

Board of Directors (in Public)

Item: 6.1.1

Subject: Audit Committee BAF Key Issues Report
Date of Meeting: Tuesday 26th April 2022
Prepared by: Megan Underwood, Senior Executive Assistant
Presented by: Julian Farmer, Chair Audit Committee
Meeting Held: Tuesday 22nd March 2022

Agenda Item	Lead Exec	Assurance Received	New/Emerging Risks	Actions/Comments
3.2		<p>Draft Annual Governance Statement The red text was used to indicate the areas where there is flexibility for local wording. The only change to national guidance was a slight wording change to net-zero and this has been reflected in the draft.</p> <p>The Audit Committee were asked to consider the consistency of the AGS with the assurances received around the organisation and to approve the draft which will form part of the submission with the financial accounts.</p> <p>A minor change to be made to the bottom of page three in relation to risk appetite wording. The Audit Committee approved the draft Annual Governance Statement.</p>		
3.3		<p>Review of Assurance Committee Annual Reports The Audit Committee noted the Assurance Committee reports for submission to the Board of Directors.</p>		
3.4		<p>Review of losses and special payments The report covered the period September 2021 to February 2022, noting there have been no losses or special payments over £10,000 in the period.</p>		

		In terms of the value of non-NHS debt, this had increased and was predominately around the Isle of Man. The Trust had taken a significant amount of work from the island since the latter end of 2021.		
3.5		Review single supplier tender waivers 27 waivers raised during the period totaling £1.3m. Two were over £100,000: <ul style="list-style-type: none"> • Specialist diagnostic equipment installation. • Access control system 		
3.6		Review register of interests (including details of breaches) This is reported annually to Audit Committee, currently in the process of continuing to follow up the decision makers who were yet to submit a nil-declaration – this to be closed off by March. There were some gaps between the number of staff and those that have declared a declaration.		
3.7		Report on Audit Committee Annual Self-Assessment (incl. TOR review, skills review and self-assessment questionnaire) This was a useful process with different ways of working being looked at, there were some good suggestions on how performance can be tweaked over the coming year.		
3.8		Annual review of Provider Licence This has been consistent with the Audit Committee receiving quarterly reviews.		
3.9		Review Audit Committee TOR The Audit Committee approved the Terms of Reference for submission to the Board of Directors subject to minor change.		
3.11		The National Cyber Security Centre guidance checklist The Trust were in a good position, there was one outstanding action in relation to further work on back-ups this was reported at the previous Audit Committee which was in relation to immutability. The Trust were expecting the hardware to be installed but due to global hardware shortages there has been a delay – the Trust is managing		

		<p>the risks, and there are no concerns with several interim options being reviewed, a session with suppliers will be held on 24th March 2022.</p> <p>As part of Digital Excellence Programme, there has been a programme of work around e-consent this was going through a business case and has been approved. This will be rolled out in Quarter 1 in the next financial year.</p>		
3.12		<p>Log4Shell global cyber security vulnerability update This was a global vulnerability notified in December 2021, which tested the on-call resilience and expertise within the Trust to respond quickly. Assurance was received that the issue had largely been resolved – this will continue to be monitored.</p>		
4.1		<p>Internal Audit Plan: 3-year and annual (draft & final) There was good linkage with topical issues that MIAA noted, notably through the elective recovery theme, the audit universe topics, and the NHS Audit Committee handbook.</p> <p>The timing by quarter was indicative, there was flexibility within the Trust within moving quarters around, and the committee will be updated as appropriate.</p> <p>The Audit Committee approved Internal Audit Plan.</p>		
4.2		<p>Internal audit progress report The patient consent audits, and budgetary control audits were both management requests. In terms of the patient consent review the key issue was around legibility of staff names and signatures on consent forms this should be resolved by electronic process.</p> <p>The outstanding area was the data security protection toolkit audit, with the final deadline for national submission being moved to the end of June.</p>		
4.3		<p>Head of Internal Audit Opinion (draft) The report set out the basis of the opinion:</p> <ul style="list-style-type: none"> Assurance framework – there was a positive view on the assurance framework. Results of individual audit reports – recognising that this 		

		<p>includes areas proactively identified by Executive Directors for review, for example patient consent and secure health messaging. This demonstrated a good approach to risk-based reviews.</p> <ul style="list-style-type: none"> Audit recommendations follow up process – good strides have been made through the year with thanks to the Chief Finance Officer. 		
4.4		<p>Audit-Fraud plan (draft & final) This was an indicative plan for 2022/23 based on fraud risks. The guidance was yet to be published from NHS Counter Fraud Authority for the national exercise.</p> <p>The focus of the proactive work for 2022/23 financial year was yet to be set as the fraud risk assessment document was still in the process of being completed for the organisation.</p> <p>The Audit Committee approved the plan.</p>		
4.5		<p>BAF opinion The report confirmed the Board Assurance Framework is structured to meet the NHS requirements, is visibly used by the organisation and clearly reflects the risks discussed by the Board.</p>		
4.6		<p>Internal Audit Charter There was no change from the prior year, in summary the document confirms how MIAA operate in relation to the public sector internal audit standards.</p> <p>The Audit Committee approved the internal audit charter.</p>		
4.7		<p>Draft Fraud Annual Report The National fraud initiative is concluding and must be completed by the end of the month. Assurance was provided that national fraud initiative work had concluded. £2,208 had been identified as duplicate payments.</p> <p>In response to Committee discussion, it was acknowledged that the number of referrals were small. There were local and national benchmarks provided quarterly, and the North-West were not as high in investigations compared to other areas of the country.</p>		

5.1		<p>External Audit Update Report</p> <p>Fraud and revenue recognition was a presumed risk in the audit standards however this can be rebutted, areas of income at lower risks that is block contracts the risk was rebutted. However, those of higher risks such as patient care income, would involve additional testing.</p> <p>There was a substantial increase in the fee, the original contract was tendered in 2017 since then the audit scope has changed significantly. There was a focus around fraud, the work on journals has increased.</p> <p>The Committee approved the external audit plan.</p>		
6.1		<p>Review of accounting policies</p> <p>There were several small changes to do with naming conventions, the main changes were around elective recovery funding asset lives to reflect the valuers report, and the adoption of IFRS16.</p> <p>The Committee approved the accounting policies.</p>		