

AUDIT & RISK COMMITTEE (ARC)

Minutes of the meeting of the Audit & Risk Committee of the Board of Directors of Sheffield Health and Social Care NHS Foundation Trust, held on Tuesday 16 July 2019 in Committee Room 1, Old Fulwood Road, Sheffield, S10 3TG

Open BoD 13.11.19 Item 19a(a)

Present:

1. Mrs. Ann Stanley, Non-Executive Director, Chair of Audit Committee
2. Cllr. Olivia Blake, Non-Executive Director
3. Mrs. Sandie Keene, Non-Executive Director, Chair of Quality Assurance Committee

In Attendance:

4. Mr. Phillip Easthope, Executive Director of Finance, SHSC
5. Mr. Clive Clarke, Deputy Chief Executive/Chief Operating Officer, SHSC (late)
6. Ms. Margaret Saunders, Director of Corporate Governance (Board Secretary), SHSC
7. Ms. Leanne Hawkes, Deputy Director, 360 Assurance Internal Audit Service
8. Ms. Lianne Richards, Client Manager, 360 Assurance Internal Audit Service
9. Mr. Rashpal Khangura, Director, KPMG, External Audit Service
10. Mr. James Sabin, Deputy Director of Finance
11. Mrs. Sharon Sims, PA (Minutes)
12. Ms. Wendy Fowler, Freedom to Speak Up Guardian (Item 9)
13. Mr. Terry Geraghty, Emergency Planning Officer (Item 10)

Apologies:

14. Dr. Mike Hunter, Executive Medical Direction, SHSC

No	Item	Action
1	Welcome & Apologies for Absence The Chair welcomed members to the Audit & Risk Committee and noted apologies.	
2	Declaration of Interests Cllr. Blake declared an interest in any issues relating to the Trust's Partnership Agreement with the Local Authority, however, it was determined that these were non-pecuniary and would not require her to leave the meeting during any discussion relating to this item. Mr. Rashpal Khangura, declared an interest in Item 19 SHSC External Audit Tender Process No further declarations were made.	
3	Minutes of the meeting held on 23 May 2019 The minutes of the meeting held on 23 May 2019 were agreed as an accurate record and would be received at the September 2019 Open Board of Directors' meeting for information	
4	Matters Arising & Action Log <u>8/5/19 Final Accounts and Associated Documents for Year 2018/19 refers</u> The Chair reported Mrs. Keene had raised a query on income, a response from Mr. Sabin has been cascaded to members. The action log was reviewed and updated. <u>04iv/05/2019 Review of Financial Instructions</u> Mr. Sabin reported Finance, Information and Performance Committee (FIPC) will receive	

	<p>this item in July 2019 and presented to ARC in October 2019.</p> <p>To note: 08/5/2019 Draft Accounts Clarification note 3.2 and 6 are complete.</p>	
5	<p>360 Assurance Internal Audit – Progress Report July 2019</p> <p>Ms Richards presented the Internal Audit Progress Report identifying progress against plan following the last meeting in May 2019.</p> <p>The E-Rostering review has been completed, the focus had been on functionality of the system in line with working practice. An assurance rating of significant was issued. Health Roster had been positively accepted by staff and they showed a good level of competency. A number of areas for improvement were identified and the Trust has agreed to one medium four low risk actions. The medium risk action relates to the testing of policy compliance, resulting in a degree of variability. The Trust will review and agree if further management reporting is necessary.</p> <p>Work in progress is referenced on Pg 6 of the report, an extract from the Terms of Reference has been included for information. There has been agreement to defer the testing of the Complaints Review to September 2019, allowing time for new processes to embed. Ten days have been allocated to deliver the audit of the Central Alerting System (CAS), which to date is significant progressed. There is an agreement to use five days from Governance/Risk Management and KSF Budgets respectively.</p> <p>Follow up progress is referenced on Pg 11 of the report. The first follow rate will be measured with an original completion date of 2019/20, the focus will be implementation by agreed due date. The current position is 73%, it was noted this was a good starting position. The historical actions will continue to be monitored on the tracker and detailed in the appendix of the report.</p> <p>The Chair asked if the original date was always the measure or whether this has been changed. Ms Richards responded, this was the change in measurement for this year. Ms. Hawkes added historically internal audit only conducted the first follow up, and the Trust undertook the remainder of follow ups and actions. Internal Audit will now track all actions. Ms Saunders asked for clarity on whether there is an expectation to hit 75% every quarter. Ms. Richards confirmed a constant position should be maintained. Ms. Hawkes asked for assurance that the timelines for completion of actions were realistic and achievable.</p> <p>Mrs. Keene asked if the electronic tracker was working well, she noted the transition to this method appeared to have gone smoothly. Ms Hawkes acknowledged the progress and noted the provider is making a number of amendments to the system to improve reporting. The Chair asked if the tracker continues to be shared at the Executive Directors' Group (EDG). Phillip responded the executives receive email reminders on their relevant audits and EDG has moved to quarterly receipt, there was a period of monthly receipt as an assurance process to achieve target in Quarter 4. The frequency will alter if the target dips. The Chair asked if this EDG process could be reflected in the Risk Management Strategy at the next review.</p> <p>The Terms of Reference for the 2019/20 Head of Internal Audit Opinion and internal work programme are attached as an appendix to the report. The Chair asked if there would be a different approach to seeking HIAO. Ms Hawkes responded the process will remain the same, the work programme has undergone a review, some testing has been brought forward and third-party assurances will be taken into consideration and more explicit e.g.: Care Quality Commissioning (CQC) rating etc.</p>	MS
6	<p>360 Assurance Charter</p> <p>Ms Richards presented the Charter for information, noting there is a requirement to share in line with Public Sector Internal Audit Standards (2017).</p> <p>The Chair noted the Committee has received the Charter.</p> <p>Mr Easthope noted the assurance ratings have changed to substantial and weak. Ms.</p>	

	<p>Hawkes noted the narrative remains unchanged, the reference has changed from full to substantial and no to weak. Mrs Keene asked for the rationale for change. Ms. Hawkes responded the change is as a result of a comparative review of other organisations.</p>	
<p>8</p>	<p>KPMG External Audit Progress Report</p> <p>Mr. Khangura reported following the meeting in May 2019, he received the signed financial statement and relevant sections from the Trust's Annual Report, they were duly signed off by KPMG and returned to the Trust. The returns to the National Audit Office have been completed, to note no adverse findings within the reports.</p> <p>The next step includes debrief to be scheduled for September 2019 and will include a review of the work programme to see if this could have been structured differently. Any new risks will be reviewed and responded to appropriately. To note International Financial Reporting Standard (IFRS) 16 (accounting for leases on the balance sheet) as 2019/20 will be a comparative year it is live from 1 April 2020. He noted some organisations will have a significant amount of activity in relation to reviewing arrangements to demonstrate they have looked for leases, embedded leases and test them through a process to classify them. Whilst they are not required for recording in the accounts next year, evidence will be required in relation to preparedness for change in 2021. A planning session will follow debrief and a plan produced by 31 December 2019. The Chair mindful of the timeline suggested the Committee hold the informal meeting in October 2019.</p> <p>Mr. Khangura reported external audit features highly in the media at present, a number of commercial audit companies have struggled he used Carillion, Patisserie Valarie, British Home Stores as examples. A number of external audit reviews have been undertaken. He noted the Regulators, the Financial Reporting Council, will go through a change process, and this will lead to likely new requirements for audit firms and organisations being audited. He was mindful these were phrased in commercial terms but he believed there would always be a read across and eventual implementation into public sector. Mr. Khangura explained in respect of areas like non-audit fees, the NHS was in a different place as there are ethical standards within the public sector with audit fee restrictions. He also commented that his independence statement highlighted KPMG did very little non-audit work with the Trust. KPMG will ensure Committee are updated through the technical reports it receives. Mr. Khangura also noted that like other firms, KPMG routinely have regulatory visits and audits scrutinised. The Chair believed Council of Governors may also have heard some of the message and was mindful of the forthcoming External Audit tender.</p>	<p>AS/JH</p>
<p>9</p>	<p>Freedom To Speak Up (FTSU) Bi Annual Report</p> <p>Members received the Freedom To Speak Up (FTSU) Bi Annual report for approval and assurance.</p> <p>Mr. Clarke reported FTSU is still embedding in the NHS, Ms Fowler in her role as FTSU Guardian has done a significant amount of work to empower people in the Trust. The Chair noted the report would be presented to the Board, from an audit perspective assurance is sought on whether there is an objective and transparent process, noting Mrs Keene was the Non-Executive Champion for FTSU. The Chair invited comments on whether the FTSU Guardian has exposure across the Trust and asked the question of what next and where discussions on concerns are taking place.</p> <p>Ms Fowler responded, in relation to openness and transparency, from April 2019 the timescales for investigations will be contained in the report to Board. The Safety Team will support the investigations, ensuring consistency and quality of the reports and it is hoped this will speed up the process. Ms Fowler believed feeding back to managers was an important part of the process and sharing the research, evidence suggests having concerns raised increases safety, winning hearts and minds and engaging them.</p> <p>Mrs Keene reported Ms Fowler and herself had met on a number of occasions, there has been a lot of publicity and the survey has taken place, moving to the next phase of implementation and ensuring there is confidence in the system, she was mindful there was a small number who do not have confidence in the system or process. She suggested from</p>	

	<p>an audit and assurance perspective, as an addendum the paragraph referencing the themes could be shared with narrative to acknowledge concerns have been heard, action taken which builds on the corporate quality “so what” theme.</p> <p>Mr. Clarke reported he had met with Ms Fowler and Ms Winter, Director of Patient Safety, to review governance and a programme for reporting into EDG, he believed including this Committee would not be problematic. The Chair suggested bi-annually. With regards to communication a monthly team brief is cascaded across the Trust which could include FTSU feedback as a regular feature. The Chair noted it appears that reporting is decreasing and suggested this may be an early indicator that staff feel nothing will be done so don't engage.</p> <p>Cllr Blake referenced the report and asked if there was a lack of faith in this investigation process or other processes. Ms Fowler responded it related to clinical investigations undertaken by Risk. Mr Clarke added some managers see new initiatives as a challenge to embed and a number, he believed thought having a FTSU inquiry was negative. The Trust is learning and there is a difference across the Trust. Mrs Keene believed there were two messages, one to managers and another to staff that FTSU is not a mechanism to undermine, to change culture to feel safe when speaking up.</p> <p>The Chair noted there was a similar conversation with regards to Care Opinion, and the perception of criticism, it links back to culture. Mr. Easthope noted he has mentioned at Board a number of times the connectivity to operational governance conversations. FTSU has featured on the agenda of Board, EDG and Trust Management Group (TMG) between January and May 2019. He acknowledged an action was to ensure assurance reports reflect the journey and the right level of detail shared.</p> <p>The Committee, mindful FTSU is embedding believed FTSU has good visibility in the Trust, but mindful it has not been well received in some areas. Increased and additional reporting to strengthen governance is intended. The Committee wished to see further evidence from EDG in relation to reporting progress against actions. A review of deadlines in the action plan was suggested to ensure no slippage, it was suggested using a RAG rating system for ease of reference. Committee would welcome an update January 2020.</p>	CC (B/F Jan 20)
10	<p>Emergency Planning, Resilience & Response Assurance Framework Update Members received the Emergency Planning, Resilience & Response (EPPR) Assurance Framework for assurance.</p> <p>Mr Geraghty presented the report to Committee, and reported the Trust are required to report against the Core Standards on an annual basis and to achieve 100% compliance. The Trust reported non-compliance in 2018/19 and did not meet fourteen standards, three rated red and the remaining rated amber. Work has progressed and the Trust can report compliance against eleven of the fourteen. Those remaining relate to business continuity and to support this a Business Continuity Policy has been developed. In relation to continuity plans these have been developed for each service/team, four areas remain outstanding and have been asked to submit by 31 July 2019 to meet all standards. Sharing team plans has been strengthened and the information feeds into the wider directorate and Trust plans. A tracker has been developed to ensure information is accessible in one place.</p> <p>The standards for 2019/10 have been published by NHS England, they remain unchanged therefore the Trust can report compliance. They have introduced a “Deep Dive” which includes closer scrutiny on a number of areas including: severe weather, sustainability, governance. Mr Geraghty was confident the Trust would complete and the Trust could report full compliance and present to Board in September/October 2019. Mrs Keene asked if there was assurance on quality. Mr Geraghty responded his confidence has grown from the starting position last year to the point of annual review and opportunities to amend, he believed it has been a learning curve for managers.</p> <p>The Chair acknowledge business continuity covered a broad spectrum, and noted the Trust are on target to achieve compliance. In relation to business continuity plans she believed</p>	CC (B/ F BoD Sept)

	<p>the process needed to be both rigorous and robust supported by impact assessments. She used IMST as an example noting the multiple projects they are involved in e.g. significant projects, moving data centre, cyber-attacks etc.</p> <p>Mr Geraghty reported he will be undertaking an exercise and testing the plans. The Chair asked Mr Geraghty to be mindful when he undertakes the exercise to evaluate risk and escalate accordingly.</p>	
11	<p>Board Committee – Review of Reporting Sub-Groups/Alignment of Terms of Reference</p> <p>Ms Saunders reported the process to review and realign Board committee terms of reference has commenced. Quality Assurance Committee (QAC) and Workforce & Organisation Development Committee (WODC) have been through the process and Finance, Information and Performance Committee will review later in July 2019. FIPC has been challenging due to the three elements and the connectivity to Audit & Risk Committee. This piece of work is a 2019/20 objective for Committee.</p> <p>The Chair asked for clarity on the reference of FIPC to this Committee noting the three assurance points. Mr. Easthope believed the three points are included in the terms of reference for this Committee either as specific or incorporated into more generic terms of reference, those elements to be extracted from FIPC terms of reference which becomes more orientated to strategy, development and transformation.</p> <p>The Chair mindful some members were not at FIPC noted the discussion relates to information governance and data security, she believed the assessment was that FIPC having its IMST hat on and systems surrounding that, it was how it is looked after, but in terms of the outside world and compliance it comes under the remit of this Committee. Reports may require adjustment to flag the element of assurance that is relevant to each committee. Data Security and Information governance is high on the agenda, she believed the Committee needed to develop objectives and understand the assurance. She suggested she had a discussion with Mr. Easthope on the next steps for this piece of work.</p> <p>It was confirmed revised TOR's will be presented at the next meeting.</p> <p>The Chair asked if there was progress on the work to review the operational committees and groups under the Executive Directors' Group (EDG) to understand purpose and reporting structures etc. Mr. Easthope acknowledged this was a piece of work EDG wanted to undertake, and to then reflect this in the Committee TORs. He used IMST as an example, Digital and Information Governance Board (DIGB) is the operational group, for information governance and the Digital Transformation Board (DTB) is the operational group for strategy and transformation. He could incorrectly say they provide assurance to FIPC and this Committee, but they do not. The assurance is through EDG into this Committee. There needs to be clarity on reporting structure and assurance routes. He believed this will improve the reports into Committee and Board as they will should not be operational reports. The Chair noted Workforce and Organisation Development Committee were receiving a number of operational type reports directly, and EDG not being sighted.</p> <p>Margaret agreed to discuss with EDG the timescales for completion of this project. Mr Easthope noted there will be a period of change with interim and new Chief Executive. Appointments. The Chair requested a progress update on the action log.</p>	<p>Chair/PE</p> <p>MS</p> <p>MS</p>
12	<p>Audit & Risk Committee – Identification of Objectives</p> <p>Members received the self-assessment checklist and the Committee's Annual Report.</p> <p>Ms Saunders reported following the self-assessment exercise four key objectives have been identified for Committee to consider, taking into account the Head of Internal Audit Opinion.</p> <p>Mrs Keene noted she was interested in the equal provenance between quality and finance, as an example the areas Quality Assurance Committee (QAC) seek assurance on would be different to those of Finance, Information and Performance Committee (FIPC) and</p>	

	<p>suggested further discussion on “what goes where”.</p> <p>Mr. Easthope noted the overriding objective is to achieve significant assurance from the Head of Internal Audit in their opinion and to embed it, other aspects include delivery and further conversations on the detail in relation to Terms of Reference and agenda structure, it leads back to equal provenance and separation for committees. The questions he would raise are “What would good look like and what change is required to achieve this”</p> <p>Mrs Keene added she has been considering this also, not wanting to create new reports, but to understand what is being provided to QAC that doesn’t have the level of assurance required. She used the Care Quality Commission Action Plan as an example and noted the pervious suggestions that it should sit with this Committee. Ms. Hawkes added assurance will be received on their reporting.</p> <p>The Chair responded, it was good to hear Mrs Keene’s comments in her capacity as Chair of QAC. She proposed she meets and discusses with all committee chairs, and wishes to avoid duplication of reporting to committees and then to Board. She believed there are two areas to explore, firstly the significant issues report, which is on-going robust reporting, further clarity is required as to the content and standardisation across all committees, which will give a level of assurance to this Committee.</p> <p>She noted an inhibitor in QAC and FIPC particularly around year end is in relation to timescales and the amount of pressure to complete the year end reports is substantial. She was mindful those with quality expertise met monthly, and asked how much of the agenda should quality take up. Mrs Keene responded, she read this differently, and queried whether this Committee should commission quality other than the audit plan, therefore the question could be to ensure there is an equal focus on quality and finance when reviewing the plan. This Committee will also receive an internal audit update on the CQC Action plan and therefore assuring itself on quality. Mr Easthope believed more days had been assigned to quality than finance. The Chair will be seeking assurance that quality issues are being quality assured in QAC and how is the evidenced, she believed this was through Significant Issues Reporting. She also believed it was beneficial to have the QAC Chair on this committee and would like to propose this for the Terms of Reference.</p> <p>The Chair noted the principle objective is to embed and secure continued significant assurance from Head of Internal Audit Opinion, an additional objective for Committee will be to understand the assurance and reporting into Committee of information governance and data security.</p>	
13	<p>Management of Conflicts of Interests Members received a report detailing the management of conflict of interests for assurance.</p> <p>Ms Saunders reported there is a requirement to produce the register annually to provide assurance to the Committee that declarations have been submitted and continue to be submitted and the Register of Interest reflects the declarations.</p> <p>The Chair believed management of conflict interest was wider than the compiling the declaration of interests. She was unclear as to who holds and has sight of the register. She asked for the report to include the process for updating, in relation to conflict of interests she believed there may be further work on the current policy. Ms. Saunders responded the policy had recently been reviewed in accordance with NHS Guidance. The Chair was mindful there were a number of significant procurement projects imminent and requested the policy is reviewed to ensure it is up to date. She also asked if the report could be expanded.</p>	MS
14	<p>360 Assurance Operational Risk Management Audit Members received the Operational Risk Management Audit for information.</p> <p>Ms Saunders reported the initial audit was undertaken in 2017/18, a final report published in April 2019, identified seven actions, two medium and five low. Six have been signed off, one low risk remains outstanding with a target date for completion 31 July 2019. Mrs</p>	

	<p>Keene noted the action appeared to be a significant piece of work and whether there was the assurance this would be completed within the timescale. Ms. Saunders responded the narrative notes a number of factors preventing completion, including delayed service reviews. Mr. Easthope responded, he believed the Corporate Service Review was scheduled for 30 July 2019 and Clinical for 1 August 2019. Mrs Keene suggested this could not be signed off until the end of August 2019. Ms Saunders responded a new target date for completion would need to be agreed with Internal Audit. Ms Hawkes added the date would remain on the tracker.</p>	
15	<p>2019/20 Board Assurance Framework Members received the Board Assurance Framework (BAF) for information and assurance.</p> <p>Ms Saunders reported the BAF was presented to Board in July 2019, a number of amendments have been made following feedback. The Committee are asked to note strategic risks are being managed and reported on accordingly.</p> <p>The Chair believed the Board discussed the final draft and considered the risks for 2019/20 as the BAF had not been presented elsewhere. Board discussed at length a number of risks which had been amended. She noted a further action is to assign all risks to the relevant committees and suggested Risk A1013 in relation to Trust governance systems aligns to the Board. Committee need to review the risk ratings and Corporate Risk Register. The Chair used CQC Action plan as an example, noting the risk is failure to meet regulatory standards with a risk score of 6, she believed the risk should be higher. A further request was for the target risk to reflect the risk appetite.</p> <p>The Chair referenced the significant issues reports for committees and would ensure the Chairs include reference to the BAF in their reports. She noted the BAF enables committees to focus on and scrutinise detail and is being used appropriately.</p> <p>Mrs Keene requested the inclusion of the narrative of the risk in the tables displayed on Page 5/6 of the report.</p>	MS
16	<p>2019/20 Corporate Risk Register Members received the Corporate Risk Register (CRR) for information.</p> <p>Ms Saunders reported the CRR was presented to Board in July 2019, a number of amendments have been made following feedback. Ms Saunders noted assurance of actions plans, target dates and identified leads will be raised with EDG.</p>	
17	<p>360 Assurance Data Security & Protection Toolkit Audit Members received the Data Security & Protection Toolkit audit for information</p> <p>Mr Easthope reported the audit had limited assurance, he noted it brings together the audit following the revised toolkit, different from previous years and not in a preferred position. Two medium actions identified, could be deemed satisfactory but underestimate the level of work to get to the required position. The work will commence earlier than suggested in agreement with Internal Audit in support of their planning and progression towards the toolkit for next year to reach an improved position. The on-going monitoring will be through EDG and incorporate the STP requirements and previous action plans.</p> <p>The Chair acknowledged this area was challenging, and referenced the specialist roles and responsibilities, she asked if there was potential to share resource across the system. Mr. Easthope acknowledged this was a legitimate question in relation to efficiency, and as a system this could be achieved at a point in time, he believed from the Trust's perspective it was ensuring system and process and prioritisation. He believed the STP role change in reporting was a positive step, and sits under someone who understands audit.</p> <p>The Chair noted Committee will receive a follow up and progress to ensure assurance. Mr Easthope was confident the right individuals are in post to support delivery. Ms Hawkes added Internal Audit will cover the work in two stages and flag any concerns</p>	
18	<p>SHSC Procurement Strategy – Progress Against Achievement of level1/2 Members received an update on the Procurement Strategy for information.</p>	

	<p>Mr Sabin reported committee requested a progress reported on accreditation status and self-assessment against the standards. An informal review is scheduled for late July 2019, followed by a formal review within three months. It is hoped the Trust will reach level 1 accreditation following the formal review. The detailed work plan spanning a two-year period is included in the report and maps progress through to level 2 and 3 accreditations. Committee are asked to nominate a Non-Executive Director (NED) as lead for Procurement. There is connectivity to value for money, efficiency and collaborative partnerships. The Chair agreed to speak with other NED's. Mr. Sabin added to support the accreditation process a NED would need to be identified by 24 July 2019.</p> <p>The Chair sought clarity on the request from NHSI for trusts to have a NED Procurement Lead. Mr. Sabin responded the appointment of an NED and/or Governor meets the criteria for one of the standards. Mr. Easthope did not believe this requirement for a NED would result in any additional workload and aligns to the work of FIPC. The Chair agreed to speak with Mr Mills as Chair of FIPC for his views. The Chair added FIPC will also be reviewing this strategy from value added perspective.</p> <p>Mrs Keene noted the Shadow Board had reviewed the Procurement Strategy and received positive feedback on the report and the detail in the plan.</p>	
	Mr. Khangura left the meeting having declared an interest in Item 19 External Audit Tender process	
19	<p>External Audit Tender Process Members received a progress update on the tender process for information.</p> <p>Mr Sabin reported the Trust are commencing a tender process to award a three-year contract for an external auditor from April 2020. The establishment of a working group with membership of two NED's, two Governors, Director and Deputy Director of Finance and Head of Procurement. A request for two volunteers will be made to Council of Governors. An estimate of time commitment is two to three days to include planning and interview. It is hoped the process can commence late September 2019, interview mid-November and appoint in December 2019.</p> <p>The Chair reported Cllr Blake and herself have agreed to join the project group, The Chair asked if this paper was being presented to COG it would be beneficial to include details of responsibilities (Governwell).</p> <p>The Chair noted in addition reference needs to be made to delegation of authority from CoG to the Audit working group. The Chair added if no Governors came forward, she would discuss with Toby Morgan, Lead Governor. She was mindful the next Council of Governor meeting was scheduled for October 2019,</p>	
20	<p>Significant Issues Report The Chair noted the following for the Significant Issues Report</p> <ul style="list-style-type: none"> • Freedom To Speak Up Bi-Annual Report • Emergency Planning, Resilience & Response Assurance Framework Update • Audit - Information Governance Toolkit Audit (limited assurance) • Board Assurance Framework (BAF) <p>The Chair agreed to review the timetable with Mrs Hall.</p>	Chair/JH

**Date and time of next meeting: Tuesday, 15th October 2019 @ 1.00 p.m.
Committee Room 2, Tudor Building, Fulwood House**

**Apologies to: Jeanine Hall, PA to Executive Director of Finance (Tel 2716716)
jeanine.hall@shsc.nhs.uk**

Draft SS/Aug 2019/AS/RP approved ARC Oct 2019

BOARD OF DIRECTORS' MEETING - OPEN

Date: 13 November 2019

Open BoD 13.11.19 Item 19a(b)

TITLE OF PAPER	Audit and Risk Committee – Summary Report to the Board of Directors in respect of Significant Issues
TO BE PRESENTED BY	Ms. Ann Stanley, Chair – Audit and Risk Committee Non-Executive Director
ACTION REQUIRED	For assurance
OUTCOME	To provide assurance to the Board that the Audit and Risk Committee has discharged its duties as directed by the agreed Terms of Reference by the timely reporting of items of significance discussed at the meeting held on 15 October 2019
TIMETABLE FOR DECISION	None required.
LINKS TO OTHER KEY REPORTS / DECISIONS	Minutes of the Committee.
LINKS TO OTHER RELEVANT FRAMEWORKS BAF, RISK, OUTCOMES	<ul style="list-style-type: none"> Trust Board Assurance Framework NHS Audit Framework
IMPLICATIONS FOR SERVICE DELIVERY AND FINANCIAL IMPACT	Timely reporting to the Board of Directors
CONSIDERATION OF LEGAL ISSUES	None required.

Author of Report	Ann Stanley
Designation	Chair – Audit and Risk Committee (Non-Executive Director)
Date of Report	November 2019

SUMMARY REPORT

Report to: Board of Directors

Date: 13 November 2019

Subject: Audit and Risk Committee – Summary Report to the Board of Directors in respect of Significant Issues

Author: Ann Stanley, Chair – Audit Committee (Non-Executive Director)

1 Purpose

<i>For Approval</i>	<i>For a collective decision</i>	<i>To report progress</i>	<i>To seek input from</i>	<i>For information</i>	<i>Other (please state below)</i>
		x		X	

To report in a timely manner, items of significance discussed at the Audit and Risk Committee meeting held on 15 October 2019.

2 Summary

Board members will receive the minutes of the Audit and Risk Committee meeting held on 15 October 2019 in due course, however, at the end of the meeting, the Committee agreed by means of this report to notify Board members of the following significant issues:

360 Assurance Progress Report

The meeting received the regular progress report from 360 Assurance, which provided details of the completion of Stage 1 of the Head of Internal Audit Opinion Statement. This Stage 1 statement confirmed the identification of two low risk actions which have been agreed and followed up. It also noted the drop in the completion rate of follow up actions to 65% against a target of 75%. An assurance was provided by Executive Directors present that this has been escalated to the Executive Directors' Group and additional action taken to address.

360 Assurance Internal Audit Report – Governance & Risk Management

Noted receipt of this audit report with a significant assurance opinion. Confirmed that an action plan is in place to address the agreed medium and low rated actions.

Of particular note to the committee was the fact that the Remuneration & Nominations Committee does not presently report back into Board in line with its terms of reference. It was noted that an agreed action following this audit is to review the terms of reference and put arrangements in place for the committee to report back into Board.

Emergency Planning, Resilience & Response Assurance Framework

The committee received a further updated from the Trust's Emergency Planning Officer and were pleased to note progress on compliance against framework for 20/21. Mr. Geraghty and Mr. Abiola Allinson, Chief Pharmacist, also provided assurances regarding arrangements in place across the system in respect of a potential "no deal" EU Exit, with particular reference to medicines arrangements. As these arrangements had already been in place since the previous "no deal" deadline of 31st March, the Committee was assured that no further risks for SHSC had been revealed, whilst acknowledging there was still a lack of any detailed impact assessments from the centre.

It was also noted that there had been a re-instatement of daily reporting requirements for all Trusts as the Government remained committed to a 31st October exit.

Review of Standing Orders, Reservation and Delegation of Powers, Scheme of Delegation and Standing Financial Instructions

The committee received the revised Standing Orders, Standing Financial Instructions and associated documents, which it was confirmed had been received through the Trust's governance processes. Noted that the final documents will be received at the Council of Governors meeting and Board of Directors for final sign off.

Aged Debtors Write Off Request Paper

In accordance with Trust SFI's, the committee approved the write-off of two legacy aged debts after having received the background and noting the recommendation of the Executive Director of Finance and Executive Directors' Group. An assurance was also received regarding the lessons learnt in respect of the circumstances surrounding these debts.

Board Assurance Framework (BAF)&CRR

Members received the Board Assurance Framework (BAF) for information and assurance. It was noted that in line with further development of the BAF the covering report now included a section on the Trust's risk appetite, as agreed by the Board. It is anticipated that the risk appetite will be incorporated into the "target risk" heading although scoring of the risk appetite will need to be revised in line with the scoring within the present risk matrix.

As previously noted by the Committee, there was an absence of any significant improvements in the level of risk either on the BAF or CRR, with a static picture emerging. Whilst this was a common picture across the NHS, the inclusion of the Board risk appetite indicated a low tolerance to this category of risk. In this respect there should be a more detailed examination of gaps in controls and assurance, both at Quality Committee and at Board.

3 Next Steps

The above items will be taken forward by the Committee as appropriate and to timescales agreed via the action log.

4 Required Actions

For the Board of Directors to:

Note the issues raised and receive assurance that the Committee will action the resulting issues as appropriate.

5 Monitoring Arrangements

Through Audit & Risk Committee as appropriate.

6 Contact Details

For further information, please contact:

Ann Stanley,
Chair – Audit & Risk Committee (Non-Executive Director).