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Appendix 1

Audit Committee Report to the Board

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 2 November 2021.

2. Key Matters discussed

- **External Audit 2020/21 Performance Review**

The Director of Finance reported that a productive meeting had taken place with Deloitte, the Trust's external auditor, which identified areas of learning and improvement for both parties particularly in relation to early sight of issues and the document management process.

- **External Audit Annual Report 2020/21**

The Committee noted the Report summarising the results of the 2020/21 External Audit process and the Auditor's Certificate of Completion. The Report and Certificate had previously been considered and approved by a virtual meeting of the Committee, with a recommendation to the Board that the Certificate be appended to the Trust's Annual Report and Accounts 2020/21, then to be laid before Parliament.

- **Updates on Limited Assurance Audit Reports**

- Nursing Assessments and Care Plans

The Committee noted the update regarding progress in implementing the audit recommendations but, whilst being sympathetic to the pressures and constraints imposed by Covid-19, felt that more speedy progress was necessary. It was agreed that the Committee Chairman would bring the matter to the attention of the Chair of the Quality & Patient Safety Academy, and that the Chief Nurse would be asked to present a further progress report at the Audit Committee meeting on 1 February.

- Asset Management; Stock, Stores and Inventory

The Committee felt that good progress had been made, bearing in mind the pressures and constraints imposed by Covid-19, and derived assurance from the progress report.

- **Internal Audit Progress Report**

Internal audit presented their latest report regarding progress by reference to the 2021/22 Internal Audit Plan.

Ten audit reports had been issued since the Audit Committee meeting in July. Eight contained a Significant Assurance opinion, one contained a High Assurance opinion, with the final report being a report on the follow up of previous Internal Audit

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recommendations (see below). The Committee commented on a further batch of good audit results, all the more impressive given the constraints and challenges posed by Covid-19.

[For information, Internal Audit opinions are defined as follows:

High Assurance – high assurance can be given that there is a strong system of internal control which is designed and operating effectively to ensure that the system's objectives are met.

Significant Assurance – significant assurance can be given that there is a good system of internal control which is designed and operating effectively to ensure that the system's objectives are met and that this is operating in the majority of core areas.]

Summaries of the audit reports issued:

BH/05/2022 Freedom to Speak Up – Significant Assurance

The objective of the audit was to provide assurance to management and the Board that the Trust has effective processes in place to enable staff to raise a concern in accordance with the Trust's Speaking Up Policy.

The audit confirmed that the Trust has robust systems in place to enable staff to raise a concern.

BH/06/2022 Estates Planned Preventative Maintenance Compliance – Significant Assurance

The objective of this audit was to provide assurance that there are robust systems and processes in place to ensure that the programme for Planned Preventative Maintenance is managed effectively. The audit confirmed that this is the case.

BH/07/2022 Safeguarding Children – High Assurance

The objective of this audit was to provide assurance that the Trust has effective systems and processes to capture, document and communicate child safeguarding concerns.

BH/08/2022 Temporary Workforce; Bank Staff – Significant Assurance

The objective of this audit was to provide assurance that arrangements and controls surrounding the use of Temporary Workforce – Bank Staff are operating in a satisfactory manner.

The review found that there were strong controls in place around the use of temporary bank staff and suitable arrangements for ensuring that shifts were advertised by appropriate staff members with the correct skill level.

BH/09/2022 Claims Management – Significant Assurance

The objective of the audit was to provide assurance that the Trust's claims management procedures comply with NHS Resolution's guidelines, enabling an effective process for the management and processing of claims and that these procedures are being adhered to. The review also assessed whether adequate information on claims and the management of claims is being provided to a suitable audience and in a timely manner.

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BH/10/2022 End of Life; Patients with Learning Difficulties – Significant Assurance

The objective of the audit was to provide assurance that the Trust has effective systems and processes in place for dealing with patients with learning disabilities during their end of life care.

The audit resulted in Significant Assurance that the Trust has robust processes in place to ensure that patient centred care is provided to patients during their last days of life. However, the audit highlighted that Covid-19 pressures have had a significant impact on aspects of end of life care, resulting in ten minor recommendations.

BH/11/2022 Patient Readiness for Theatre – Significant Assurance

The objective of the audit was to provide assurance that there are appropriate processes in place to ensure that patients are provided with all necessary information relating to their procedure to ensure that they are physically and mentally fit for surgery.

The audit revealed that there is generally sufficient pre-operative assessment time to ensure that patients are physically and mentally ready for surgery. However, due to the backlog of patients created by Covid-19 pressures and constraints, it is not currently possible for theatre staff to apply their usual rules and guidelines to ensure a minimum of three weeks' notice of a surgery appointment or that patients are given pre-operative assessments three weeks prior to surgery.

BH/12/2022 Facilities Management; Porters and Post Arrangements – Significant Assurance

The objective of this audit was to provide assurance that the Trust has reasonable arrangements in place to achieve sufficient standards through services provided in portering and post.

The audit found that generally effective processes are in place for the undertaking of tasks and duties, with appropriate oversight both by the Estates and Facilities Compliance Risk and Assurance Committee and by the Estates and Facilities Management Board.

BH/13/2022 Attendance Controls for Locum Doctors – Significant Assurance

The objective of this audit was to provide assurance regarding the robustness of the controls and processes surrounding the booking and management of locum doctors. The audit found effective controls and processes to be in place. .

BH/14/2022 Follow Up on Internal Audit Recommendations – no opinion given

See below.

The Committee was reassured that Internal Audit monitors and, where felt appropriate, challenges target dates for Internal Audit recommendations to ensure that they are not unduly lengthy.

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The Committee considered, was satisfied with, and approved the deferral of two audits.

- **Follow Up on Internal Audit Recommendations**

The Committee noted the improved reporting format, but that further work is required from Executive Leads fully to populate the new format so that progress, or lack thereof, can better be monitored, assessed and, where appropriate, challenged.

The Director of Finance confirmed that Internal Audit recommendations follow up continues to have profile at ETM meetings.

- **Counter Fraud Progress Report**

The Committee noted the overview of Counter Fraud work undertaken since the last report, in July.

The Committee noted that has been no apparent increase in fraudulent activity during the pandemic, albeit the threat thereof has probably increased and requires additional vigilance.

- **2019/20 Charitable Funds Accounts and Audit**

The Committee felt it most appropriate to defer its consideration of the 2019/20 Annual Report and Accounts, External Audit's ISA260 audit summary, and the Letter of Representation until after these documents were considered by the Charitable Funds Committee. It was agreed that the Audit Committee would then meet virtually to consider the documents and, if appropriate, recommend Board approval.

- **2020/21 Charitable Funds Accounts and Audit**

The Committee was advised that the 2020/21 audit will be carried out during November, with a view to complying with the 31 January filing deadline. With the next scheduled Audit Committee meeting on 1 February, this will require extraordinary meeting(s) of the Committee.

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

The Committee noted that both documents are subject to regular scrutiny by the ETM, the Academies, the Board and the Audit Committee. It was felt that good progress had been made in recent months to improve the content of the documents and the tracking of strategic risks resulting in improved assurance. The BAF is to be the subject of further consideration in a Board development session in February.

- **Clinical Audit Annual Report 2020/21**

The Head of Quality Improvement and Clinical Outcomes, representing the Associate Director of Quality, presented the report summarising High Priority Audit activity during 2020/21. She explained that, due to Covid, all national clinical audits were suspended in early 2020 and recommenced in May 2021. All national audits not completed during 2020/21 will be performed during the current year.

The Committee noted the report, which had yet to be considered by the Quality and Patient Safety Academy.

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- **Clinical IT applications – assurance**

For this and the subsequent agenda item the meeting was attended by the Chief Digital & Information Officer (CD&IO), the Deputy Head of Information Technology, and the Head of Policy – IT.

A discussion was held as to whether there is adequate assurance that there are effective controls within and surrounding key clinical applications upon which the Trust relies to ensure that those applications function reliably: that they consistently do what they should do.

The Committee noted the paper presented setting out some of the general IT controls in operation within the Trust to control physical and logical access, manage individual applications, ensure system security, apply system updates and operate contingency arrangements. The Committee further noted that many of the IT applications utilised within the Trust are system vendor supplied ('off the shelf') packages which are not and cannot be modified by the Trust.

It was agreed that CD&IO and colleagues would prepare a proposal as to how the adequacy of assurance regarding clinical IT applications, and therefore data quality, can be ensured, applying a risk-based approach as to the importance, reliability, changeability and volatility of each application. The Committee will consider this proposal prior to and at its 1 February meeting.

- **Data quality – assurance**

The Committee noted the report providing an update on the good work undertaken and still in progress to resolve data quality issues relating to the Cerner Electronic Patient Records system.

The Committee noted that data quality across the range of clinical IT systems operated by the Trust should be addressed by the proposal mentioned above.

- **Joint Venture Board and third party assurance**

The Director of Finance (DoF) provided a verbal update on a report on third party assurance regarding the service delivery of the Pathology Joint Venture to which the Trust is a party. The DoF confirmed that the UK Accreditation Service has granted accreditation to the Pathology Service, and that a report thereon will be tabled at the Committee's February meeting.

- **Audit Committee Annual Report to Board 2020/21**

The Committee thanked the Head of Corporate Governance for the drafting of the report, which the Committee accepted and agreed to submit to the Board.

- **Annual review of Committee terms of reference and submission to Board**

The Committee considered and accepted the revised terms of reference and agreed to submit them to Board for approval. The only amend concerned the removal of

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reference to the 'Regulation and Assurance Committee' in relation to the purpose of the Committee.

- **Audit Committee Annual Self Assessment 2021**

It was agreed that the Director of Finance would discuss with Internal Audit whether the latter could usefully augment the completion of the HFMA Audit Committee Handbook Self Assessment Checklists. The Committee will consider this at the February meeting.

- **Assurance Reports from Academies**

The Committee noted the reports, previously seen by Committee members in their Academy and Board roles.

- **Governance Review Update**

The Associate Director of Corporate Governance/Trust Secretary had previously provided an update regarding plans regarding and relating to the BAF and SRR (see above). She noted here that Academies will be subject to review in the New Year.

- **Declarations of interest – Annual report**

The Committee noted the recent increased and more frequent focus on declarations of interest in committees, academies and at Board. The Committee further noted the recent Significant Assurance opinion provided by Internal Audit.

The Committee derived assurance from 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.

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

10 November 2021