

## Audit Committee

### **DRAFT Minutes of the Audit Committee meeting held on Monday 24 September 2018 at 11:00 in the Boardroom, Robert Dolan House, 9 Alie Street, E1 8DE**

<b>Present:</b>	Paul Hendrick Mary Elford	Non-Executive Director (Committee Chair) Non-Executive Director
<b>In attendance:</b>	Steven Course Mason Fitzgerald Cathy Lilley Clive Makombera Emily McKeown Linda McRoberts Beth Raistrick Sit Al-Rugaibi	Chief Financial Officer Director of Planning & Performance Assistant Director Corporate Governance Internal Audit Manager, RSM External Audit Manager, Grant Thornton Corporate Minutes Taker (minutes) Local Counter Fraud Specialist Shadowing Mason Fitzgerald
<b>Apologies:</b>	Zenda Butler Ciaran McLaughlin Kingsley Peter	Senior Local Counter Fraud Specialist External Audit Director, Grant Thornton Non-Executive Director

*The minutes are produced in the order of the agenda*

#### **1 Welcome and apologies for absence**

- 1.1 The Chair welcomed all to the meeting. Introductions were made.  
Apologies were noted as above.

#### **2 Declarations of Interests on Items on the Agenda**

- 2.1 No declarations were made.

#### **3 Minutes of the Previous Meeting Held on 16 July 2018**

- 3.2 The minutes of the meeting held on 16 July 2018 were **APPROVED** as a correct record.

#### **4 Action Log and Matters Arising from the Minutes**

##### **4.1 Action Log**

The Committee reviewed the Action Log and noted that:

- **Action 75 Counter Fraud:** RSM is the counter fraud provider for Cambridgeshire Community Services; the counter fraud provider for Children's Services is to be advised  
**ACTION: Zenda Butler**
- **Action 77 BAF:** Risk Management Framework to be circulated  
**ACTION: Mason Fitzgerald**
- **ACTION 72:** The scope for in-year audit and assurance against the process has been agreed, and a report will be presented in December to

the Quality Assurance Committee which has oversight for GDPR. The importance of staff awareness was highlighted and consideration will be given to the ways in which staff are made aware of the changes in relation to GDPR and the new Data & Security Protection Toolkit (which replaces the Information Governance Toolkit) processes.

All other actions were confirmed as closed or in progress within timeframe..

#### 4.2 **Matters Arising**

There were no other matters arising.

### 5 **External Audit**

5.1 Emily McKeown provided a verbal update.

The Committee noted that:

- Planning for next year's audit will begin next month
- The risk assessment will commence in November/December with early testing in January/February
- There is nothing from last year which would change the assessment or risk factors, therefore it will be broadly consistent, in terms of workload, with previous years
- There will be a focus on the Quality Accounts as some of the feedback was not received until after the deadline
- Cathy Lilley will be overseeing the development of the Trust's Report and Accounts, and would support the Head of Assurance & Compliance with the development and implementation of a timeline for the production of the Quality Accounts and will ensure that appropriate review timeframes are included
- Grant Thornton have been consulted on the new IFRS; formal guidance is awaited following any changes which are expected to have minimal impact (revenue contracts and 2019/20 RE leases).

5.2 Mason Fitzgerald shared feedback following his presentation to the Council of Governors on 20 September 2018 on the External Auditor's Reports on ELFT's Annual Report & Accounts for 2017/18 (including the Quality Report) which he had presented on the behalf of the auditors. He advised that following a challenge on auditors' provision of financial assurance and the 'limited scope of the audit' he was able to provide further assurance that the Trust has its own internal checks and governance assurance processes and systems in place.

5.3 The Audit Committee **RECEIVED** and **NOTED** the verbal update.

### 6 **Internal Audit**

#### 6.1 **Progress Report**

Clive Makombera introduced the report, providing an overview of progress against the internal audit plan for 2018/19.

The Committee noted:

- Since the last Committee three reports have been finalised – Community Health Service Governance, Mental Health Act and Fire Safety. The first

has been presented to the Quality Assurance Committee and the next two will be considered at the next meeting

- There are a large number of items in progress which should be delivered within the timescales
- There are 12 actions in the process of being implemented as listed in the report; however, the payroll SLA is now completed and assurance provided that the remainder of the actions should be completed within timescale
- There has been a slight delay with the standardisation of the templates under the workforce review (3.17/18) due to difficulties with scheduling. However, the Trust is meeting with ESR to ensure the system is being fully utilised.

In discussion, the following points were covered:

- **Appraisals and Mandatory Training**
  - Concern was expressed that this is a topic which is regularly re-visited and assurance was sought that progress is being made. It was explained that the Trust is reliant on national systems which do not meet the Trust's needs. Other higher quality options are being considered
  - With regards to training, a major re-mapping exercise of competencies of staff against the training matrix has been undertaken to ensure records are accurate. This is expected to be available shortly and will allow a focus on areas of non-compliance
  - Work is going on to rationalise statutory and mandatory training without compromising on quality
  - It was **AGREED** that **Paul Calaminus and Tanya Carter be invited to the next Audit Committee to provide an update on the actions being taken to address the issues with workforce compliance, and training and appraisal systems**
- **Financial Audit**
  - It was noted that the risk register flags up the challenging financial position and following a query regarding any benefit from some internal audit focus, it was confirmed that Internal Audit are reviewing CIPs
  - It was acknowledged that there may be some benefit in including in Internal Audit's scope the testing of income/revenue to identify if work is being appropriately rewarded through either block contracts, spot contracts and overseas income
- **Mental Health Act:** Previous internal audit report to be circulated  
**ACTION: Cathy Lilley**
- **Fire Safety:**
  - Assurance was provided that fire risk assessments are undertaken on all buildings where ELFT provides services, irrespective of whether the Trust is the main tenant, tenant or owner
  - The challenges with improving fire training compliance and the actions being taken to improve statutory and mandatory training were noted.
  - The work being undertaken with management so that substantial assurance opinion could be provided in future was also noted as detailed in the written report.

## 6.2 Benchmarking of Internal Audit Findings 2017/18

Clive Makombera presented the benchmarking report highlighting that the Trust has performed very well compared to other Trusts and there were no issues on the

level of assurance opinions.

The Committee discussion resulted in the following action:

- Identify how other Trusts are performing in terms of substantial assurance, although it was acknowledged that a direct comparison may not be possible as other Trust's may have different risk appetites.

**ACTION: Clive Makombera**

### 6.3 **GDPR Preparation – Benchmarking Report**

Clive Makombera presented the benchmarking report which focuses on how the Trust is doing compared to other organisations. The details have been shared with the Executive Team as well as the Quality Assurance Committee. Quarterly in-year reviews will be undertaken to provide on-going assurance.

### 6.4 **Health Matters**

Clive Makombera highlighted that the report includes articles on:

- GDPR
- Workforce planning
- Making tax digital
- Introducing out-sourcing and assurance.

In discussion the Committee noted that NHSI are about to start a consultation on wholly owned subsidiaries and that Clive would share his knowledge and experience from other organisations with Steven Course outside of the meeting.

6.5 The Audit Committee **RECEIVED** and **NOTED** the Internal Audit Progress, GDPR Benchmarking and Health Matters reports.

## 7 **Counter Fraud: Progress Report**

7.1 Beth Raistrick presented the report that summarised the work of the Local Counter Fraud Specialists (LCFS) for the period April – September 2018 highlighting that the LCFS has received 17 referrals since 1 April 2018 and there are four pro-active reviews open.

In discussion the Committee noted:

- The Trust has no information on how it benchmarks against others for numbers being referred to the regulator
- That there is usually a spike in referrals following the acquisition of services and the roll out of training and awareness sessions; however there has not been as many as expected since taking on Bedfordshire community services
- The next report will include numbers/teams who have attended the fraud and bribery training sessions

**ACTION: Zenda Butler**

Working whilst sick is still the most prolific fraud. The Committee discussed ways this might be addressed, questioning the appetite of other Trusts to work with ELFT on this as well as the potential challenges with data sharing and management. Mason Fitzgerald agreed to discuss with Tanya Carter how this could be taken forward

**ACTION: Mason Fitzgerald**

- The details, recommendations and any learning following the fraud in

Merseyside will be reported to the Committee once these have been published.

**ACTION: Mason Fitzgerald**

7.2 The Committee **RECEIVED** and **DISCUSSED** the report.

## **8 Board Assurance Framework**

8.1 Mason Fitzgerald presented the updated version of the Board Assurance Framework (BAF) and provided an update on wider risk management within the Trust.

Key points noted were:

- The BAF has been refreshed and approved at Board in terms of the risk. It will be discussed at Quality Assurance Committee
  - There has been positive feedback around the new template and report
  - The Corporate Risk Register (CRR) is being strengthened now there are fewer risks on the BAF
  - The Risk Management Framework and the CRR will be presented at the next Committee meeting
- ACTION: Mason Fitzgerald**
- The Directorate Risk Registers are being reviewed to improve the quality of the risks recorded and action plans
  - There will be a formal review of the process at the end of the year which will include identifying the progress in addressing Internal Audit recommendations from last year as well as reviewing the process and risk management culture.

8.2 In discussion, the Committee noted:

- The relevant Board committees which have been assigned leads to the risks on the BAF undertake regular reviews of their risks at each Committee meeting
- Concern was expressed that risk number 8 did not reflect the discussions about IT and the Trust's digital vision that had taken place at the September Board meeting. It was noted that this was a timing issue; until the Trust clearly defines the IT ambitions and plans, the risks cannot be identified. A discussion on the Trust's digital ambition will take place at the Finance, Business & Investment Committee and this may result in a change to the risk
- The relationship between the Trust's digital work and achieving the overall ambition in terms of integrated care should be highlighted by linking them.

8.3 The Audit Committee **RECEIVED** and **DISCUSSED** the report.

## **9 Corporate Governance Development Plan**

9.1 Cathy Lilley presented a paper on the development of the Corporate Governance Development Plan (the Plan) for the Trust. The aim of the Plan is to draw together an over-arching plan to bring together the range of actions currently taking place or identified as being required to support effective governance arrangements in the Trust. The Plan had been based on five governance priorities.

9.2 In discussion, it was noted:

- This looks at the governance framework and how it will develop as the

organisation changes.

- The Plan is for the whole Trust; there was no requirement for a separate framework for Bedfordshire and Luton
- Consideration may need to be given to governance models in respect of partnership work
- An action plan and timeline will be presented to the next Audit Committee.

9.3 The Committee:

- **RECEIVED** and **DISCUSSED** the report
- **AGREED** the governance priorities.

## 10 Annual Report & Accounts 2018/19 Development

10.1 Cathy Lilley presented the paper on the proposed approach to the preparation, external audit and approval of the Trust's Annual Report and Accounts for 2018/19. Key points were:

- This proposal aims to provide a robust framework and timeline for the development of the Annual Report and Accounts to ensure there is clarity of ownership and sufficient review time by the Board and its Committees is built in
- The development framework includes the production of the Trust's Quality Account/Report which will be led Duncan Gilbert, Head of Assurance
- The Quality Assurance Committee will be responsible for having oversight and monitoring of the production of the Quality Account/Report and the Audit Committee will receive assurance around the progress of this Emily McKeon will send Cathy Lilley an anonymised timeline Grant Thornton have which might be useful.

**ACTION: Emily McKeown**

10.2 The Audit Committee **RECEIVED** and **NOTED** the report.

## 11 Waivers

11.1 Steven Course presented the Waiver Report to the Committee and talked through three that were of highest value: installation of a call management system - C Talk; for new windows to MHU Mile End – Britplas; and for refurbishment works at Rush Court in Bedford - Tilehouse Properties.

11.2 A question was raised about a payment to King's Fund, which looked very high – Steven assured the Committee this was a cumulative figure and not a single payment

11.3 The Audit Committee **RECEIVED** and **NOTED** the report.

## 12 Quality Assurance Committee Minutes

### 12.1 25 June 2018 (approved)

There were no questions.

12.2 The Audit Committee **RECEIVED** and **NOTED** the minutes.

## 13 Any Other Business

Steven Course acknowledged it was Paul Hendrick's last meeting as Chair of this

Committee and Kingsley Peter's last meeting (albeit he had sent apologies). He expressed his thanks to both of them, noting Kingsley's contributions as a long-serving member and how Paul has strengthened the Committee's governance and processes.

On behalf of the Committee, he expressed warm thanks to both of them for their contributions.

#### **14 Forward Plan**

- 14.1
- Invite HR to present on workforce planning including actions being taken to reduce agency spend, the redesign of roles/services to avoid having posts that are hard to recruit, as well as actions being taken to address training and appraisal systems at the next meeting
  - Ensure quoracy with new members.
- 14.2 The Audit Committee **RECEIVED** and **NOTED** the forward plan.

#### **15 Issues to be brought to the Board's attention (positive and negative assurance)**

- 15.1
- Lack of guidance on IFRS
  - Mandatory training and appraisals
  - Sharing staff records (to prevent sickness fraud)
  - Developing work on corporate governance
  - Improving process for annual accounts

#### **16 Date of next meeting**

- 16.1 Monday 26 November 2018 at 14:00 – 16:00

The meeting closed at 12:35