

Board of Directors (in Public)

Item: 6.2.1
Subject: Audit Committee BAF Key Issues Report
Date of Meeting: Tuesday 30th April 2019
Prepared by: Claire Wilson/Chief Finance Officer
Presented by: Julian Farmer/Chair – Audit Committee
Meeting Held: 26th March 2019

Agenda Item	Lead Exec	Assurance Received	New/Emerging Risks	Actions/Comments
3.1	LL	Draft Annual Governance Statement		Noted with Audit Committee members to provide any further comments to the Director of Corporate Affairs.
3.2	LL	Audit Committee Annual Report 2018/19		Reviewed and for recommendation to the Board of Directors.
3.3		Assurance Committee Annual Reports 2018/19		Reviewed and for recommendation to the Board of Directors.
3.4	CW	Losses & Special Payments		Noted.
3.5	CW	Single Supplier Tender Waivers		Noted.
3.6	LL	Review Register of Interests		<p>The internal auditors had recently completed a review of the Trust's arrangements for managing conflicts of interest, giving four recommendations to enhance and strengthen these arrangements; two of which had already been actioned, with the remaining two in progress.</p> <p>Divisions were required to review and formally record this process at Divisional Governance meetings.</p>

				<p>The Board of Directors reviewed the Register of Director's interests on the 5th March 2019 and confirmed that there were no material conflicts.</p> <p>The Council of Governors also reviewed the Register of Governor's interests on the 12th March 2019 and there were no material conflicts.</p> <p>The Audit Committee confirmed it's satisfaction with internal governance arrangements for managing conflicts of interest.</p>
3.7	LL	Annual Review of NHSI License		<p>The Audit Committee noted that the Executive accountabilities had been updated in line with the recent changes to the Executive team's portfolios.</p> <p>The annual review provided assurance that the Trust has in place robust processes to monitor compliance with the Provider License. Areas of exception for 2018/19 included RTT and diagnostic waiting time targets and continued risk surrounding payment at tariff by NHS Wales.</p> <p>Committee members confirmed that the checklist for quarterly update continued to be of value in providing assurance / highlighting emerging risks.</p>
3.8	LL/CW	Regulatory Action Plans		<p>There were currently no regulatory action plans to note.</p> <p>The Committee was informed that the Trust was awaiting the draft report from the recent CQC inspections, although immediate verbal feedback from the inspectors stated that there was nothing urgent to rectify. It was hoped that the results would be available mid-April 2019.</p>

				The Executive team had attended the quarterly monitoring review meeting with NHS Improvement where the issues of the on-going dispute with NHS Wales, diagnostic waiting times, and two 50+ week waiters due to late referrals from other providers, were discussed.
3.9	CW	Informatics Review-Data Quality Assurance		The Committee received details on the Data Quality Strategy and the Data Quality Group's key messages which highlighted that there were 4 streams of data quality emerging. The data quality position from a regional & national perspective was also provided.
3.10	CW	Third Party Assurance		The Committee was provided with the actions taken by the Trust and auditors in order to provide assurance of the internal controls and governance regarding the outsourced functions. The contents of the report were noted.
4.1	CW	Internal Audit 3 Year & Annual Audit Plan		The Committee received details on the Trust's risk assessment, internal audit plan, the internal auditor's team for LHCH and the 3 year strategic audit plan. The Audit Committee approved the proposed plan.
4.2	CW	Internal Audit Progress Report		Four reports had been finalised since the last Audit Committee, three of which had received substantial assurance whilst the assurance framework opinion had met requirements. Work in progress and work planned was noted.
4.3	CW	Head of Internal Audit Opinion (draft)		Substantial assurance- conclusion that there was a good system of internal control designed to meet the organisation's objectives and controls were generally being applied consistently
4.4	CW	Anti-Fraud Plan		The Committee received details on the anti-fraud plan for 2019/20 including the Trust's risk assessment, internal audit plan, and the internal auditor's team for LHCH and the 3 year strategic audit plan.

				<p>A slight increase in the fees was noted and the Committee noted that there would be one piece of proactive work rather than two.</p> <p>The Audit Committee approved the proposed plan.</p>
4.5	CW	Anti-Fraud Annual Report		<p>The Committee noted that zero investigations were brought forward from 2017/18 and zero was opened within 2018/19.</p> <p>A new risk standard, 1.4 was shown which would remain as amber until the Anti-Fraud Specialist met with NHS Counter Fraud Authority (CFA) and received further detail around this standard.</p> <p>The standards of compliance declaration, the fees, and each area of self-assessment were provided within the report.</p>
4.6	LL	Managing Conflicts of Interest		<p>Four recommendations to enhance and strengthen the Trust's arrangements had been given; two of which had already been actioned, with the remaining two in progress.</p> <p>The Trust were working with the provider of the electronic declarations system to refine the system in order to make it clearer regarding the carry forward of existing interests declared and the possibility of a 'no changes' declaration.</p>
4.7	CW	Bank Staff (Working Whilst off Sick)		<p>The AFS identified one potential fraudulent instance; however, enquiries found that no fraud had occurred however there were issues identified for management action.</p>
4.8	LL	Internal Audit Charter		<p>The Committee noted the contents of the Charter and that it had been updated with the revised engagement</p>

				leads. The Trust's corporate governance manual would be updated to include this revised version.
4.9	CW	Internal Audit-MIAA Insight Report	None	Update on events, Briefing Note Series and Benchmarking.
5.1	CW	External Audit Update Report	None	The Committee noted that all processes required by the external auditors were in place. The interim visit had been positive and everything was on schedule with no issues at present.
6.1	CW	Review of Accounting Policies		<p>Three key changes to note;</p> <ul style="list-style-type: none"> • Note 1.4.1 Revenue from contracts with customer IFRS 15: following the introduction of IFRS 15 this note set out the key areas of revenue for the Trust and how revenue recognition complied with the accounting standard. • Note 1.7.2 Measurement: additional information had been added to clarify the Trust's approach to valuation of assets this financial year. • Note 1.11.2 Impairment of Financial Assets IFRS 9: this note outlines the approach the Trust was taking to determine expected credit losses in accordance with the new IFRS 9. <p>The contents of the report were noted and the Committee accepted the accounting policies as presented.</p>
6.2	CW	Review of Site Valuation Policy		<p>An amendment to the Trust's approach to revaluation was proposed with a recommendation that an alternative site methodology was adopted.</p> <p>The Audit Committee supported the proposals for alternative site valuation, noting that the adoption of this new approach was subject to acceptance by the external auditor.</p>