<table>
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<th>Status</th>
<th>For discussion</th>
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<tr>
<td>History</td>
<td>This is a regular report to the Board</td>
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<th>Board Lead</th>
<th>Mrs Anne Tutt, Committee Chairman</th>
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<td>Key purpose</td>
<td>Strategy</td>
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Trust Board Meeting in Public: Wednesday 14 March 2018
TB2018.29
A. Introduction

Since the Board last met in public in January 2018, the Audit Committee ["the Committee"] held its most recent meeting on 15 February 2018.

Under its terms of reference, the Committee is responsible for providing assurance to the Trust Board on the Trust’s system of internal control by means of independent and objective review of financial and corporate governance, and risk management arrangements, including compliance with law, guidance, and regulations governing the NHS. This report aims to contribute to the fulfilment of that purpose.

B. Background/Re-cap

At the meeting of the Board held in public in January 2018, the Committee’s report from its meeting held in November 2017 focused on internal audit reviews where partial assurance had been found, including the implementation of Oracle Fusion, Consultant job planning and the review of Divisional Financial Governance. The Committee also reported on its monitoring of progress in the implementation of outstanding recommendations made by the internal auditors.

At the Board meeting held in January, the Trust’s system of internal control was reflected in consideration of quality, operational, financial and workforce performance, and in specific reports submitted on Learning from Deaths, Progress in implementation of the CQC Action Plan, Progress in Equality, Diversity and Inclusion, and an update on compliance with the General Data Protection Regulation. The Board also approved changes proposed to the constitution and Standing Financial Instructions.

C. Issues of significance reviewed by the Audit Committee in February 2018

1. The Trust’s internal auditors [KPMG] reported on further internal audit reports that had been issued, which included:

   - Patient Pathways: End of Life Care – significant assurance with minor improvement opportunities
   - Information Governance Toolkit - significant assurance with minor improvement opportunities

2. In relation to the report on End of Life Care, the Committee noted that this was one of the Trust’s Quality Priorities, and commended the great progress made, as evidenced by the significant areas of good practice found by the internal auditors. In particular, it was noted that 100% compliance had been found in an audit of the documentation relating to cases in which do not resuscitate [DNR] orders applied. This was regarded as strong assurance of consistency in practice, which as such was very much welcomed.

3. Progress made in the implementation of all internal audit recommendations was reviewed, including consideration of the rationale offered for any revised implementation dates. The Committee continued to be concerned about the lack of progress in addressing recommendations in some areas, and requested that recommendations continue to be monitored closely and managed by the Trust Management Executive [TME].
4. In relation to previous internal audit reports where partial assurance had been found, the Committee received specific reports in relation to:
   
a. Consultant job planning, in respect of which the Medical Director confirmed that a Task and Finish Group had been established, which will report to TME;
   
b. Implementation of Oracle Fusion, in respect of which the Committee noted that the Internal Auditors were due to undertake a review of readiness for going live at the end of February, and it was agreed that a ‘gateway review’ should be undertaken by executives before seeking approval to ‘go live’;
   
c. Cash management, in respect of which the proposed management response was considered, noting that this had yet to be finalised in further discussion between the Chief Finance Officer and Internal Auditors. The Committee will expect to see defined dates for actions proposed and, to the extent that the management response may challenge some elements of the IA recommendations, will need to be persuaded of the rationale for any alternative proposed by management;
   
d. Divisional Financial Governance, in respect of which there was noted to have been improvement in the organisation’s financial governance overall, although concerns remained about whether headway had been made to build capabilities at all levels.

5. The Medical Director outlined implications of the introduction of new regulations relating to Ionising Radiation (Medical Exposure): IR[ME]R 2017 and IRR17. It was suggested that, once the regulations were fully embedded, further involvement of the Internal Audit team would be useful, and it was agreed that provision should be made for further review within the internal audit plan for the coming year.

6. The Committee received updates on progress bearing upon preparation of the annual accounts 2017/18, including:
   
a. An update on the timetable for production of the Annual Accounts and Annual Report 2017/18;
   
b. A report on accounting policies which had been updated in line with the new draft of NHS group accounting policies for 2017/18 and the process for making judgements and material estimates; and
   
c. An update on the process and timeline for the production of the Annual Governance statement, a draft of which will be provided for review by members of the Committee in advance of the next meeting.

7. The Trust’s external auditors Ernst & Young reported that the audit plan for 2011/18 had been finalised, and it was confirmed that no issues had been identified to date in the on-site audit that remained on-going as at the time of report. Work had been undertaken to review governance arrangements that would have a bearing on the Value for Money [VFM] conclusion. The governance arrangements had been found satisfactory, and work would now focus on outcomes, to form the VFM conclusion.

8. The Trust’s Counter- Fraud advisers presented a progress report, in which it was highlighted that, by ruling of the Supreme Court, the new and revised legal test for dishonesty required only that what the defendant did be judged dishonest by the ordinary standards of reasonable and honest people and no longer that the defendant must also realise that what he/she did was dishonest by such standards.
9. The Committee received specific reports on systems of internal control related to:
   a. Cybersecurity and data security standards, in respect of which assurance was provided that systems had to date been robust in resisting cyber-attacks, but the need for on-going vigilance was emphasised and fully acknowledged;
   b. General Data Protection Regulation [GDPR] 2018, in respect of which assurance was provided that – on the basis of the limited guidance so far available - the Trust was prepared for compliance with the new legislation due to come into effect from 25 May 2018, with the only foreseeable risk relating to the need to ensure that contracts with data controllers were GDPR compliant.

10. The Committee heard that, subject to overcoming constraints on the capacity of the internal assurance team, it is intended to develop a database of accreditation and regulation.

11. The Committee reviewed the regular report provided on single tender waivers that had been approved under the Trust’s system for internal control, since the last report to the Committee in November 2017. Overall, there was noted to be a downward trend in the number of single tender waivers, which was attributed to the additional controls that had been introduced, and the Committee welcomed this rigour. Specific consideration was given to a requested waiver to allow for the continued provision of radiotherapy as contracted by NHSE Specialised Commissioners, and this was supported by the Committee.

D. **Key risks** discussed included:

10. Risks associated with delay or failure to implement Internal Audit recommendations, progress in which will continue to be closely monitored;
11. Risks associated with the introduction of new regulations relating to Ionising Radiation (Medical Exposure): IR[ME]R 2017 and IRR17, compliance with which will be reviewed, once the new regulations are fully embedded;
12. On-going risks associated with cybersecurity, notwithstanding robustness of the Trust’s systems in resisting cyber attacks to date, a further report on which is scheduled to be submitted to the Committee in October;
13. The potential risk that, given the weight and volume of accreditation and regulation to which the Trust was subject, full assurance could not easily be provided that the Trust’s internal system of control was adequate to ensure full compliance with all of the law, guidance, and regulations governing the NHS.

14. The Committee also reviewed the risks as recorded in the latest iteration of the Corporate Risk Register and reflected in the Board Assurance Framework

E. **Key decisions** taken included:

15. Subject to overcoming constraints on the capacity of the internal assurance team, the Trust should develop a database of accreditation and regulation.
16. The Accounting Policies for preparation of the 2017/18 Annual Accounts are adopted, and the Committee supported the accounting estimates and material judgements outlined.
17. Losses and special payments should be reviewed annually by the Committee.
F. **Key actions** agreed included:

18. The Trust Management Executive [TME] will be asked to continue to keep under close review progress in the implementation of recommendations made by the Internal Auditors.

19. The Chief Nurse will be invited to attend, to present an update on work undertaken to improve compliance with the Mental Capacity Act [MCA] and Deprivation of Liberty Safeguards [DOLS].

20. Compliance with new regulations relating to Ionising Radiation (Medical Exposure): IR[ME]R 2017 and IRR17 will be reviewed.

21. A ‘gateway review’ will be undertaken before seeking approval to ‘go live’ in the implementation of Oracle Fusion.

22. A draft of the Annual Governance Statement will be circulated for review by members of the Committee in advance of the next meeting.

23. The External Auditors will alert the Chief Finance Officer to any issue that arises in the course of their on-going audit, and he will in turn keep members of the Committee updated as appropriate, in advance of the next meeting.

24. The CQC’s report of the Oxfordshire System review will inform a deep dive review of the risks associated with Oxfordshire system working.

E. **Matters deferred for future consideration**

25. None

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

26. The Committee recommended that the Board approve a waiver to allow for the continued provision of radiotherapy as contracted by NHSE Specialised Commissioners.

**Recommendation**

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

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**Anne Tutt**  
Audit Committee Chairman  
**March 2018**