Trust Board Meeting in Public: Wednesday 18 January 2017
TB2017.11

<table>
<thead>
<tr>
<th>Title</th>
<th>Audit Committee Chairman’s Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status</td>
<td>For discussion</td>
</tr>
<tr>
<td>History</td>
<td>This is a regular report to the Board</td>
</tr>
<tr>
<td>Board Lead</td>
<td>Mrs Anne Tutt, Committee Chairman</td>
</tr>
<tr>
<td>Key purpose</td>
<td>Strategy</td>
</tr>
</tbody>
</table>

A. Introduction

The Audit Committee last met on 23 November 2016. The main issues raised and discussed at the meeting are set out below.

B. Significant issues of interest to the Board

The following issues of interest are highlighted for the Board:

1. The Trust’s internal auditors [KPMG] reported on the work that had been undertaken as part of the Internal Audit Services to the Trust. Further internal audit reports that had been issued included the following:

   - Medicines Management Follow-Up – Final – Partial assurance with improvements required.
   - IT General Controls – Final – Partial assurance with improvements required.
   - Business Continuity and Disaster Recovery – Final – Partial assurance with improvements required.
   - Infection Control – Final – Significant assurance with minor improvements required.

   The Committee was informed that the Trust had also requested three additional reviews to be undertaken relating to emerging issues and risks relating to Occupational Health Operations and Governance, Ionising Radiation (Medical Exposure) Regulations and A&E Performance Management.

2. The Committee reviewed progress made in the implementation of internal audit recommendations. Members emphasised the need for focus to be maintained, to avoid actions becoming overdue, advising that realistic deadlines should be agreed at the outset.

3. A progress report was received from external auditors Ernst & Young and a proposed timetable of work for 2017 was agreed. This will see an Audit Report and Annual Audit Letter produced in April / May 2017.

4. A progress report was considered on Counter Fraud activities. Key points highlighted included a 4% increase in referrals to NHS Protect from 2015/16; and a procurement review due to commence on 28 November 2016.

5. The Committee received the bi-annual review of work undertaken within the Information Governance Data Quality Group over the first six months of the financial year 2016/17. It was anticipated that the Trust end of year compliance would be at 99%, with 44 out of 45 standards scoring level 3. It was confirmed NHS Digital intended to revert to a system of peer review rather than self-assessment.

6. The Committee received a report on the internal review of the Trust’s current data security capabilities following the publication of “Review of Data Security, Consent and Opt-Outs” in June 2016. Key recommendations included obtaining CyberEssentials to
protect IT systems against cyber-attacks and more robust information governance training for staff in the form of an accreditation and regulation programme.

7. The Clinical Director of Pharmacy presented an update on implementation of the action plan which had been drawn up to address the recommendations made following the original Internal Audit of Medicines Management undertaken in November 2015, reflecting the findings of a follow up review undertaken by KPMG over the summer months in 2016. This demonstrated that work was underway to implement all of the recommendations, but that further progress was required to ensure that the behavioural and cultural changes required were delivered. The Committee expressed its appreciation of the leadership provided by the Clinical Director of Pharmacy, but it was recognised that full implementation of all the recommendations would depend on action being taken for which clinical leadership within the divisions had responsibility. Given the importance of ensuring that all outstanding recommendations were implemented in a timely manner, the Committee asked that a further update on progress be provided to the meeting of the Finance and Performance Committee in December.

8. The Committee considered development of the Buckinghamshire, Oxfordshire and Berkshire West [BOB] Sustainability and Transformation Plan [STP], being led by Oxfordshire Clinical Commissioning Group [OCCG]. It was noted that the Trust remained committed to supporting the development of a robust and deliverable plan, and was already pursuing a range of initiatives which would contribute to delivering the objectives of the STP. These initiatives were taken into account in development of the Trust's Operational Plan for 2017/18 and 2018/19, but no reliance could yet be placed on the further range of schemes proposed within the BOB STP, the development of which would depend upon action to be taken by other organisations within the Oxfordshire health and social care system. It was noted that the governance processes of the STP would be reviewed in due course.

9. The Committee received the regular report on single tender waivers, noting that 19 waivers had been approved with a total of £738,616 since the last report to the Committee. It was further noted that the register now recorded waivers that had been processed or approved retrospectively for goods and services already ordered/received. It was proposed that with effect from January/February 2017 retrospective waivers would not be granted, but would be reported as a control breach. This was in alignment with the need to change the waiver regime and tighten financial controls.

10. The Committee considered a regular report on losses and special payments for the period from April 2016 to October 2016.

11. The Committee received a summary review of accreditation and regulation external review activities notified to the team over the past three years from each of the clinical divisions and corporate teams, providing an insight into who regulates and accredits the Trust. Further work was in progress to develop the reporting of this.

12. The Committee received a verbal update on the governance of contracting monitoring. A review of the outcome of the report was scheduled and UK partners were noted to be engaged on the governance of contract monitoring.
G. Key Risks Discussed

13. In reviewing implementation of the action plan for Medicines Management, it was noted that the “secure storage of medicines and fluids” remained a high priority area within different areas of the Trust. A specific and more detailed action plan has been devised to cover the outstanding recommendations in each of the areas identified, and progress is being monitored by the Clinical Governance Committee at its monthly meetings. The Committee also asked for a further update on progress to be submitted to the Finance and Performance Committee at its meeting in December.

14. In reviewing the current stage of development of the BOB STP, the Committee considered the risk associated with the challenge of securing a robust and deliverable plan that would be sufficient to bridge the health and well-being gap in the Oxfordshire Healthcare system.

15. The Committee considered and supported proposals on how ‘Deep Dive’ reviews of the Trust’s key risks should be undertaken and presented to the Committee, once the Board Assurance Framework [BAF] and Corporate Risk Register [CRR] had been reviewed, to reflect the Trust’s revised strategic objectives. It was agreed that a schedule of Deep Dives should be devised, to provide members of the Audit Committee with sufficient information to make an informed judgement about the system of internal control, and the level of assurance gained in relation to that system of control.

D. Key decisions taken

The following key decisions were made:

16. The Committee agreed that, with effect from January/February 2017, retrospective waivers would not be granted in respect of goods/services that had already been procured, and these would be reported as control breaches.

17. In respect of the tender for internal audit services, it was agreed that the minimum number of bidders should be no fewer than two to three. Applicants would be asked to provide a forty-minute presentation followed by a period of fifteen minutes of questioning from the selection panel. It was further agreed that one of the Governors should be invited to observe presentations by those tendering for internal audit services, and the Governors’ Performance, Workplace and Finance Sub-Committee would be invited to nominate one of its members.

E. Agreed Actions

The Committee agreed the following actions:

18. The Committee asked for regular updates to be provided on the plans and action being taken in respect of the reviews being undertaken by the Chief Information and Digital Officer in relation to operational performance and standards across the Trust.

19. The Committee agreed that management needed to be more engaged with the process of internal audit and that the dates initially set for implementing recommendations should be more realistic.
20. The Committee requested that the Internal Auditors [KPMG] will assist in developing the format and benchmarking data for future progress reports.

21. The Committee agreed a list of waivers and trends should be incorporated into future Single Tender Waiver reports to clarify where the control of waivers lay.

22. A report on the governance of contracting monitoring will be submitted to the Committee at its next meeting in February 2017.

F. Matters deferred for future consideration

23. None

G. Matters to be referred to the Trust Board, and other sub-committees of the Board


Recommendation

25. The Trust Board is asked to note the contents of this paper.

Anne Tutt
Audit Committee Chairman

January 2017