

Council of Governors

Subject:	Report of the Audit and Assurance Committee	Date: 11 th August 2020		
Prepared By:	Graham Ward, NED, Chair of Audit and Assurance Committee,			
Approved By:	Graham Ward, NED, Chair of Audit and Assurance Committee			
Presented By:	Graham Ward, NED, Chair of Audit and Assurance Committee			
Purpose				
The Audit and Assurance Committee met on 16th July 2020. This paper informs members of the significant matters agreed by the Committee for reporting to the Board of Directors:			Approval	
			Assurance	x
			Update	
			Consider	
Strategic Objectives				
To provide outstanding care	To promote and support health and wellbeing	To maximise the potential of our workforce	To continuously learn and improve	To achieve better value
x	x	x	x	x
Overall Level of Assurance				
	Significant	Sufficient	Limited	None
		x		
Risks/Issues				
Financial	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			
Patient Impact				
Staff Impact				
Services				
Reputational				
Committees/groups where this item has been presented before				
Board of Directors, 2nd April, 7 th May, 2 nd July and 6 th August 2020				
Executive Summary				
<p>The Committee has met on four occasions since the last Council of Governors meeting in February 2020.</p> <p>The meetings was quorate, the Minutes approved and there were no declarations of interest pertaining to items on the agendas</p> <p>The Council of Governors are asked to accept the content of the Report and note the items highlighted below:</p> <ul style="list-style-type: none"> • Data Security Protection Toolkit • Risk Committee Annual Report • Audit and Assurance Annual Report to Board • Draft Quality Account Process • Internal Audit Plan • Appointment of New External Auditor • Procurement Annual Report • Board Assurance Framework 				

The following items were presented and discussed:

Data Security Protection Toolkit

Committee received the report noting all standards had been met, including 95% of staff undertaking IG training, the Trust had not met this standard in previous years. Committee also noted the significant assurance received from 360 Assurance in a pilot audit, funded by NHSD, with regard to the completion of the toolkit and congratulated the IG team for their achievement.

Committee approved submission of the report.

Risk Committee Annual Report

Committee received the report and noted the excellent work undertaken by the committee during the year. Committee asked for the compliance with risk management training to be added to the report and asked for consideration of a review of lower level risks to be undertaken to provide assurance these weren't highlighting a more significant risk when reviewed as a trust wide issue.

Audit and Assurance Annual Report to Board

Committee reviewed the report and agreed the objectives for the committee for the next 12 months:

- Maintain the review and control processes currently in place, including ensuring that actions and process changes in response to internal and external audit recommendations have been implemented on a timely basis
- Implement the actions identified in the Committee's maturity assessment action plan, with a particular emphasis on working closely with the other sub-committees of board

Draft Quality Account Process

The revised guidance had indicated there was no requirement for a quality report to be included in the annual report for 2019/20. However, a quality account was still required. Further guidance with regard to the submission is awaited, it is expected this will be in the Summer. Overview and Scrutiny Committee, the CCG and Healthwatch have been informed and support the pausing of the report.

Counter Fraud Annual Report

The Trust has maintained compliance with NHSCFA Standards throughout the course of the year through the delivery of proactive and reactive work undertaken in accordance with the approved annual work plan.

An annual Self Review Tool (SRT) submission to the NHSCFA, confirming the Trust's compliance with the Standards, was agreed and authorised by the Chief Financial Officer and Audit Committee Chair prior to submission.

Standard 1.4, which is a new standard was rated as red due to the new assessment criteria, this did not impact on the overall compliance. The Trust will continue to work with Counter Fraud to improve compliance with this standard.

Internal Audit Annual Report (inc HIOA)

The Head of Internal Audit Opinion, provides an opinion of **significant assurance** overall and in

relation to each of the three areas which form the basis of the opinion, namely:

- the design and operation of your Board Assurance Framework and strategic risk management arrangements
- the outcome of individual assignments reported within 2019/20 Internal Audit Plan
- the extent to which you have responded to audit recommendations.

Audited Annual Accounts, Financial Statements and final key changes

The committee received an update regarding the preparation of the Annual Accounts and Financial Statements, noting the material and immaterial changes.

External Audit reports

External Audit PWC, presented the following reports:

- External Audit Report to those charged with Governance (ISA260)
- Management Representation Letter

PWC highlighted the unadjusted errors in the Annual Accounts noting they were in aggregate below the materiality level and that NHSI had confirmed that even if they were adjusted for at this stage no change would be made to the Provider Sustainability Fund payments.

Going Concern Assessment

There is no presumption of going concern status and therefore Directors must decide each year whether or not it is appropriate for the organisation to prepare its accounts on the going concern basis, taking into account best estimates of future activity and cash flows.

The committee considered the report and recommended the assessment to the Board for approval

Final Annual Report (inc AGS)

The Committee received the final draft of the annual report which had been reviewed by PWC and recommended to the Board for approval.

No internal control issues were reported from the chairs of the Board Committees.

Internal Audit Plan

Following consultation with their clients 360 Assurance has advised the Trust that there will be a 25% reduction in the 2020/21 internal audit plans. The impact of this will be discussed at the Risk Committee Meeting on 10th August (which will be attended by 360 Assurance and the Chair of Audit Committee) from which a revised audit plan will be drafted for approval by the Audit Committee in September.

It was noted that it was important that the resulting audit plan delivered all of those elements required for the Head of Internal Audit Opinion and that prioritisation should also be given to the requests for reviews of the Financial Cut Off Procedures and Obtaining Informed Consent.

Appointment of New External Auditor

The committee received a verbal update on the process which in summary was that after going out

to tender via a framework agreement for audit services no responses had been received, however follow up conversations had been held and KPMG had expressed interest in providing a tender against the specification and the terms of the framework contract.

It was agreed that this was encouraging and that the committee would recommend to Governors that KPMG be formally asked to submit their proposal which will be subject to review, evaluation and potentially a presentation according to a process to be agreed by the Governors.

Procurement Annual Report

Committee received and noted the report, in particular the concern that the Supply Chain specialist procurement team was not delivering either the service or savings expected and that has been a key factor in the Trust benchmarking poorly against other trusts as part of the Use of Resources assessment. This issue has been escalated to NHSI and will continue to be closely monitored.

The committee commended the department on being awarded the National Standards of Procurement Level 1 and thanked for the exemplary support given to the Trust in securing the necessary PPE for staff during the pandemic.

Board Assurance Framework

The committee received and took assurance from the BAF review and update process.