

## Council of Governors

<b>Subject:</b>	Report of the Audit and Assurance Committee	<b>Date:</b> 14th May 2019		
<b>Prepared By:</b>	Graham Ward, NED, Chair of Audit and Assurance Committee, Shirley A Higginbotham Director of Corporate Affairs			
<b>Approved By:</b>	Graham Ward, NED, Chair of Audit and Assurance Committee			
<b>Presented By:</b>	Graham Ward, NED, Chair of Audit and Assurance Committee			
<b>Purpose</b>				
The Audit and Assurance Committee met on 21 <sup>st</sup> March and 18 <sup>th</sup> April 2019. This paper informs members of the significant matters discussed by the Committee.			<b>Approval</b>	
			<b>Assurance</b>	<b>x</b>
			<b>Update</b>	
			<b>Consider</b>	
<b>Strategic Objectives</b>				
<b>To provide outstanding care</b>	<b>To promote and support health and wellbeing</b>	<b>To maximise the potential of our workforce</b>	<b>To continuously learn and improve</b>	<b>To achieve better value</b>
<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
<b>Overall Level of Assurance</b>				
	<b>Significant</b>	<b>Sufficient</b>	<b>Limited</b>	<b>None</b>
		<b>x</b>		
<b>Risks/Issues</b>				
<b>Financial</b>	The Audit and Assurance Committee is responsible for ensuring the system of internal control is robust and effective in order to provide high quality, value for money services to patients and provide a safe environment for staff. Safeguarding the reputation of the Trust			
<b>Patient Impact</b>				
<b>Staff Impact</b>				
<b>Services</b>				
<b>Reputational</b>				
<b>Committees/groups where this item has been presented before</b>				
N/A				
<b>Executive Summary</b>				
<p>The Council of Governors is asked to accept the content of the Report and note the items highlighted below:</p> <ul style="list-style-type: none"> <li>• External Audit Progress Report <ul style="list-style-type: none"> <li>○ update on the two new accounting standards <ul style="list-style-type: none"> <li>▪ IFRS 9 “Financial Instruments”</li> </ul> </li> </ul> </li> <li>• IFRS 15 “Revenue from Contracts with Customers”</li> <li>• Draft Head of Internal Audit Opinion</li> <li>• 2019/20 Internal Audit &amp; Counter Fraud Plan - approved</li> <li>• Draft Annual Report including Annual Governance Statement Progress Report.</li> <li>• Draft Quality Account Progress Report</li> <li>• Draft Annual Accounts</li> <li>• Clinical Audit deep dive</li> <li>• Cyber Security deep dive</li> <li>• Conflicts of Interest – Approved for submission to Board.</li> <li>• Committee Workplan - approved</li> <li>• Losses &amp; Special payments - approved</li> <li>• Going Concern – Draft for consideration</li> <li>• Internal Audit Recommendations – Owners attended to report on progress</li> </ul>				
The Audit and Assurance Committee met on 21 <sup>st</sup> March and 18 <sup>th</sup> April 2019. The meeting was				

quorate, the Minutes approved and there were no outstanding actions. There were no declarations of interest.

The following items were presented and discussed:

#### External Audit Progress Report

Progress reported as in line with expectations and no issues to escalate to date.

There was an update on the two new accounting standards which have been adopted for use in the NHS for periods commencing 1st April 2018 (financial year 2018/19):

- IFRS 9 "Financial Instruments"
- IFRS 15 "Revenue from Contracts with Customers"

#### Draft Head of Internal Audit Opinion

The draft Head of Internal Audit Opinion of Significant Assurance was provided, though this is subject to the outcome of all the outstanding reports expected to be finalised. The final opinion will be submitted to the May meeting of the committee

#### 2019/20 Internal Audit & Counter Fraud Plan

The Draft 2019/20 Internal Audit and Counter Fraud Plan was presented to the Audit & Assurance Committee for consideration and approval.

Since the March meeting of the committee, internal audit confirmed with each Executive Director that they are happy with the content of the plan and approved by the Chief Executive Officer.

No changes have been made to the Plan from the version presented to the March 2019 Audit and Assurance Committee meeting. The committee approved the plan.

#### Draft Annual Report including Annual Governance Statement Progress Report

The draft annual report and annual governance statement were presented to committee; progress is in line with the plan. The draft will be submitted to PwC in line with the timelines.

#### Draft Quality Account Progress Report

The draft Quality Account was presented to committee; progress is in line with plan and the draft has been reviewed at the prescribed intervals by the external auditors, PwC.

#### Draft Annual Accounts

An update on the process was provided to committee:

On 15<sup>th</sup> April all providers submitted a key data return to NHSI informing them of the draft I&E position in their accounts

Draft Accounts produced and will be submitted by 24<sup>th</sup> April as per required due date.

Accounts produced in the required format and on a going concern basis.

Revised Accounting notes to reflect the requirements of IFRS 9 and 15 - No other changes to existing Accounting Policies.

4 main statements with supporting notes.

The Committee reviewed the draft accounts prior to the PwC Audit review, which commenced 23<sup>rd</sup> April 2019.

#### Clinical Audit Deep Dive

Committee received a detailed report on clinical audit which showed considerable progress over the last two years and included plans for further improvement. Committee acknowledged the report and agreed the ongoing monitoring of clinical audits should revert back to the Quality Committee.

#### Cyber Security Assurance

NHIS presented a deep dive report on Cyber Security, detailing background to this key risk and the steps taken/being taken to mitigate the risk. It was acknowledged that good progress has been made but that continued vigilance and work to reduce the number of unsupported operating system installations was required.

#### Register of Interests

Committee received the annual report on the Conflicts of Interest Report, the committee acknowledge the work undertaken to achieve the improved position and noted the actions proposed for 2019/20 to improve compliance. The committee approved the Register for submission to the Board.

#### Internal Audit Recommendations

The owners of all audit recommendations that hadn't been implemented by their target date and were still outstanding attended committee to present on progress:

Mental Health Act – 2 recommendations outstanding will be completed by May 2019, a follow up audit is scheduled for Quarter 1

Medical Devices – 2 recommendations outstanding, 1 will be completed by April 2019, the owner is requested to report back to committee in July regarding the other outstanding recommendation.

Business Continuity and Emergency planning – 2 recommendations outstanding which will be completed by May 2019.

Information Governance – 2 recommendations outstanding, 1 awaiting outcome of submission to ICO and the second one due for completion June 2019. Owner is requested to report back to committee in July regarding completion.

Quality account 2017/18 – all 4 recommendations agreed as completed or superceded, internal audit to undertake a further review in 2019.

CAS Patient Safety Alert – 1 recommendation – follow up in Q1 to provide assurance the risk has been addressed.