

Trust Board Meeting in Public: Wednesday 17 January 2018  
TB2018.11

<b>Title</b>	<b>Audit Committee Chairman's Report</b>
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<b>Status</b>	<b>For discussion</b>
<b>History</b>	This is a regular report to the Board

<b>Board Lead</b>	<b>Mrs Anne Tutt, Committee Chairman</b>			
<b>Key purpose</b>	Strategy	<b>Assurance</b>	Policy	Performance

## A. Introduction

The Audit Committee last met on 22 November 2017. 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:
  - Oracle Fusion Implementation – partial assurance
  - Consultant Job Planning – partial assurance
  - ITGC: Web and Mail System Controls – significant assurance with minor improvement opportunities
  - Horton Maternity Review – draft – significant assurance with minor improvement opportunities
  - Cash Management – no assurance rating assigned

The Committee reviewed progress made in the implementation of internal audit recommendations, including revised implementation dates. The Committee continued to be concerned about the lack of progress in addressing recommendations in some areas. The Committee Chairman indicated that specific Executive Directors may be invited to the next meeting of the Committee to discuss outstanding actions, and requested that recommendations without a revised due date continue to be monitored and managed to the Trust Management Executive [TME].

2. The Committee received an update on the actions arising from the Internal Audit Divisional Review. The Director of Improvement and Culture was reported to be leading on a detailed implementation plan, due to be formally submitted at the next meeting of the Audit Committee.
3. A progress report was received from external auditors Ernst & Young and a proposed timetable of work for 2018 was agreed. This will see an Audit Report and Annual Audit Letter produced in May 2018.
4. A progress report was considered on Counter Fraud activities. Key points highlighted included the launch of the NHS Counter Fraud Authority [NHSCFA] on 1 November 2017, a new special health authority that would now lead on inspections.
5. The Medical Director presented an overview of actions that had been taken in respect of two separate Improvement Notices relating to Ionising Radiation (Medical Exposures) Regulation: the CQC under Section 21 of the Health & Safety at Work Act 1974, issued in August 2016 and subsequently lifted in February 2017; and the Health

and Safety Executive [HSE] on 31 May 2017 in respect of Ionising Radiation Regulations 99 [IRR99]. The Committee considered that this was an important area requiring on-going monitoring to ensure compliance was embedded within the Trust, particularly in light of new regulations due to come into force from January 2018. A further update was requested to the meeting of the Audit Committee in February 2018.

6. The Committee was provided with an initial overview of specific areas identified as worthy of focus in the accounting treatment of material items, which would assist in its formal consideration of the Trust's accounting policies and judgments at its next meeting in February 2018.
7. The Committee received the timetable for the production of the Annual Report 2017/18.
8. 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 2017/18. It was anticipated that the Trust end of year compliance would be at 100% and satisfactory.

It was noted that the toolkit would be revised with the new NHS Information Governance Toolkit coming into force from April 2018. In addition, Information Governance would be subject to an audit in January 2018.

9. The Committee received the regular report on 20 single tender waivers, approved since the last report to the Committee in September.

It was proposed that future reports incorporate a chart relating to the volume and value of retrospective waivers, and that focus should be sustained on decreasing the volume and value of retrospective waivers.

A significant proportion of low value waivers were attributed to AHSN indicating a need to either provide an exemption on low value items or to insist on compliance with the Trust's Waiver procedure.

10. The Committee considered a regular report on losses and special payments for the period from 1 April 2017 to 31 October 2017.

## **G. Key Risks Discussed**

11. In reviewing implementation of the actions taken to address compliance issues with IR[ME]R it was noted that the Trust had an annual rolling audit programme designed to provide continuous monitoring of regulation compliance. It was agreed that the extent of the risk needed to be understood to demonstrate sufficient assurance, which included evidencing staff were complying with processes and procedures.
12. The Committee considered healthcare cyber security risks and the significant negative impact to patient care delivery and clinical outcomes as a result of inaccessibility of patient data.
13. The Committee considered the initial overview of current health and safety management assurance within the Trust and supported proposals for improvements as part of a safety management systems / risk control programme. Particular concerns

related to the lack of responsibility and “ownership” by management leading to poor compliance by staff. The Chief Information and Digital Officer stated that a redesign of safety policy and procedures would manage activities more effectively, thereby reducing the risk of health and safety breaches.

#### **D. Key decisions taken**

The following key decisions were made:

14. The Committee agreed that the regular single tender waiver report should incorporate a chart relating to the volume and value of retrospective waivers.
15. In respect of the tender for External Auditors, submissions had been received from three firms, of which the External Audit Working Group would consider presentations, and formulate a recommendation; in readiness for submission to the Council of Governors in January 2018.
16. The Committee reviewed and recommended the proposed changes to the Constitution and Standing Financial Instructions approved by the Trust Board in January 2017, which reflected:
  - the latest Terms of Reference for each of the Trust Board Sub-Committees’
  - changes to executive directors’ responsibilities; and
  - amendment to paragraph 24 of Annex 7 of the Constitution to govern the authority to sign non-legally binding documents.
17. The Committee agreed a number of changes to the existing Limits of Delegation Policy.

#### **E. Agreed Actions**

The Committee agreed the following actions:

18. The Committee asked for regular updates to be provided on compliance with Ionising Radiation (Medical Exposures) Regulation.
19. The Committee agreed to undertake a deep dive review of professional services and value for money in anticipation of its next meeting in February 2018.
20. A deep dive review of the BOB STP will be submitted to the Committee at its next meeting in February 2018.
21. A report on how the Trust meets the Care Quality Commission [CQC] data security standards will be submitted to the Committee at its next meeting in February 2018.
22. A report on the General Data Protection Regulations [GDPR] will be submitted to the Committee at its next meeting in February 2018.
23. Following a review of the External Audit Plan, it was agreed that an additional paper on “Value for Money” should be submitted to the Committee at its next meeting in February 2018.

24. The Committee agreed an offline deep dive should be undertaken in relation to delivery of the financial re-forecast plan.

**F. Matters deferred for future consideration**

25. None

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

26. A recommendation to provide exemptions on low value waivers would be submitted to the Trust Board.

27. Regular Health & Safety Reports to be submitted to TME on a monthly or quarterly basis. A formal report detailing the outcome of the Health & Safety review would be submitted to the Trust Board in January 2018.

**Recommendation**

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

**Anne Tutt**  
**Audit Committee Chairman**  
**January 2018**