

## Board of Directors (in Public)

**Item:** 5.2.1\*  
**Subject:** Audit Committee BAF Key Issues Report  
**Date of Meeting:** Tuesday 28<sup>th</sup> April 2020  
**Prepared by:** Jennifer O'Brien/Senior Executive Assistant  
**Presented by:** Julian Farmer/Chair – Audit Committee  
**Meeting Held:** 24<sup>th</sup> March 2020 (e-meeting)

Agenda Item	Lead Exec	Assurance Received	New/Emerging Risks	Actions/Comments
3.1	LL	Draft Annual Governance Statement		<p>The following refinements would be made:</p> <ul style="list-style-type: none"> <li>modification of wording of key risk (vi) in relation to the underlying financial position;</li> <li>inclusion of limited assurance internal audit reports, including the two draft IT audit reports which MIAA had indicated were expected to be limited assurance opinions.</li> </ul> <p>It was noted that MIAA expected to confirm 'substantial' assurance in relation to the Trust Data Security and Protection Toolkit Assessment for 2019/20 and that this could be confirmed in the AGS.</p> <p>A national directive had been received in relation to annual reporting requirements as a result of the COVID crisis and there was no longer a requirement to prepare</p>

				and submit a Quality Report for 2019/20; therefore this section of the Annual Governance Statement would be removed.
3.2	LL	Annual Report of Audit Committee		The report was reviewed and was accepted, subject to noting that all limited assurance reports were scrutinised by the Audit Committee, with the management lead in attendance to set out the management response.
3.3	LL	Assurance Committee Annual Reports 2019/20		Reviewed and for recommendation to the Board of Directors.
3.4	FM	Losses & Special Payments		Noted.
3.5	FM	Single Supplier Tender Waivers		Noted.
3.6	LL	Review Register of Interests		<p>The Audit Committee noted the report and confirmed its satisfaction with the internal governance arrangements in place for identifying and managing conflicts of interest.</p> <p>The year end position regarding nil declarations outstanding was to be confirmed after 31<sup>st</sup> March 2020, as the compliance rate for 2019/20 was currently significantly below the 80% target.</p>
3.7	LL	2019/20 Audit Committee Effectiveness Review		The Audit Committee noted the report and requested that this item be placed in the 'Parking Lot' as the responses to the checklist had highlighted some areas that would be worthy of future discussion. The Audit Committee Chair confirmed that the findings of the report did not highlight any matters of concern and that the discussion could be picked up at a later date once the crisis management of the COVID-19 outbreak had passed
3.8	LL	Annual Review of NHSI Licence		The Audit Committee noted the review of compliance with licence conditions and confirmed that the checklist for quarterly update continued to be of value in providing assurance to the Audit Committee on an on-going basis.

3.9	LL / FM	Regulatory Action Plans		The Audit Committee noted the review of compliance with licence conditions and confirmed that the checklist for quarterly update continued to be of value in providing assurance to the Audit Committee on an on-going basis.
3.10	RAP	Informatics Review-Data Quality Assurance		The Audit Committee noted the report but sought clarity on the meaning and impact of the red rated indicators shown on Pages 5 and 6 of the report. The Chair of the Audit Committee requested that this item be returned to at a later date once the crisis management of the COVID-19 outbreak had passed. This item would be assigned to the 'Parking Lot' and the Chief Information Officer invited to attend a future meeting to discuss the report in more detail.
3.11	RAP	Retrospective Review into EPR Project		The Audit Committee noted the progress made and sought assurance on resolution of remaining issues relating to direct patient booking, uploading of historical records and electronic pathology tests. The Chief Information Officer would be invited to update on these matters in 2020/21.
3.12	FM	Due Diligence Process Outcome: Hosting Contracts		The Audit Committee noted progress in transfer of the new hosting contracts, including actions outstanding in relation to the Innovations Agency (IA) including the novation of four leases and the need to consider variations to LHCH SFIs to meet the IA's business needs. The Acting Chief Finance Officer would confirm completion of these actions at a future meeting of the Audit Committee.
3.13	FM	SFIs for Innovation Agency and Liverpool Health Partners		The recommendations as set out in the report were approved and a review would be undertaken in 12 months' time.
3.14	FM	Amendment to SORD		The recommendations as set out in the report were approved and a revised copy of the SORD would be uploaded onto the staff intranet.
3.15	FM	External Audit Contract		It was noted that the Council of Governors had been

				engaged in discussing the options open to the Trust and it had been agreed that the Acting Chief Finance Officer would discuss with Robin Baker of Grant Thornton the prospect of extending the contract for up to two years. The outcome of this discussion would be reported back to and agreed with the Audit committee Chair.
4.1	LL / FM	Internal Audit Plan: 3 Year and Annual		The plans were accepted but it was noted that much of the planned Quarter 1 audit work would need to be suspended and the operational plan reprioritised following the COVID-19 crisis. This had been acknowledged and accepted by MIAA and the internal audit team had offered to support the Trust in other ways if needed and / or undertake any unplanned / essential audit work as needed as the COVID response unfolded.
4.2	LL / FM	Progress Report on Delivery of Plan		Noted.
4.3	LL / FM	Head of Internal Audit Opinion		The Committee noted the draft opinion, the final Head of Internal Audit Opinion (following completion of reports currently in draft) would be included in the Annual Report and Accounts 2019/20.
4.4	LL	Anti-Fraud Plan (draft)		The anti-fraud plan was approved, with the caveat that Quarter 1 planned work may be disrupted by the response to COVID-19.
4.5	LL	Anti-Fraud Annual Report (draft)		The Audit Committee noted the report and the possibility that some of the RAG ratings applicable to 'Hold to Account' could be subject to amendment pending further central guidance. Any final amendments will be agreed between the Trust's anti-fraud specialist, the Acting Chief Finance Officer and the Audit Committee Chair.
4.6	LL	BAF Opinion		The Audit Committee noted the report which confirmed that the structure of the Board Assurance Framework met NHS requirements with evidence that it was visibly used and reflected the risks discussed by the Board.

4.7	LL	Internal Audit Charter		The Internal Audit Charter was reviewed and approved by the Audit Committee. The Corporate Governance Manual would be updated accordingly.
4.8		MIAA Insight Report		Noted.
5.1		External Audit Update Report		Noted.
6.1	FM	Review of Accounting Policies		<p>The Committee noted two changes to Accounting Policies in 2019/20 for reflection in the annual accounts:</p> <ul style="list-style-type: none"> <li>- <i>Note 1.3 Interests in other entities</i> - Liverpool Health Partners to be added.</li> <li>- <i>Note 1.24 IFRS 16</i> - reflecting the adoption of IFRS 16 as described in the paper to the January 2020 Audit Committee.</li> </ul> <p>The external auditor confirmed that the implementation of <i>IFRS 16 Leases</i> planned for 2020/21 had been deferred.</p>