

## Council of Governors

<b>Subject:</b>	Report of the Audit and Assurance Committee	<b>Date:</b> 21 <sup>st</sup> February 2018		
<b>Prepared By:</b>	Shirley A Higginbotham, Head of Corporate Affairs and Company Secretary			
<b>Approved By:</b>	Ray Dawson, NED, Chair of Audit and Assurance Committee			
<b>Presented By:</b>	Ray Dawson, NED, Chair of Audit and Assurance Committee			
<b>Purpose</b>				
The Audit and Assurance Committee met on 16 <sup>th</sup> November 2017 and 18 <sup>th</sup> January 2018. This paper informs members of the significant matters discussed for reporting to the Council of Governors:			<b>Approval</b>	
			<b>Assurance</b>	✓
			<b>Update</b>	
			<b>Consider</b>	
<b>Strategic Objectives</b>				
<b>To provide outstanding care to our patients</b>	<b>To support each other to do a great job</b>	<b>To inspire excellence</b>	<b>To get the most from our resources</b>	<b>To play a leading role in transforming health and care services</b>
x	x	x	x	x
<b>Overall Level of Assurance</b>				
	<b>Significant</b>	<b>Sufficient</b>	<b>Limited</b>	<b>None</b>
		x		
<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 are asked to accept the content of this report and note the items below which were highlighted to the Board:</p> <ul style="list-style-type: none"> <li>• PWC have been appointed by the Council of Governors as the Trusts External Auditors</li> <li>• Number of staff band 7 and above who are non-compliant with regard to conflict of interest declarations.</li> <li>• Recommend approval of the Standing Financial Instructions and Scheme of Delegation updates</li> <li>• Recommend approval of the Terms of Reference for the Audit and Assurance Committee</li> </ul> <p>The following items were presented and discussed in the Audit and Assurance committees in November and January.</p> <p><u>Whistleblowing Arrangements</u></p> <p>The report was received and considered, the Senior Independent Director provided committee with assurances with regard to the revised governance processes and the additional Freedom to Speak up Guardians and pointed to the next steps which would ensure alignment with the Trusts Maximising our Potential workforce strategy:</p>				

- Introduction of a dedicated portal where concerns can be raised 24/7 through a smart phone application
- Promotion of the raising concerns agenda through the smart phone application and revised promotional information by the end of 2017
- Increased engagement at Trust induction through pod cast and supporting information
- Revised poster campaign including new signage across all sites linked to “Dedicated to Outstanding”
- Hosting a regional Freedom to Speak up Guardian network meeting in December

Committee were assured by the report

#### Counter Fraud Progress Report

The report was presented by the Trusts local Counter Fraud Specialist, who reported progress against the 2017/18 counter fraud work plan and highlighted key areas of counter fraud work undertaken in the areas of strategic governance inform & involve and prevent & deter:

- 60% of the planned work for the year complete
- New fraud risk assessment process developed
- NHS Counter Fraud Authority replaced NHS Protect on 1st November 2017
- 2822 staff have completed counter fraud eLearning since April 2017
- November is Fraud Awareness Month at the Trust
- Mandate fraud exercise commenced
- 3 investigations and 2 information reports (initial allegations) are being actively progressed by the CFS
- A further 3 investigations and 2 information reports have been requested for formal closure since the last meeting
- 1 investigation has been closed since the last meeting

Committee were assured by the report

#### Internal Audit Progress Report

360 Assurance client manager presented the report and highlighted the following areas:

The following reports were issued in the period:

Medical Devices, Final Report which was issued with a limited assurance opinion. 360 Assurance presented the findings of the Medical Devices review and the Medical Director provided committee with an update regarding the actions identified. Five risks had been identified and 5 actions had been agreed, a follow up review would be undertaken during Q1 of 2018/19 to evaluate progress made in respect of the issues raised.

Quality Account Indicators, Follow up report one high risk action which relates to the Emergency Department 4 hour standard. The COO provided the committee with an update on progress and committed to providing further reports to members of the committee once actions had been implemented by the end of January 2018. The committee requested a timeline of when all actions would be complete and it was agreed internal audit would audit the revised process in Q4

Patient Safety Alert System Final Report which was issued with limited assurance, this would be discussed at the March meeting of the Audit and Assurance Committee.

Integrity of the General Ledger & Budget Management Final Report was issued with significant assurance, this would help inform the Internal Audit Opinion at year end

Follow up reports had been completed for Patient Safety/CQC 'Safe' Domain; all the actions identified in the original report had been implemented.

Committee were informed 69% of the internal audit plan had been completed which is in line with expectations.

The Trust's rate of implementation of audit recommendations stands at 86% which is a significant improvement on previous years.

Stage two of the work with regard to the 2017-18 Head of Internal Audit Opinion has commenced

#### External Audit Plans

Alison Breadon - Partner and Matthew Elmer - Senior Manager PWC, the trusts recently appointed external auditors, presented an overview of the plans and asked the committee to approve the £250,000 de minimis limit, the committee were assured this was in line with NAO guidelines, the previous limit had been £215,000.

Committee approved the de-minimis limit at £250,000.

#### Board Assurance Framework

The committee were informed the BAF was being refreshed for the 2018/19 financial year to take into consideration the horizon scanning work undertaken last year. It was suggested that the BAF should form part of a future Board Workshop.

The committee were also informed that since the last meeting, the Finance Committee had raised the likelihood of AF4 - Financial Sustainability to a 4 (Somewhat likely) and this had been reported to the Board of Directors at the December meeting.

#### Data Quality Update

The Committee were informed that a Data Quality Group had been established and it was agreed the committee would receive a report at its next meeting in March from the Medical Director who is chair of the group.

#### Clinical Audit Planning Process

The committee received the report from the Director of Governance and Quality Improvement which highlighted a number of concerns with the current process. The committee were therefore not assured with regard to the Clinical Audit Planning Process and requested a proposal, including timelines be submitted to the next meeting in March.

#### Information Governance Update

The Information Governance Manager presented the report which highlighted progress against the IG Toolkit, which stands at 62% although this is rated as unsatisfactory it is expected at this time of year as information is being updated and replaced.

A level 2 IG breach which had been reported and submitted to the ICO, who have subsequently informed the Trust no further action will be taken.

Themes from Freedom of Information requests reflect the issues of interest to the press and public. The trends and themes reported highlighted an increase in requests around sexual harassment and mortuary capacity.

The IG action plan which is comprised of 160 actions was reported as having 4 actions noted as red, these would be completed within the month. 42 actions were completed.

The action plan includes the actions with regard to the implementation of the General Data Protection Regulation and the committee received assurance the Trust was on target to achieve compliance by the implementation date of May 2018.

The Cyber Security and Information Risk Guidance issued by the National Audit Office was also presented. The actions from the self-assessment undertaken as part of the guidance had been incorporated into the IG action plan.

The internal General Data Protection Regulation compliance group meets monthly to ensure the Trust is on track for the implementation of the new regulation in May 2018 and works collaboratively with NUH, Notts Healthcare and the local community to ensure consistency across the local health economy.

Committee were assured by the report

#### Conflicts of Interest

The committee received the report and noted the dashboard which highlighted the number of staff, band 7 and above who had declared an interest, 74, those who had made a nil return 413 and those who were still non-compliant 353, broken down by staff group. Committee noted the communications which had been issued and recorded their disappointment this had still not had the desired outcome. Committee agreed to highlight this issue to the Board of Directors. Committee were informed that in line with the guidance from NHS England the register would be published on the internet.

#### Standing Financial Instructions and Scheme of Delegation updates

The committee approved the amendments to the Standing Financial Instructions and Scheme of Delegation which included:

- Provide a process for approving payments to partner organisations
- Include investments and disinvestments within the Business Case approval process

The committee agreed to recommend the amendments to the Board of Directors for ratification.

#### Final Accounts Timetable & Plans

The committee received the timetable

#### Single Tender Waivers

Committee received reports which noted all single tender waivers between 1<sup>st</sup> September and 31<sup>st</sup> December 2017

A discussion was held with regard to interim costs and further assurance was sought. The Director of Strategic Planning and Commercial Development agreed to feedback regarding a two year contract within Theatres.

#### Losses and Special Payments

Committee received the report and noted the majority was a write off of bad debts where it was deemed uneconomical to pursue further.

Terms of Reference

The committee received the revised Terms of Reference which had been updated to reflect the changes made during the year. Internal Audit provided some advice with regard to updated titles and recommended a section on declarations of interest. The committee agreed to approve the Terms of Reference with these amendments.