



BOARD OF DIRECTORS' MEETING - OPEN

13 February 2019

Item 16cii

TITLE OF PAPER	Audit Committee – Summary Report to the Board of Directors in respect of Significant Issues
TO BE PRESENTED BY	Ms. Ann Stanley, Chair – Audit Committee Non-Executive Director
ACTION REQUIRED	For assurance
OUTCOME	To provide assurance to the Board that the Audit 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 22 January 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 Committee (Non-Executive Director)
Date of Report	January 2019



SUMMARY REPORT

Report to: Board of Directors

Date: 13 February 2019

Subject: Audit 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 particular significance discussed at the Audit Committee meeting held on 22 January 2019.

2 Summary

Board members will receive the minutes of the Audit Committee meeting held on 22 January 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:

- KPMG External Audit Plan for 18/19 Trust Financial Statements
A report detailing the approach to the Trust’s year end external audit was received. As in previous years the plan was formulated according to sector wide and Trust specific risks. Key areas are non-NHS income recognition and sustainability of CIP delivery on a recurrent basis.
- 360 Assurance Internal Audit Progress Report & Head of Internal Audit 2018/19 Opinion Stage 2 Statement
The Committee received an update on progress against implementation of internal audit actions, currently standing at 68%. It was noted that the implementation rate is improving following the introduction of the Pentana on-line reporting system. 75% needs to be achieved to improve our Internal Audit Opinion over last year’s “moderate” opinion.

Since the last Audit Committee meeting, 4 internal audit reports (Financial Reporting, Performance Framework, Infection Control and Workforce Utilisation) had been issued, all giving significant assurance. 7 reports are still outstanding or ready for sign off but on track to be completed by the end of the financial year.

The report also included the report relating to Stage 2 of the Head of Internal Audit Opinion work. At this stage the opinion is focussed on Board level engagement in governance, risk management and culture and the extent to which the Trust is utilising the BAF as a strategic management tool. Four actions have been identified as a result of this work, which are already being considered for the next iteration of the BAF.

- Briefing Paper – Accounting Policies Review
The Committee endorsed the accounting policies, following review by the Finance function, for inclusion in the Annual Report 2018/19 and ratified their use for the 2019/20 accounting year.
- Preparation of Annual Accounts – Going Concern Report
Members received the Going Concern Report and agreed to recommend that the Board approve the preparation of the Annual Accounts on a going concern basis.
- Emergency Planning & Preparedness Compliance Arrangements
The Committee received an update on the Trust's progress against the EPPR Compliance arrangements. Originally 3 standards had been flagged as red and a further 11 as amber. Compliance was expected by July 2019. The 3 reds have already been rated green and work is on-going to turn a further 4 to green by April 2019. The Committee questioned if we were still on track for compliance and were assured that a recent meeting with NHSI had indicated that the Trust has demonstrated good progress. The remaining standards outstanding are centred around staff training and the development of business continuity plans and associated impact assessments.

The Committee will receive a further update at its meeting in April 2019.

- EU Exit
The Committee received an update on the work being conducted nationally, regionally and in-house to prepare for a “no deal” EU Exit and were assured that Trust EU exit preparations will continue to be monitored by the Executive Directors' Group. The main risk highlighted for the Trust was around supply of medicines and the Committee received assurance that system approaches to a potential shortfall in supply were being developed.
- Audit Committee Terms of Reference – Revision
The Committee approved the revision of its terms of reference which had been updated to include oversight of Emergency Planning Resilience and Response compliance. The revised terms of reference are presented to the Board under separate item for their ratification.

Members also agreed with the Chair's proposal to rename the Audit Committee to the Audit & Risk Committee as from April 2019, to better reflect the increased risk focus of the Committee. It was agreed that this would be raised verbally at the next Board meeting in February.

- Risk Management Strategy Refresh
The Committee received the refresh of the Trust's Risk Management Strategy. A number of further amendments were suggested and it was agreed that a final version would be approved virtually by the Committee and that the final document would be received at the March Board of Directors' meeting for approval.

- Review of the BAF & Corporate Risk Register

The current Board Assurance Framework and Corporate Risk Register were reviewed by the Committee. A slightly new process was agreed for updating the BAF which means the next receipt at Board would be March. The Committee commended the work done on streamlining the BAF and the improved covering report which detailed any changes to level of assurance. The work done on re-wording key risks was also agreed as appropriate.

There were comments regarding an absence of precise identification of gaps in both control and assurance which were giving rise to “red”, limited assurance ratings. It was agreed to enhance the narrative around gaps moving forward in order to concentrate on actions taken to address the gaps.

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 Committee as appropriate.

6 Contact Details

For further information, please contact:

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