

Board of Directors (in Public)

Item: 6.1.1
Subject: Audit Committee BAF Key Issues Report
Date of Meeting: Tuesday 30th July 2019
Prepared by: Jennifer O'Brien/Senior Executive Assistant
Presented by: Julian Farmer/Chair – Audit Committee
Meeting Held: 16th July 2019

Agenda Item	Lead Exec	Assurance Received	New/Emerging Risks	Actions/Comments
3.1	LL	Annual Review of Corporate Governance Manual		All proposed changes were supported and the updated Corporate Governance Manual was recommended to the Board of Directors for approval and adoption.
3.2	MPC	Risk Management KPI's		<p>No red indicators, 3 ambers.</p> <p>A new presentation format of open incident information was proposed which tracked current compliance with time to incident closure from initial report, allowing senior staff to act before a breach rather than after. The new format was approved by the Committee.</p> <p>The internal auditors had recently carried out a Risk Management Review and had concluded a good system of internal control. Substantial assurance was awarded and six recommendations made; five of which had already been applied. The final recommendation regarding the inclusion of target risk in the corporate</p>

				<p>risk register report was now being reviewed following the Director of Research & Innovation's discussions with the Senior Internal Audit Manager.</p> <p>Following a recent review into Trust committee's by the Trust's internal auditors and subsequent recommendations, the performance of the Risk Management & Corporate Governance Committee would be assessed by the senior management risk team.</p>
3.3		Review Clinical Audit Plan & 6 Monthly Progress Report and NICE Guidance Review		<p>Included were the CAEG annual report 2018/19, Clinical Quality Forward Plan 2019/20 and audit of monitoring compliance with the protocol for the review and implementation of nationally agreed best practice, including national confidential enquires.</p> <p>Audit Committee members expressed assurance that there was a strong process in place. The membership of the CAEG would be assessed to ensure appropriate attendees.</p>
3.4	CW	Losses & Special Payments		Noted.
3.5	CW	Single Supplier Tender Waivers		Noted.
3.6	LL	Compliance with Licence: Review of Quarterly Checklist		<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 primary risk related to;</p> <ul style="list-style-type: none"> Pressures in diagnostic performance; compliance with the diagnostic targets would not be achieved until the new scanners were operational. As part of the CT/MRI Business Case improved performance was expected in Q3 2019/20 with a return to compliance in Q4 2019/20.

				The CFO confirmed that the BoD were sighted on the agreement in principal with NHS Wales
3.7	LL	Review Register of External Visits		Noted.
3.8	LL/CW	Regulatory Action Plans		<p>There were currently no regulatory action plans to note.</p> <p>The Committee were informed that NHS England and NHS Improvement were currently restructuring and as a result the Q1 QRM had been postponed. The Trust had a new temporary relationship manager in place who had quarterly conference calls with the Director of Corporate Affairs and the regulators were looking to have a system wide regulatory oversight. The Trust's CFO also had regular meetings with NHSE/NHSI finance colleagues whose key focus was capital as it continued to be a challenge nationally.</p>
3.9	CW	Informatics & PAS Development Programme including Data Quality Assurance		<p>The Chief Information Officer delivered a progress update presentation regarding PAS and Informatics Development.</p> <p>Progress to date had been positive, with clear evidence that the Informatics function was beginning to mature into the service that the organisation required. Outputs from the function were increasingly professional and business focused, being professionally led by Informatics with user co-design</p> <p>Audit Committee colleagues were informed that the internal auditors has been commissioned to undertake a full review into the recent network incident.</p>
4.1	CW	Internal Audit Progress Report on Delivery of Plan		Six reports had been finalised since the last Audit Committee; two had received substantial assurance, one moderate, one limited and two where an assurance level was not applicable. Work in progress and work planned was noted.
4.2	CW	Internal Audit Follow Up Report		49 recommendations; 23 had been implemented, 19

				<p>partially implemented, four had been superseded and three were yet to be implemented. For partially implemented recommendations, revised target dates had been noted or were in the process of being agreed with the Trust.</p> <p>Concern was raised over the support given to the internal auditors in getting the recommendations implemented, the CFO confirmed that the Trust planned on introducing a tracking process which the internal auditors were developing, however it was thought that this would not be available until April 2020. The CFO therefore would present a management response update to the next Audit Committee meeting.</p>
4.3	CW	Internal Audit Anti-Fraud Update		<p>The key messages and the plan delivery dashboard were noted.</p> <p>In line with the new requirements of standard 1.4 of the Standards for Providers 2019 the internal auditors had developed a fraud risk matrix and process for consideration of which fraud risks should be considered for inclusion on organisations' risk registers. This was scheduled to be rolled out in LHCH in Q2.</p> <p>The annual self-assessment (SRT) against the NHS Counter Fraud Authority's (NHSCFA) Standards for Providers 2019 was formally submitted on the 30th April 2019 and an overall rating of green was achieved.</p> <p>There were currently no on-going investigations to report.</p>
4.4	CW	Charitable Funds Income & Expenditure Report 2019/20		<p>A review of the Charitable Funds systems and processes at the Trust were undertaken in line with the 2019/20 audit plan approved by the Audit Committee. Limited assurance was given.</p>

				<p>Eleven recommendations were made; one high, nine medium and one low.</p> <p>The Audit Committee noted the full contents of the report and subsequent management response and action plan. The internal auditors would follow up in 6-12 months.</p>
4.5	CW	MIAA Insight Report		Update on events, Briefing Note Series and Benchmarking.
5.1	CW	External Audit Update Report	None	<p>The external auditors confirmed that the 2018/19 audit work had now been completed and an unqualified opinion had been given on all areas with all key items delivered.</p> <p>Colleagues were informed that the external auditors were going to propose a one off fee adjustment for 2018/19 to reflect the additional work required on the valuation of land and buildings and the quality report.</p> <p>The external auditors would now begin to look to the 2016/20 financial year and begin the planning process for the audit.</p> <p>The Director of the external auditors would draft a response to recent negative media reports regarding Grant Thornton.</p>
5.2	CW	Annual Review of Performance of External Auditor		It had been agreed that an annual review, linking the Governor's into the process, would be completed on the external auditors.
12	NA	Private Meeting between NED's and internal and external auditors		The Non-Executive Directors met with internal and external auditors and no issues were raised.