

Chair's Report of Audit Committee on 24 September 2018 1 October 2018

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Agenda Item No: 12.3

Trust Board Report

Meeting Date:	24 September 2017
Title:	Summary of issues considered by the Audit Committee on 24 September 2018.
Executive Summary:	This report sets out the more significant matters which the Audit Committee discussed at its most recent meeting, in order to provide information and assurance to the Trust Board.
Action Requested:	To note the report
Report of:	Ms Mary Martin, Non-Executive Director and Acting Chair of the Audit Committee
Author: Contact Details:	Ms Mary Martin Tel: 01902 695953
Resource Implications:	None
Public or Private: (with reasons if private)	Public Session
References: (e.g. from/to other committees)	To receive and consider reports from External Audit, Internal audit, Security Management and Counter Fraud . To review other sources of assurance including third party assurances
Appendices/ References/ Background Reading	None
NHS Constitution: (How it impacts on any decision-making)	In determining this matter, the Board should have regard to the Core principles contained in the Constitution of: <ul style="list-style-type: none"> ✚ Equality of treatment and access to services ✚ High standards of excellence and professionalism ✚ Service user preferences ✚ Cross community working ✚ Best Value ✚ Accountability through local influence and scrutiny

Background Details

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The agenda included the update on key risks within the Trust including the continued development of the BAF. In addition there were reports from:

- Internal Audit on progress, recommendation tracking and completed audit reports.
- Counter Fraud on a draft workplan and a progress update.
- External Audit on their progress.
- Security on key issues and progress.
- Charitable External Auditors/Charitable Funds Committee on the Annual Audit Letter , Charitable funds ISA260 and the Charitable Funds and Annual Report and Accounts 2017/18.
- Finance on losses and compensation payments

The key points to note were:

- **Updates from QGAC, F&PC and TMC on increasing risks that require new controls, mitigation or third party audit.**

The chairs of the committees gave an update on the key risks for which they are responsible. An additional risk (SR12) had been added to the BAF with risk score of 16 (red) under QGAC and the committee received an update on the nature of the risk and mitigating actions. In addition F&P key risk remains the delivery of the CIP (risk score 20) and the underlying deficit (risk score 20). A number of internal and External Assurance reviews were being carried out/planned to ensure all appropriate action was being taken. No further Audits/Assurance was identified as being required. This will be reviewed at each meeting of the Audit Committee.

- **Board Assurance Framework and TRR**

The Committee was briefed on continued work to review and refresh the BAF. The aim is to make the process less of an administrative burden, more operationally useful and easier to read/understand. In this regard the Committee were pleased with the new format.

- **Internal audit (Grant Thornton).**

The Committee received the final report for Freedom to Speak Up (whistleblowing) which achieved Significant Assurance. Work underway and expected to be completed in Q3 included Capital Planning, Safe Staffing and Financial Controls. The Committee received a recommendation tracker showing 14 actions that were high or medium actions more than 6 months overdue. The Committee asked the Executive to immediately clear any 2017 actions and that in future any high/medium actions over 6 months the Executive Director responsible will be asked to attend the Committee to explain why they had not been implemented.

- **Counter Fraud (Grant Thornton).**

The draft workplan which included 85 days of proactive work and 74 days of reactive work was approved by the Committee. The progress report identified that 8 referrals had been made in 2017/18, of which 5 had progressed to investigation with 4 closed and 1 ongoing. For 2018/19 5 referrals had been made which remained as enquiries with 1 closed and 4 ongoing.

- **External Audit (KPMG)**

The Committee received a succinct report which detailed a de-brief of the accounts process for 2017/18 at the end of September 2018 and the planning process to be started for 2018/19 accounts. Benchmarking information with other clients was provided on a range of indicators but one aspect in particular suggested that the Trust was at the low end of PSPP compliance. This was challenged given the amount of cash being loaned from DH to acute providers

and a condition of the loan being extending creditors to 90 days.

- **External Audit (Whittingham Riddell), Annual Audit Letter Charitable Funds ISA 260, Charitable Funds Annual report and Accounts.**

The annual accounts, annual report and ISA 260 report were discussed. The Whittingham Riddell report indicated no material concerns and gave positive assurance across all the key areas of the audit. 3 observations were made resulting in management responses with management accepting and taking action on 2 of them.

- **Security Report**

The Committee received a report which identified that a business case for additional CCTV upgrade had been approved. An increase in violence and aggression had been noted relating to 2 specific patients in 2 ward areas.

- **Losses and Compensation payments.**

The Committee recommended the paper for Board approval.

- **Audit Committee Workplan**

This was approved.

- **Audit Committee Dates for 2019.**

Approved with the exception of the September date.