

Board of Directors (in Public)

Item: 6.2.1(i)
Subject: Audit Committee BAF Key Issues Report
Date of Meeting: Tuesday 5th March 2019
Prepared by: Claire Wilson, Chief Finance Officer
Presented by: Julian Farmer, Chair of Audit Committee
Meeting Held: Tuesday 15th January 2019

Agenda Item	Lead Exec	Assurance Received	New/Emerging Risks	Actions/Comments
3.1	MJ	Risk Management KPI's		<p>No red indicators.</p> <p>Five of the six recommendations made by the internal auditors following the risk management review in June 2018 had been implemented, with the sixth due for completion in March 2019.</p> <p>A new presentation of open incident information was proposed. This cumulative summation chart tracked current compliance with time to incident closure from initial report, allowing senior staff to act before a breach rather than after. This new presentation was approved by the Audit Committee.</p> <p>The report showed a positive and improving position whilst showing that the Trust was continuing to push for an even better position.</p>

3.2	MJ	Clinical Audit Plan & 6 Monthly Progress Report including NICE Guidance Review		<p>Progress made with the Clinical Quality Forward Plan 2018/19 together with an update on new technology and NICE guidance relevant to the Trust was presented.</p> <p>Support from the clinical quality team was being provided to clinical colleagues to audit and evaluate their practice.</p> <p>As NICOR heart disease audits embed into EPR, work continued to develop mechanisms for feeding back to clinician's data quality issues.</p> <p>Identification, dissemination and reviews of NICE and NCEPOD reports by leads continued with monthly reporting to the respective divisions.</p> <p>The process for introducing new technology had been reviewed to include the development of new services and the policy had been updated to reflect this.</p> <p>Other work planned for Q4 2018/19 included;</p> <ul style="list-style-type: none"> • National Asthma and Chronic Obstructive Pulmonary Disease (COPD) Audit Programme (NACAP) Pulmonary Rehab audit, commencing in March 2019. • Consent and VTE audits. • Preparation of Quality Accounts and forward planning for CQUINs and audit requirements in 2019/20 would be undertaken.
3.3	LL	Annual Audit Committee Evaluation	None	<p>The responses received indicated that Committee members and attendees felt that the Audit Committee was obtaining relevant assurances in the areas reviewed. There were three areas noted which the Committee would consider further;</p> <ul style="list-style-type: none"> • Assurances from third parties. • Partnership working at scale. • Data Quality

3.4	LL	Compliance with Provider Licence-Quarterly Checklist	None	<p>The Audit Committee reviewed the checklist and confirmed its satisfaction that there were effective systems and processes in place to identify and manage risks in relation to compliance with the licence. The Committee noted escalated risks relating to:</p> <ul style="list-style-type: none"> i) An resolved funding issue relating to recognition of HRG4+ for Welsh activity-this issue had been escalated through a joint letter from CFO's to NHS Wales and a national meeting took place on 15th January 2019. There was a risk to LHCH delivering the control total is this issue was not resolved. ii) Continuation of breach of the 6 week diagnostics waiting time due to on-going capacity constraints. The imaging business case was being implemented but had been subject to delay in implementation. There were risks associated with the interim mitigation plans which would be monitored via Operational Board. The impact of acquisition of the scanners would not be realised until Q2 of 2019/20, which was later than originally planned. Regulators had been fully briefed on this.
3.5	LL	Review of Register of External Visitors	None	Noted.

3.6	LL	BAF Policy Review	None	<p>It was concluded that the new processes, which had been supported and implemented on a pilot basis for 6 months following the July 2018 Audit Committee, had added value in enhancing visibility of the changing risk profile and relationship with the Board's appetite for risk; and in provoking richer debate on the principal risks to delivery of the Trust's strategy.</p> <p>The Audit Committee recommends to the BoD that these changes are formally adopted and embedded into practice.</p>
3.7	LL	External Audit Assurance Update	None	<p>The Audit Committee received assurance on the external process following recent publicity regarding the 'failings' of external auditors.</p> <p>Recommendations included undertaking an annual evaluation of external audit and consulting the consulting the Council of Governors on the review of Audit Committee ToR.</p>
3.8	CW & LL	Regulatory Action Plans	None	<p>The Committee noted the summary of discussions letters received following the Trust's Quarters 2 & 3 Quarterly Review Meetings with NHS Improvement which took place on the 12th September and 12th December 2018.</p> <p>NHSI confirmed that LHCH continued to be categorised in Segment 1 (lowest category of risk from regulatory perspective) and there were no significant concerns.</p>

3.9	CW	Audit Committee ToR Update	None	<p>The Audit Committee would recommend that the Board of Directors approved the revised Terms of Reference as follows;</p> <p>[In particular, the Committee shall review the adequacy and effectiveness of:]</p> <ul style="list-style-type: none"> <i>the policies and procedures in place to support high quality Data Quality for robust decision making and external reporting</i>
3.10	CW	Losses and Special Payments	None	<p>For the period 26th September to 28th December 2018 there had been no fruitless payments, nor payments in respect of other losses in excess of £10,000. Details of amounts less than £10,000 were detailed in the report.</p> <p>The Audit Committee noted that the bad debt over 90 days had not declined since the previous quarter.</p>
4.1	CW	Internal Audit Progress Report	None	<p>Six reports had been finalised since the last Audit Committee, two of which had received substantial assurance whilst four had received high assurance. Work in progress and work planned was noted.</p>
4.2	CW	Internal Audit Follow Up Report	None	<p>Of the 56 recommendations followed up, 26 had been implemented with a further 22 in progress (partially implemented). Eight recommendations were recorded as not yet implemented and no recommendations had been superseded. For recommendations not yet fully implemented, revised targets had been noted or were in the process of being agreed with the Trust.</p> <p>The internal auditors reported the Trust in a good position, although stated that Trust management may wish to consider implementing and reporting on their own tracking mechanism which internal audit could then validate.</p> <p>The Audit Committee requested that the management escalation process for the partially implemented actions be instigated.</p>

4.3	CW	Internal Audit Anti-Fraud Update Report	None	<p>Three intelligence bulletins had been received from NHS Counter Fraud Authority (NHSCFA) relating to a national investigation into a mandate fraud which occurred at an NHS organisation. The Trust's finance department had undertaken various checks for bank accounts known to NHSCFA to ensure that the Trust had not been a victim.</p> <p>The internal auditors anti-fraud colleagues had spent time in supplies & procurement with no issues to report.</p> <p>No new referrals had been received throughout this reporting period.</p> <p>The report provided details of the KPI's and the detailed plan delivery which was on track to be delivered with no issues currently identified.</p>
4.4	CW	Internal Audit-MIAA Insight Report	None	Update on events, Briefing Note Series and Benchmarking
5.1	CW	External Audit Plan and Fees	None	<p>The external audit plan for 2018/19 was provided which set out the key information, the risks that had been identified and the actions to be taken to mitigate those risks.</p> <p>The interim visit was scheduled for February and March 2019 with the Audit planned for April & May 2019, with the Charitable Funds accounts audited at the same time.</p> <p>There was no change to the external auditor's fees from last year.</p>
5.2	CW	External Audit-Update Report	None	The reported provided assurance to committee members that the external auditors were on track with the work proposed.