

REPORT TO THE TRUST BOARD: PUBLIC
28 November 2019

Title	Audit Committee 12 November 2019 – Chair’s Report
Committee Chair	Anit Chandarana, Non-Executive Director and Chair of Audit Committee
Author	Cathy Lilley, Associate Director of Corporate Governance

Purpose of the report

To bring to the Board’s attention key issues and assurances discussed at the Audit Committee meeting held on 12 November 2019.

Issues to be brought to Board’s attention

At its meeting on 12 November 2019, the Committee considered a range of items including reports from Internal and External Audit, digital – themes from audit work, deep dive into Financial Viability risks, Annual Report and Accounts 2019/20 development, the appointment of Internal Auditors, and update reports on counter fraud, waivers and breach processes, and risk management.

The Committee wished to draw the Board’s attention to:

- **Digital: Themes from Audits**

- Themes included:
 - o Project management and change control assurance
 - o Data management and security
 - o ICT strategy
 - o Business continuity arrangements
- Actions being taken:
 - o Review and development of DMT structure and teams including establishing communication forums
 - o On-call arrangements established
 - o Formal test of business continuity arrangements being organised
 - o Cyber security assessment undertaken and workplan renewed
 - o Implementation of digital plan through a ‘digital collaborative’ making use of QI design principles and approach.

- **Counter Fraud:** Working whilst sick and timesheet fraud continues to be the main risk areas. The Committee agreed that further consideration would be given to writing to the Chair of the NHS CFA Audit Committee in respect of the availability of national data sharing on working while sick.

- **Annual Report and Accounts:** The Committee:

- Supported the proposal for the preparation of the annual report and accounts for 2019/20 based on the previous year’s process which had proven to be effective and in particular provided sufficient time for review by the Board and relevant Committees prior to approval
- Noted the National Audit Office (NAO) is currently consulting on the new Code of Audit Practice which will apply for audits from 2020/21 financial statements. The

aim is to 'divorce' the Value for Money conclusion work from the main accounts timetable; there is no real impact on the auditors' work on the accounts themselves

- Was pleased to note that HMRC have withdrawn the £4.654m VAT liability provided for in the 2018/19 accounts.

- **Waivers:** The Committee noted the overall progress with the review of Purchase Orders and waivers but expressed concern regarding the inconsistent approach to the management of waivers. The Committee requested that it receive a copy of the waiver policy and an update on its review.

- **Board Assurance Framework (BAF):**

- The Committee considered and discussed the deep dive review on the two risks in relation to financial viability that could impact on the Trust achieving the strategic objective of improving value
- A framework and guidance would be developed for future deep dives in relation to the Audit Committee's overall assurance function
- The Committee reviewed the BAF for all eight strategic risks noting that although there had been some good progress with the actions to mitigate the risks, there were no recommendations at this stage to change the current risk scores.

- **Internal Auditors Appointment:** Under its terms of reference and SFIs, the Audit Committee approved the recommendation to appoint RSM as the Trust's internal auditors following a robust evaluation process. The appointment is for a further two year period with effect from May 2020 with an option to extend for a further two years.