

Cover Sheet

Trust Board Meeting in Public: Wednesday 10 November 2021

TB2021.98

Title: **Audit Committee Chair's Report**

Status: **For Information**

History: **This is a regular report to the Board**

Board Lead: **Committee Chair**

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Confidential: **No**

Key Purpose: **Assurance**

Audit Committee Chair's Report

1. Purpose

- 1.1. As a Committee of the Trust Board, the Audit Committee provides a regular report to the Board on the main issues raised and discussed at its meetings.
- 1.2. Since the last report to the Board held in public, the Audit Committee had met by email circulation in August and on 27 October 2021.
- 1.3. 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.

2. Audit and Counter Fraud

Internal Audit

- 2.1. Since the last Audit Committee, the remaining outstanding internal audit reports have been finalised by KPMG, all providing significant assurance with minor improvement opportunities:
 - 2.1.1. Medicines Management in Theatres;
 - 2.1.2. Safer Surgery;
 - 2.1.3. Divisional Governance;
 - 2.1.4. Corporate Governance.
- 2.2. The Committee was briefed on the ratings system used by BDO [substantial, moderate, limited, no], as it differed from that used by the previous internal auditors, KPMG. Further clarification and benchmarking was requested by the Committee.
- 2.3. BDO presented two final reports to the Committee. Both were rated as moderate in the design of the controls and moderate for the effectiveness of controls:
 - 2.3.1. Clinical Validation of Waiting Lists;
 - 2.3.2. Infection Prevention and Control
- 2.4. The Committee continued to monitor the closure of internal audit recommendations.

Clinical Audit

- 2.5. The Committee received an update on the progress of the Clinical Audit Plan at its mid-way point. Members were assured that appropriate processes were in place for the selection of audit areas and tracking of recommendations through the clinical governance team, Clinical Governance Committee, and Integrated Assurance Committee.

External Audit

- 2.6. The Committee had reviewed the Auditor's Annual Report at its meeting by email circulation in August. At its October meeting, it noted the presentation of the Report to the Council of Governors and publication of the Report on the Trust website.
- 2.7. Members interrogated the lessons learned from the 2020/21 annual accounts process and will review the 2021/22 external audit plan at its next meeting.

Counter Fraud

- 2.8. The Trust's Counter Fraud Specialist Advisors, TIAA, summarised their report detailing activity carried out against the Counter Fraud work to October 2021¹.
- 2.9. TIAA briefed the Committee on the range of activities being undertaken as part of Fraud Awareness Week; this included the launch of a staff e-learning module.

3. Risk, Assurance, Governance and Regulation

Corporate Risk Register (CRR) and Board Assurance Framework (BAF)

- 3.1. The Committee received an update on work being done to map the range of controls in place for each risk to corresponding Board and committee papers. The next phase of the work would include an analysis of the effectiveness of the controls.
- 3.2. Members complimented the level of detail and noted the addition of new risks, which showed a live process. As the work develops, the Committee will be in a position to monitor actions arising from this analysis.

Quality Impact Assessment (QIA)

- 3.3. The timetable for the review of the Trust's QIA policy and plans to further integrate QIAs into the planning process was presented to the Committee.

¹ This report was in line with the Standards for Providers as set out by the NHS Counter Fraud Authority

There were links to the ongoing work of the Financial Governance Review and the Committee supported a joined-up approach.

- 3.4. The Committee will receive an update at a future meeting and will consider how the Trust Board can be better sighted on QIAs.

4. Financial Governance

- 4.1. The Committee received the report that provided analysis of approved single tender waiver applications (inclusive of retrospective waivers) and a report that provided a summary of losses and special payments.

5. Other Updates on Existing Areas of Focus for the Committee

Digital

- 5.1. Following a previous limited assurance report on the Data Security and Protection (DSP) Toolkit, the Committee received a verbal update from the Chair on behalf of the Chief Digital and Partnerships Officer (CDPO) on progress in relation to three DSP standards. Work on one standard had been completed (business continuity planning) and two were in progress (95% staff compliance to Training and Audit Log Retention).
- 5.2. The Committee was briefed on changes to the submission dates for the DSP Toolkit and Information Governance Statement; the CDPO would attend the next meeting to provide a detailed update.
- 5.3. There were three outstanding actions relating to digital programmes in the Costing Assurance Audit; the Committee requested a progress report at its next meeting.

Appointment of External Auditor

- 5.4. The Committee was updated on the activities of the External Audit Working Group. The Group's Terms of Reference had been approved by the Council of Governors and a compliant procurement process had been commenced.
- 5.5. It was anticipated that a recommendation on the appointment of the external auditor would be made to the January 2022 meeting of the Council of Governors.

6. Key Risks Areas related to the Business of the Committee

- 6.1. Staff Training: the Committee will continue to monitor Counter Fraud and DSP training.

- 6.2. 2021/22 External Audit Plan: lessons learned from the 2020/21 process must be incorporated into the plan.

7. Key Actions Agreed

- 7.1. The Committee has requested further explanation of BDO's assurance ratings, along with benchmarking information.
- 7.2. The Committee has requested a regular item on digital to its agenda in order to better track progress in this area.

8. Recommendations

- 8.1. The Trust Board is asked to note the contents of this report.