

**BH/02/2022 - Pharmacy and Medicine Management; Pre-labelled Stock – Significant Assurance**

The purpose of this audit was to provide assurance that medicines are managed safely and securely and that management systems align with professional guidance on the safe and secure handling of medicines.

The review found a generally effective process for ordering and dispensing is in operation. Appropriate security arrangements for the storage of medicines were found to be in place.

Two (inter-linked) moderate recommendations and one minor recommendation were made and accepted. All are scheduled for completion by 30 September.

**BH/03/2022 - Standards of Business Conduct – Significant Assurance**

The objective of this audit was to ensure that mechanisms are in place to capture standards of business conduct and the levels of integrity expected from all Trust staff.

The audit considered the Trust's Conflicts of Interest Policy and the associated systems, and the monitoring and oversight arrangements regarding adherence to policy and procedures.

The audit generated three moderate recommendations, all scheduled for completion by 30 September.

The Committee remarked upon the strong results achieved in these three audits.

**BH/04/2022 – Follow Up of Audit Recommendations – Assurance level not assigned**

Internal Audit reported upon latest progress in management actioning agreed audit recommendations, noting that progress had to some extent been hampered by Covid-19 related pressures. It was agreed that there was a need constantly to ensure an appropriate balance between accepting Covid-related restrictions and ensuring that agreed recommendations are actioned on an acceptable timescale.

- Internal Audit Charter

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The Committee noted the minor changes to the Charter and approved it.

- **Anti-Fraud Bribery and Corruption Policy**

The Committee noted the enhancements made to the policy and was reassured that it complied with current requirements. The Committee approved the policy.

- **Annual Counter Fraud Report 2020/21**

The Committee noted the analysis of the Trust's compliance with the newly issued Counter Fraud Functional Standards. It noted that the four areas ranked 'amber' and two ranked 'red' were new requirements, and that work was in hand to improve these ratings.

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

The Committee once again recognised the recent improvements in populating, scrutinising and assessing the BAF and SRR, overseen by executive management, the Regulation and Assurance Committee, and by the Board.

The Committee looked forward to reviewing the results of the work currently taking place further to improve the format and content of the BAF and SRR, and then to ensure robust understanding of their contents and the implications thereof.

- **Assurance Report: Clinical Audit High Priority Work Plan 2021/22**

The Committee welcomed the Trust's Associate Director of Quality (ADQ) who expanded upon, and answered questions regarding, the Clinical Audit High Priority Work Plan.

The Committee noted that the Plan included all nationally required audits but, due to Covid restrictions and pressures, contained no locally devised additional audits.

The Committee was reassured by the arrangements in place to monitor the progress and outcomes of the audits within the Plan. The ADQ reassured the Committee that, whilst a challenge, completion of the Plan was feasible.

The Committee approved the Plan.

- **Audit Committee Annual Self Assessment**

The Committee agreed that, as a minimum, it would once again use the checklists provided within the HFMA Audit Committee Handbook to perform a self assessment of the Committee and its performance. Further consideration is being given to an outline proposal for Internal Audit to assist with a facilitated assessment, augmenting the checklist exercise.

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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  
Audit Committee Chairman

14 September 2021