

# Audit & Risk Committee (ARC)

Open BoD 13.05.20 Item 15a
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## Minutes of the Audit & Risk Committee meeting held on Tuesday, 21 January 2020 in Committee Room 1, Fulwood House

- Present:** Mrs. Ann Stanley, Non-Executive Director, Chair: Audit & Risk Committee  
 Ms. Sandie Keene, Non-Executive Director, Chair: Quality Assurance Committee  
 Mr. Richard Mills, Non-Executive Director, Chair: Finance & Performance Committee
- In Attendance:** Mr. Clive Clarke, Interim Chief Executive (part meeting)  
 Mr. Phillip Easthope, Interim Deputy Chief Executive/Executive Director of Finance  
 Ms. Samantha Harrison, Interim Director of Corporate Governance/Board Secretary  
 Mr. Tim Thomas, Director, 360 Assurance  
 Ms. Lianne Richards, Client Manager, 360 Assurance  
 Mr. Robert Purseglove, Principal Anti-Crime Specialist, 360 Assurance  
 Ms. Harriet Fisher, Manager, KPMG  
 Ms. Imogen Holland, Assistant Manager, KPMG
- Ms. Jill Dentith, Governance Consultant (observing)  
 Ms. Jeanine Hall, PA (minutes)
- Apologies:** Mr. Rashpal Khangura, Director, KPMG

No	Item	Action
1	<p><b>Welcome &amp; Apologies for Absence</b></p> <p>The Chair welcomed members to the Audit &amp; Risk Committee, apologies were noted and the Chair advised that the meeting was being observed by Ms. Jill Dentith, Governance Consultant, as part of the review of corporate governance initiated by the Trust.</p> <p>The Chair also noted that agenda items 14 and 15 would be taken out of sequence as Mr. Clarke needed to leave the meeting at 2 pm. Agreed these items would be taken following the conclusion of the Internal Audit section of the agenda.</p>	
2	<p><b>Declaration of Interests</b></p> <p>None.</p>	
3	<p><b>Minutes of the meeting held on 15 October 2019</b></p> <p><u>11 16/07/19 Board Committee – Review of Reporting Sub-Groups/Alignment of Terms of Reference</u> – the Chair noted that this item related to the review of information governance assurances following a change in the terms of reference for Finance &amp; Performance Committee and Audit &amp; Risk Committee. She requested that the action log item be amended to reflect this and advised that she and Mr. Easthope were due to meet on the 30 January to progress this discussion.</p> <p>Following this note, the minutes of the meeting held on 15 October 2019 were agreed as an accurate record and would be received at the February 2020 Board of Directors' meeting for information.</p>	Action Log
4	<p><b>Matters Arising &amp; Action Log</b></p>	

	<p><u>10 15/10/19 Register of Interests &amp; Register of Hospitality, Sponsorship &amp; Gifts</u> In respect of the request to note on the register when staff have left prior to year-end – the Chair asked that this item be included on the committee’s action log.</p> <p><u>11 16/07/19 Board Committee – Review of Reporting Sub Groups/Alignment of ToRs</u> Confirmed that this piece of work is linked to the current governance review being undertaken by Ms. Jill Dentith, Governance Consultant.</p> <p><u>16 15/10/19 Board Committees – Committee Structure Chart</u> In response to a query from Mr. Mills, Ms. Harrison advised that she believed the finalisation of a committee structure chart would be incorporated into the second stage of the current governance review. NED members reiterated their wish to see a high-level chart to assist in understanding the relationship between committees and the Board, as well as a wider governance chart clarifying operational accountability through other committees.</p> <p>Following brief discussion regarding this action, it was felt that this related to the need for clarity regarding the over-arching Board sub-committee, as well as the operational group reporting arrangements and the need for consistency in terms of arrangements in place to be covered within the relevant terms of reference. Mr. Easthope and Ms. Harrison agreed to discuss this further, acknowledging the two elements of this request.</p>	<p>Action Log</p> <p>PE/SH</p>
<p><b>5 &amp; 6</b></p>	<p><b>KPMG External Audit Progress Report &amp; KPMG External Audit Plan 2019/20 (Agenda items 5 and 6 taken under one item)</b></p> <p>Ms. Fisher provided an overview of the external audit plan for 2019/20 in preparing for the audit of the Trust’s financial statements noting that this is consistent with previous years.</p> <p>The materiality level for this year’s audit is in line with last year and in terms of the key risks, Ms. Fisher advised that in considering potential areas of risk, these too are consistent with last year, and include management over-ride of controls (mandatory); NHS &amp; Non-NHS income and receivables; valuation of land and buildings (having declared Fulwood House as an asset held for sale at the end of the year this will be a key area of review); and fraudulent expenditure recognition (mandatory). One key difference for this year is the impact of IFRS16 which is a new accounting standard in respect of leases. Whilst not coming into effect until April 2020; there are disclosure requirements for this year’s accounts and a readiness check will be undertaken in this respect.</p> <p>The going concern status of the Trust will also be reviewed and considered as part of the year-end audit work.</p> <p>In terms of the value for money element of the audit work, and in line with last year, the key areas will be identification, delivery and management of cost improvement programmes, both this years and the process for developing next year’s programme. Another area of review in this element of the plan is the delivery of the CQC action plan; focussing on the governance processes involved and how any issues are addressed.</p> <p>Although the Quality Account guidance is still awaited, Ms. Fisher advised that the audit team have been in touch with the Trust lead for this element, and has confirmed that the process for identifying the local indicator and ultimately producing the Quality Account is in place. In the absence of the Quality Account revised guidance it is anticipated that the indicators for review as part of the audit will remain as last year. A further update will be provided to the committee once the guidance has been issued.</p> <p>Following a query from Ms. Keene regarding the change in accounting standards in respect of IFRS16 and the treatment of leases, Ms. Fisher confirmed that any new accounting standard which has the potential to impact on the Trust Accounts needs to be reviewed as part of their work. This element of the audit is well prescribed and discussions have already commenced regarding the ground work necessary this year in preparation for full disclosure next year. Mr. Easthope advised that historically there has been the ability to</p>	

	<p>have off balance sheet arrangements with leases being one potential area. This new standard requires the consistent treatment of all leases and should ensure that long-term liabilities (for leases) are included on the balance sheet and visible. He confirmed that the finance team are working on this change, but are not yet at the stage of understanding the implications for the Trust.</p> <p>Members acknowledged the risk identified around CIP identification and achievement and noted the complexities around this issue. It was also confirmed that discussions have already commenced within the Trust to investigate different approaches to CIPs. Ms. Fisher advised that this element of the audit and risk assessment is very much driven by the standards that lie behind and is a very focussed piece of work. She further noted that these standards are being revised and from next year's audit it is hoped it will involve a more wide-ranging piece of work which would facilitate the consideration of the wider issues affecting this.</p> <p>The Chair thanked Ms. Fisher for this overview of the annual audit planning process, noting that more detailed feedback will be available at the committee's next meeting.</p>	
7	<p><b>i. 360 Assurance Internal Audit 2019/20 Progress Report</b></p> <p>Ms. Richards advised that the progress report identifies the work completed against the 2019/20 plan since their last update. She confirmed that the key messages for this meeting were that a total of 6 reports have been issued since the last meeting.</p> <p>Central Alerting System – limited assurance, with one high risk and two medium risk findings. It was noted that the Trust has agreed an action plan to address these risks which is being considered by the Health &amp; Safety Group.</p> <p>NED members agreed this report should be shared with members of the Quality Assurance Committee for their awareness.</p> <p>Data Security Protection Toolkit (DSPT) – a stage 1 interim advisory report issued to provide an early indication of the areas for further improvement prior to the March deadline. It was confirmed that stage 2 will revisit the identified areas and work undertaken to date and provide a formal opinion.</p> <p>Treasury &amp; Cash Management – significant assurance.</p> <p>Policy Monitoring – a consultancy benchmarking piece of work focussing on three key control systems (complaints; mandatory training and temporary IT access). Ms. Richards advised that this audit had been completed across the 360 Assurance client base with a view to sharing best practice in due course. Members were advised that SHSC findings were consistent with other organisations.</p> <p>Complaints – a consultancy piece of work requested by the Trust following the recent issues identified in respect of complaints management. Ms. Richards advised that the findings recognise the improvements that have already been made and identifies a number of recommendations for the next phase of development of complaints handling.</p> <p>NED members were keen to ensure this report is received for awareness at the Quality Assurance Committee.</p> <p>Ms. Richard reminded members that as part of a client wide project, a workshop was held with HR Directors in November and a report for this project has been shared with the Trust. Ms. Stanley confirmed that she has requested that this report be considered by the Trust's Workforce &amp; OD Committee.</p> <p>It was confirmed that stage 2 of the Head of Internal Audit Opinion work programme has been completed and is included in the progress report. She advised that one low risk has been identified and that confirmation has been received that this has already been</p>	<p>QAC</p> <p>QAC</p> <p>WODC</p>

	<p>implemented.</p> <p>In terms of follow-up it was noted that the implementation rate for completed actions currently stands at 61%, which equates to moderate assurance. Ms. Richards advised that she is due to meet with Ms. Harrison to review historic open actions as well as those which would contribute to this year's follow up rate. Following a challenge from Ms. Keene to the Executives regarding the continuing trend regarding follow up completion rates and the need to improve this position, it was confirmed that detail of this position is received monthly at the Executive Directors' Group and appropriate escalation agreed.</p> <p>The importance of managers having due regard for the ability to complete actions within the agreed timeframes was stressed and this is reaffirmed to managers as part of the audit process.</p> <p>The committee acknowledged the progress report and completion and rating of audits during the period. It was confirmed that reports will be received by the appropriate Board committees in due course through existing governance arrangements.</p> <p><b>ii. 360 Assurance Draft Internal Audit &amp; Counter Fraud Plan 2020/21</b></p> <p>Further to the recent planning workshop, Ms. Richards presented the draft Internal Audit and Counter Fraud Plan for 2020/21. Mr. Easthope confirmed that this has been received at the Executive Directors' Group and Executive leads have been asked to review content and priorities by 6 February to ensure an achievable audit plan which focusses on the correct areas.</p> <p>Ms. Keene referred to discussion at the workshop specifically around the proposed city-wide project on liberty protection safeguards, noting that the revised guidance has still not been received and it may be appropriate to defer this audit until the guidance is received. Mr. Easthope confirmed that this would be picked up as part of the Executive review of the plan.</p> <p>Ms. Stanley referred to the areas of potential audit which are currently not included in the draft plan but that are represented on the current BAF, specifically principal risks A102i and A104, which are currently rated red. She asked that EDG consider this omission and a reprioritisation/reallocation of days. The Chair also asked that EDG review the allocation of 15 days against "Governance/Risk Management" noting that the focus of this audit would be determined once the outcome of CQC visit is known.</p> <p>It was confirmed that the proposed 2020/21 counter fraud plan is also incorporated into the overall draft plan.</p> <p>The committee noted receipt of the draft plan and the Chair confirmed that following the receipt of all comments/amendments, a final plan will be received at April's Audit &amp; Risk Committee for sign off.</p>	EDG
8	<p><b>360 Assurance Counter Fraud Service:</b></p> <p><b>i. Management of Fraud Risks (NHSCFA Standard 1.4)</b></p> <p>Following discussion at the last meeting regarding this matter and the need for the Trust to take ownership of its fraud risks and manage in line with its established risk management process, Mr. Purseglove confirmed that he continues to work closely with the Deputy Board Secretary to identify and align potential fraud risks. A further meeting is scheduled early February at which it will be determined if any of these risks need to be escalated to the risk register.</p> <p><b>ii. Counter Fraud Benchmarking Exercise Results</b></p> <p>Mr. Purseglove explained that this report provides useful risk benchmarking information to support 360 Assurance's own internal quality monitoring processes. It also validates the Trust's fraud, bribery and corruption risk assessment and provides assurances regarding</p>	

	<p>the Trust's own fraud, bribery and corruption risks, particularly that they are in line with comparable 360 Assurance client organisations.</p> <p>He advised that following completion of the exercise, no issues requiring further action by the Trust have been identified.</p> <p>In response to a question from the Chair regarding the potential small number of mental health comparators in respect of this data, Mr. Purseglove advised that there is a commensurate level of fraud risk across the spectrum of clients which means the whole of the client base can be utilised.</p> <p>Ms. Keene noted that whilst she is assured regarding the Trust's identified fraud risks, she asked what assurance can be provided regarding the management of these risks within the Trust. Mr. Purseglove advised that in terms of assurance regarding the management of risk, this report is supported by a breakdown of the potential 89 fraud risks and these are subject to continuous assessment to inform the development of the counter fraud work plan.</p> <p>The Chair noted Mr. Purseglove's assurance that the Trust was not an outlier in terms of this report and that no further action has been identified.</p>	
<p><b>9</b></p>	<p><b>Freedom to Speak Up Update</b> As previously agreed, this item was taken out of agenda sequence.</p> <p>Mr. Clarke noted that the report has been prepared by Ms. Wendy Fowler, the Trust's Freedom to Speak Up Guardian, and focusses less on the themes and outcomes as previously, and more in respect of the process in place to deal with any concerns raised through this mechanism. He advised that it is presented for a level of assurance regarding the work undertaken and the future actions identified to support the FTSU agenda going forward.</p> <p>The report reflects quarters 1 and 2 of this financial year and includes some of the areas of concern raised and lessons learnt. It was confirmed that from a process perspective, all efforts are being made to ensure that as FTSU issues are raised there is clarity regarding how it will be managed through the process and a completion date. A Standard Operating Procedure is in place but Mr. Clarke acknowledged that more work is required to ensure a better balance and assurance for people raising concerns especially regarding a timeline for response.</p> <p>Ms. Keene confirmed that she is now the identified Non-Executive Director FTSU Champion and expressed her keenness to ensure that in the future this report provides an assurance regarding the learning from the FTSU process and what change has been instigated as a result of any concerns raised. She noted that comment continues to be made regarding the timeliness of responding to concerns.</p> <p>Mr. Clarke acknowledged Ms. Keene's comment and reaffirmed that it is the intention to change the focus of this report in the future. He also advised that whilst the report received at today's meeting will go onto the Board of Directors it will be reviewed to include potential themes and lessons learnt.</p> <p>The Chair noted that Committee have received assurances that the FTSU process is sound and objective and visible but noted that the report received today continues to highlight some of the same areas as previously. She believed there is a gap in assurance in that when considering the categories there is uncertainty as to how high risk some of these are and indeed some of them are so broad it is difficult to determine what the background is.</p> <p>Mr. Clarke provided an assurance that this element of the report is one identified for attention prior to receipt at Board.</p>	

	<p>Mr. Mills noted that it is intended to review the SOP and present this to the Audit &amp; Risk Committee in April. He felt it important that the SOP provides assurances regarding the future FTSU reports received at committee.</p> <p>In view of the comments made, Ms. Harrison suggested that the next iteration of the report provides some assurance about how the intelligence and concerns received are being triangulated across the organisation, together with how the outcomes from the FTSU process fit within the broader organisational learning and that it also provides an assurance regarding the ability of the FTSU Guardian to signpost concerns onto the appropriate officers.</p> <p>In terms of the categories recorded, Ms. Keene noted that these are currently only recorded by primary reason. She felt it would provide a clearer picture of themes if a secondary category could be incorporated if necessary.</p> <p>The committee noted the assurance provided in respect of the FTSU process in place and objectivity of that process, however, it was acknowledged that there are gaps in terms of the learning; the level of risk associated with these issues and how these are triangulated across the Trust. Members also noted that work is in progress regarding the future development of the content of the report.</p>	April ARC b/f
10	<p><b>Emergency Planning, Resilience &amp; Response Assurance Framework/EU Exit Update</b> As previously agreed, this item was taken out of agenda sequence.</p> <p>Mr. Clarke noted that the first element of the report provides an update on progress against the annual submission of the Trust's EPRR annual statement, advising that substantial compliance is in place and work continues on the outstanding areas.</p> <p>As previously requested, the report includes an outline of the progress against plans to mitigate any impact of the EU exit. Mr. Clarke noted that the action plan put in place when a "no deal" EU exit was envisaged has been updated and a number of action points have been stood down, following an agreed EU exit, although the Emergency Planning Officer is maintaining a watching brief over the process. The Chair requested a further update on EU exit plans at the next meeting.</p> <p>Members noted the quality and concise nature of the report prepared by Mr. Geraghty.</p> <p>A particular note was made of deep dive standard regarding climate change risk assessment. It was agreed that this is becoming a more important and much bigger issue and one which the Trust needs to address to remove the current red rating where possible. It was also agreed that this is also something which is impacted on by system-wide issues which the Trust are not necessarily sighted on. It was suggested that this is an area which warrants a separate and much broader discussion at Board level.</p> <p>In response to a query from Ms. Keene in respect of evacuation planning and business continuity, Mr. Clarke confirmed that the Emergency Planning Officer is in contact with relevant parties across the city regarding potential alternative sites and he suggested that an update on this aspect is provided at the next meeting as part of the regular update.</p> <p>The Chair also suggested that at the next meeting, the committee takes the opportunity to review progress against compliance.</p> <p>Mr. Clarke left the meeting at this point.</p>	CC/TG April b/f  EDG  CC/TG April b/f
11	<p><b>2019/20 Annual Report &amp; Accounts Production Timetable</b> Ms. Harrison noted that the report received by members provides an assurance that a timetable is in place for production of the 2019/20 Annual Report and Accounts. She advised that the respective leads have already been contacted to confirm requirements and a request that if there is any doubt on meeting the timeframe this must be escalated to herself and the Executive Directors' Group.</p>	

	<p>Ms. Harrison advised that the timetable had been received and signed off by the Executive Directors' Group and confirmed that it was received at Audit &amp; Risk Committee for assurance.</p> <p>Mr. Mills noted that at last year's Annual Members' Meeting particular comment was made regarding the format of the Annual Report. Ms. Harrison agreed to follow this up with the Deputy Board Secretary to determine the detail of these comments and if possible address these in this year's process.</p> <p>In response to a concern raised by Ms. Keene regarding the format of the report that, despite the prescriptive nature of the content, consideration be given to changing the format to a service user/staff/public perspective approach and the positive impact of SHSC. Ms. Harrison felt there would be scope to consider this within the performance element of the report and agreed to liaise with the Communications Team and relevant officers.</p> <p>The Chair stressed the need for the relevant committee Chair to be advised at the earliest opportunity if any slippage in the timetable is anticipated.</p> <p>The committee noted receipt of the timetable and the sign off by EDG.</p>	SH  SH
12	<p><b>Briefing Paper: FT Annual Reporting Manual (FT ARM) Changes 2019/20, and DHSC Group Accounting Manual (DHSC GAM) Changes 2019/20</b></p> <p>Mr. Sabin presented a briefing paper to members on the changes in and compliance with accounting policies and practices in respect of the production of the 2019/20 Annual Report and Accounts.</p> <p>He advised that the GAM was issued at the end of December 2019 and FT ARM early January 2020 and that no significant change to either document has been noted. The majority of changes are limited to the wider Annual Report rather than the Accounts in respect of further guidance for inclusion and additional disclosures.</p> <p>As previously mentioned, the IFRS16 disclosure is the main change in respect of the Accounts for this year and Mr. Sabin confirmed that he does not anticipate any concerns.</p> <p>Received and noted by members.</p>	
13	<p><b>Briefing Paper: Accounting Policies Review</b></p> <p>Mr. Sabin presented this brief to the committee on the changes in and compliance with accounting policies and practices in respect of the production of the 2019/20 Annual Report and Accounts. As in previous years, the report highlights those changes necessary and Mr. Sabin confirmed that these were minimal.</p> <p>It was confirmed that these changes would be reviewed by KPMG at an early stage of their work to ensure that all appropriate changes have been made to the relevant accounting policies.</p> <p>The committee received and endorsed the paper.</p> <p><i>Post Meeting Note: confirmation received from KPMG (22.01.20) no comments or issues from them on Accounting Policies Review paper.</i></p>	
14	<p><b>Preparation of Accounts – Draft Going Concern Report</b></p> <p>The committee received the draft Going Concern Report which will require ultimate approval by the Board of Directors as part of the Annual Accounts process.</p> <p>Discussion took place regarding the internal management of the potential financial risk for the Trust, particularly in relation to the over-contracted activity demand on services as well as the balance between investment in inpatient and community services. It was noted that within table 2 "Forward View – Financial Risk" there was no mention of greater demand, although it was confirmed that this was primarily because the Trust does not bear this risk -</p>	

	<p>this lies with the Commissioner.</p> <p>It was reaffirmed that the purpose of this statement is to confirm externally that there is nothing of significance within the finances of the Trust that would compromise SHSC being a going concern.</p> <p>Ms. Keene asked whether recent headlines regarding clinical negligence costs within the NHS would have an adverse impact on SHSC. In response, Mr. Sabin provided an overview of the Trust's arrangements in respect of NHS Resolution who manage these cases on behalf of the NHS and confirmed that this did not presently pose any risk to the Trust.</p> <p>Audit representatives advised that within the NHS unless a Trust is within special measures, they are generally regarded as a going concern.</p> <p>It was agreed to recommend that the Board approve the preparation of the Annual Accounts on a going concern basis, although it was suggested that consideration be given to rewording elements of the statement to provide clarity regarding an overarching statement regarding the management of demand; risk share arrangements and future liability.</p>	JS/PE
15	<p><b>Initial Draft 2019/20 Annual Governance Statement</b></p> <p>Ms. Harrison presented an early draft of the 2019/20 Annual Governance Statement, which was based around last year's submission. She confirmed that further updates and population of the statement would be undertaken over the coming weeks, together with engagement with relevant officers.</p> <p>Ms. Keene acknowledged the clear presentation of the first draft and noted that under public stakeholder involvement in managing risk, the patient experience lead had been identified as key to providing an update. She questioned whether the Lead Governor should be asked to provide some input to this section. Ms. Harrison agreed to follow up.</p> <p>Mr. Easthope confirmed that for consistency the ARM was received on the 10<sup>th</sup> January, not 11<sup>th</sup> January as currently reflected in this summary paper.</p> <p>It was suggested that the reference to "the country's withdrawal from Europe" within the draft AGS be replaced with "EU Exit".</p> <p>Members agreed to provide Ms. Harrison with any further comment outside of the meeting, who advised that she would welcome input from members on finalisation of the next iteration.</p> <p>It was confirmed that a further version would be received at the April meeting.</p>	SH
16	<p><b>Assurance Reports from Other Governance Committees</b></p> <p>As part of its governance remit, the Audit &amp; Risk Committee requires annual assurances from the other Board committees regarding the discharge of their responsibilities under the agreed terms of reference, including any items for escalation. As in previous years, it is acknowledged that the timeframe for production of these reports is tight and Ms. Harrison confirmed that the item has been placed on each of the committee's January agendas to raise early awareness of this requirement and discuss the timeframe etc. and make appropriate arrangements for finalisation of the reports out of meeting where timing does not permit this to take place through a scheduled meeting.</p> <p>It was agreed that a pro-forma report should be made available to each committee to ensure the reports are consistent in their presentation and that Corporate Services work with the committee chairs to ensure there is a level of understanding about the content of these reports, noting that each committee's significant issues reports should be a starting point to provide a summary of the committee's function through the year.</p>	



<p><b>20</b></p>	<p><b>2019/20 Board Assurance Framework</b></p> <p>Members received the Board Assurance Framework (BAF) for discussion and assurance, noting that this was the final iteration of the 2019/20 BAF. Ms. Harrison confirmed that this iteration of the BAF incorporates a recommendation arising from the recent Stage 2 Head of Internal Audit Opinion Report in respect of providing further detail of the actions and changes made since it was last received for greater clarity.</p> <p>Ms. Harrison advised that the committee is asked to consider the three risks where all controls are reporting as green (A204; A403i &amp; A403ii) and whether they remain principle risks or whether they are risks that require lower level oversight and no longer need to remain on the BAF.</p> <p>The committee noted the static nature of a number of risks although acknowledge that an assurance is provided regarding the movement on controls for these items. Ms. Keene expressed some concern regarding the passive nature of a number of the changes made, which seemed primarily to focus on changing timescales rather than changing the actions themselves. She questioned whether it would be necessary to review the appropriateness of the agreed actions given that timescales are proving insufficient to resolve matters.</p> <p>It was noted that within Risk 101iii relating to the Trust governance systems, no mention is made within the controls on this risk of the work being undertaken within the complaints function. Ms. Harrison agreed to add this control onto this BAF item, noting that further discussion would take place at Quality Assurance Committee upon receipt of their specific risks.</p> <p>Whilst members acknowledged the request to consider the de-escalation of the three risks currently reporting green, they noted that this would be a Board decision and would require consideration by the relevant Board committee prior to consideration by the Board. Mr. Mills also expressed caution in removing the estates related risks at the present time due to the programme of anticipated critical actions/events over the coming months in respect of ACM and the relocation of the HQ.</p> <p>The Chair noted that the committee would receive the final 2019/20 BAF at its April meeting prior to being signed off by the Board of Directors.</p> <p>In terms of the development of the 2020/21 BAF, the Chair reaffirmed the need to think more about the assurances and the actions required to deliver those assurances, rather than developing a list of controls.</p> <p>The Chair thanked Ms. Harrison for this updated BAF.</p> <p>Ms. Dentith left the meeting at this point.</p>	
<p><b>21</b></p>	<p><b>2019/20 Corporate Risk Register</b></p> <p>Members received the Corporate Risk Register (CRR) providing details of closed, reduced and escalated risks.</p> <p>Members noted the two risks closed since the CRR's last receipt at Audit &amp; Risk Committee, plus the eight new risks, as well as the static position in relation to a number of the risk ratings, albeit there is a good cycle of review, scrutiny and regular update in place.</p> <p>Ms. Keene noted her concern regarding the closure of risk 3916 in respect of the call volumes at START and SPA. Whilst this would be discussed in more detail at Quality Assurance Committee, she questioned the rationale being used in terms of answered calls to determine whether this risk be closed. It was noted that it was unclear whether this risk had indeed been closed or just de-escalated to the Directorate Risk Register for management.</p> <p>Members welcomed the new risks being recorded by the IMST function in respect of</p>	

	<p>developments within IMST and potential impact on quality of service elsewhere within the Trust. In response to a concern regarding risk 4326 and whether this is a corporate or individual risk, Mr. Easthope confirmed that he has had extensive discussion both with the Deputy Director of IMST and at EDG about these risks and as a result the narrative has been amended/updated but that further work is required to understand the extent of these risks following their escalation.</p> <p>In anticipation of the forthcoming BAF development session, the Chair noted that there are currently five corporate risks relating to system issues within the current CRR and suggested that this area should be reviewed in the forthcoming BAF session as to whether these should be incorporated into the 2020/21 BAF.</p> <p>The Chair thanked Ms. Harrison for this updated CRR.</p>	
22	<p><b>Standing orders; SFIs; Standards of Business Conduct Breaches Report</b></p> <p>Mr. Sabin presented this briefing paper which he confirmed was presented for the committee's information. The report will also be received by the Finance &amp; Performance Committee (FPC).</p> <p>Mr. Sabin advised that the paper does not raise any significant control issues or concerns with regards to the implementation and adherence to SFIs/SOs etc., and that any learning from the process will be discussed in more detail at FPC.</p> <p>It was confirmed that any changes proposed as a result of the findings in this briefing paper would be incorporated into the next scheduled review of the key documents and received by the Audit &amp; Risk Committee in due course.</p> <p>Members acknowledged receipt of the report.</p>	
23	<p><b>SO/SFI Waiver Requests:</b></p> <p>Members noted receipt of three single tender waivers approved by the Executive Director of Finance in respect of:</p> <p>i. <b>EDG/Governor Development Support (CTW Ref 19/20 – 03)</b> NED members raised their general concern regarding a lack of adherence to SFIs regarding the procurement of this development support (i.e. urgency and cost) and were keen to ensure that the requirement to review following completion of stage 1 was adhered to in order to ensure value for money.</p> <p>ii. <b>Specialist Community Forensic Team Project Support (CTW Ref 19/20–05)</b></p> <p>iii. <b>Provider Collaborative/New Care Model Programme Management Support (CTW Ref 19/20 – 04)</b></p> <p>From a quality point of view, it was felt these tender waivers would have benefitted from being typed, rather than handwritten. The recurrent nature of these requests was also raised and whether further waivers will be received in the new year. Whether this could have been addressed prior to submitting these waivers was questioned.</p> <p>The Chair asked that EDG are made aware of the concerns raised by NED members regarding the circumstances surrounding these waivers.</p>	
24	<p><b>Significant Issues Report</b></p> <p>The Chair noted the following for the Significant Issues Report:</p> <ul style="list-style-type: none"> <li>• External Audit Plan</li> <li>• Internal Audit Progress Report</li> <li>• Head of Internal Audit Opinion Stage 2 Report</li> <li>• Counter Fraud Benchmarking Report</li> <li>• Freedom to Speak Up Quarterly Summary</li> <li>• Draft Going Concern Report</li> <li>• Briefing Paper – Accounting Policies Review</li> <li>• ACR Terms of Reference</li> </ul>	

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| <ul style="list-style-type: none"><li>• Reviewed BAF &amp; CRR</li></ul> |  |
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Agreed that the Chair would review the committee timetable outside of the meeting with the committee administrator.

Date and time of next meeting:  
Tuesday, 21<sup>st</sup> April 2020 @ 1.00 p.m. Committee Room 1, Fulwood House

Apologies to: *Jeanine Hall, PA to Executive Director of Finance & Chief Executive*  
Tel 2716716; email [Jeanine.hall@shsc.nhs.uk](mailto:Jeanine.hall@shsc.nhs.uk)

*11 Feb 2020 Unconfirmed  
Approved PE/AS  
Approved ARC 21.04.20*