

Council of Governors: Summary Sheet

Title of Paper: Significant Issues Report: Audit & Risk Committee

Presented By: Ann Stanley

Action Required:

For Information	<input checked="" type="checkbox"/>	For Ratification	<input type="checkbox"/>	For a decision	<input type="checkbox"/>
For Feedback	<input type="checkbox"/>	Vote required	<input type="checkbox"/>	For Receipt	<input type="checkbox"/>

To which duty does this refer:

Holding non-executive directors individually and collectively to account for the performance of the Board	<input checked="" type="checkbox"/>
Appointment, removal and deciding the terms of office of the Chair and non-executive directors	<input type="checkbox"/>
Determining the remuneration of the Chair and non-executive directors	<input type="checkbox"/>
Appointing or removing the Trust's auditor	<input type="checkbox"/>
Approving or not the appointment of the Trust's chief executive	<input type="checkbox"/>
Receiving the annual report and accounts and Auditor's report	<input type="checkbox"/>
Representing the interests of members and the public	<input type="checkbox"/>
Approving or not increases to non-NHS income of more than 5% of total income	<input type="checkbox"/>
Approving or not significant transactions including acquisitions, mergers, separations and dissolutions	<input type="checkbox"/>
Jointly approving changes to the Trust's constitution with the Board	<input type="checkbox"/>
Expressing a view on the Trust's operational (forward) plans	<input type="checkbox"/>
Consideration on the use of income from the provision of goods and services from sources other than the NHS in England	<input type="checkbox"/>
Monitoring the activities of the Trust to ensure that they are being conducted in a manner consistent with its terms of authorisation and the constitution	<input type="checkbox"/>
Monitoring the Trust's performance against its targets and strategic aims	<input type="checkbox"/>

How does this item support the functioning of the Council of Governors?

Governors are responsible for holding NEDs to account and will do this by receiving significant issues reports and questioning NEDs on how they are holding the board to account.

Author of Report: Ann Stanley

Designation: Non-Executive Director

Date: February 2020

Board of Directors' - Open

Date: 12 February 2020

Item Ref: 14bi - ii

TITLE OF PAPER	Audit & Risk Committee Summary Report to the Board of Directors in respect of Significant Issues
TO BE PRESENTED BY	Ms. Ann Stanley, Chair – Audit & Risk Committee Non-Executive Director
ACTION REQUIRED	For assurance

OUTCOME	To provide assurance to the Board that the Audit & 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 21 January 2020
TIMETABLE FOR DECISION	None required.
LINKS TO OTHER KEY REPORTS / DECISIONS	Minutes of the committee.
STRATEGIC AIM STRATEGIC OBJECTIVE BAF RISK NUMBER & DESCRIPTION	Aim 1 Quality & Safety A101 – Effective governance, quality assurance and improvement will underpin all we do A101III Trust governance systems are not sufficiently embedded which may reduce the effective means by which executive directors can consistently and continually be held to account for the delivery of sound strategies, effective management of risk and the quality of service provided by the organisation
LINKS TO NHS CONSTITUTION /OTHER RELEVANT FRAMEWORKS, RISK, OUTCOMES ETC	Trust Board Assurance Framework NHS Audit Framework
IMPLICATIONS FOR SERVICE DELIVERY & FINANCIAL IMPACT	Timely reporting to the Board of Directors
CONSIDERATION OF LEGAL ISSUES	None required.

Author of Report	Ann Stanley
Designation	Chair – Audit & Risk Committee
Date of Report	February 2020

Summary Report

1. Purpose

For approval	For assurance	For collective decision	To seek input	To report progress	For information	Other (Please state)
				X	X	
To report in a timely manner, items of significance discussed at the Audit & Risk Committee meeting held on 21 January 2020.						

2. Summary

Board members will receive the minutes of the Audit & Risk Committee meeting held on 21 January 2020 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:

External Audit Plan

The committee received and noted details of the KPMG External Audit Plan for the audit of the Trust's Annual Accounts for the period April 2019 – March 2020.

Internal Audit Progress Report The committee received the progress report from 360 Assurance, noting the issue of five completed audits since the last meeting.

Central Alerting System (CAS) – Limited Assurance
Data Security Protection Toolkit (DSPT) – Interim advisory memorandum
Treasury & Cash Management – Significant Assurance
Policy Monitoring – Consultancy.
Complaints – Consultancy.

Members were assured that all agreed actions are being followed up and implemented.

Head of Internal Audit Opinion Stage 2 Report

The 19/20 HoIA opinion is based on three levels of assurance, the BAF and its operation, implementation of agreed audit actions and audit reports issued.

The current position in respect of completed recommendations on follow up has reduced to 61%. This represents a drop since October position and equates to a Moderate Assurance rating, 60% being Limited Assurance. Assurance was received from Executive Directors that a process of regular review of actions outstanding is in place to achieve the target rate of 75%.

Counter Fraud, Bribery & Corruption Risk Benchmarking Report

The committee received a report from the Trust's Principal Anti-Crime Specialist, providing risk benchmarking information to support the internal quality monitoring processes and validate the Trust's fraud, bribery and corruption risk assessment. The report provided assurances regarding the Trust's own fraud, bribery and corruption risks and confirmed that these were in line with comparable 360 Assurance client organisations.

No issues requiring further action by the Trust were identified as a result of this benchmarking exercise.

Freedom to Speak Up Quarterly Summary

The committee received a report prepared by Wendy Fowler, the Trust's Freedom to Speak Up Guardian, which provided assurance that the FTSU process is being met and developed in line with national requirements.

It was reaffirmed that the intention is to change the focus of this report in the future and discussions are taking place with the FTSU Guardian regarding future content and the processes required to support the FTSU agenda.

It was agreed that whilst the FTSU report will be received at February Board, it will be amended to include potential themes and lessons learnt.

Briefing Paper – Accounting Policies Review

The committee endorsed the accounting policies, following review by the Finance function, for inclusion in the Annual Report & Accounts 2019/20 and ratified their use for the 2019/20 accounting year.

Preparation of the Annual Accounts - Going Concern Report

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.

Discussion took place regarding the internal management of the potential financial risk of greater demand on services and the balance between investment in inpatient and community services. It was reaffirmed that the purpose of this statement is to confirm externally that there is nothing significant within the finances of the organisation that would compromise SHSC being a going concern.

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 the overarching demand risk share arrangements and future liability.

Audit & Risk Committee - Terms of Reference

The Committee approved the revision of its terms of reference which had been updated to include reference to information governance, which has transferred in terms of oversight of assurance from the Finance & Performance Committee to the Audit & Risk Committee.

A copy of the amended terms of reference are attached for ratification by the Board.

Board Assurance Framework & Corporate Risk Register

The current Board Assurance Framework and Corporate Risk Register were reviewed by the Committee.

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;
- Ratify the amended terms of reference for the Audit & Risk Committee.

5 Monitoring Arrangements

Through the Audit & Risk Committee.

6 Contact Details

For further information please contact:

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

Terms of Reference

Name of Committee	Audit & Risk Committee (ARC)
Type of Committee	Committee of the Board of Directors

1.	Purpose of Committee/Group
	<p>The Audit & Risk Committee (“the Committee”) has been established to provide assurance to the Board of Directors in consultation with the other Board Committees that adequate and appropriate governance structures, processes and controls are in place throughout the Trust.</p> <p>In carrying out this function, the Committee will primarily use the work of internal audit and other assurance functions, but will not be limited to these functions. It will also seek reports and assurances from directors and managers as appropriate.</p> <p>The Committee may request and review reports and assurances (positive or negative) from directors and managers on the overall arrangements for governance and risk management.</p> <p>The Committee shall provide assurance to the Board of Directors on the probity of the Trust and support the other Board Committees in the achievement of clinical effectiveness and safe outcome for service users, maintaining positive service user and carer experience and equality and inclusion.</p> <p>To assure the quality and security of our data and information assets.</p>
2.	Scope
	<p>The Committee will:</p> <ul style="list-style-type: none"> • monitor the integrity of the financial statements, assisting the Board of Directors in its oversight of risk management and the effectiveness of internal control, oversight of compliance with corporate governance standards and matters relating to the external and internal audit functions • provide the Board of Directors with a means of independent and objective review of financial and corporate governance, assurance processes and risk management across the whole of the Foundation Trust’s activities (clinical and non-clinical) both generally and in support of the annual governance statement. <p>The Board of Directors is responsible for ensuring effective financial decision-making, management and internal control including:</p> <ul style="list-style-type: none"> • management of the Foundation Trust’s activities in accordance with statute and regulations

- the establishment and maintenance of a system of internal control to give reasonable assurance that assets are safeguarded, waste or inefficiency avoided and reliable financial information produced, and that value for money is continuously sought.

3. Authority/Accountability

The Committee is constituted as a standing committee of the Board of Directors.

The Committee is authorised to establish and delegate powers to sub-committee(s) and work groups. The Committee will oversee the work of those sub-committee(s) and work groups.

The Committee is authorised by the Board of Directors to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any member of staff and all members of staff are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board of Directors to obtain outside independent professional advice. The Committee is authorised to request the attendance at a committee of individuals or authorities from outside the Foundation Trust with relevant experience and expertise if it considers this necessary or expedient to the carrying out of its functions. The Committee will advise the Board of Directors of any investigation being undertaken that instructs professional advisors and update the Board of Directors on progress.

4. Objectives of Committee

Financial statements and the annual report

- (i) The Committee will: monitor the integrity of the financial statements of the Foundation Trust, any other normal announcements relating to the Trust's financial performance, reviewing the significant financial reporting judgements contained in them
- (ii) review the Annual Statutory Accounts, before they are presented to the Board of Directors for approval, in order to determine their completeness, objectivity, integrity and accuracy. This review will cover but is not limited to:
 - the meaning and significance of the figures, notes and significant changes
 - areas where judgement has been exercised
 - adherence to accounting policies and practices
 - explanation of estimates or provisions having material effect
 - the schedule of losses and special payments
 - any unadjusted statements
 - any reservations and disagreements between the external auditors and management which have not been satisfactorily resolved.
- (iii) recommend to the Board of Directors that the Annual Statutory Accounts are approved
- (iv) review the Annual Report and Annual Governance Statement and recommend to the Board of Directors that the documents are approved
- (v) review each year the accounting policies of the Trust and make appropriate recommendations to the Board of Directors
- (vi) Review all accounting and reporting systems for reporting to the Board of

- Directors, including in respect of budgetary control
- (vii) the Committee will be notified of and scrutinise losses, write-offs and compensation including special payments, ex-gratia payments and extra statutory or extra regulatory payments.

Internal Control and Risk Management

The Committee will:

- (i) review the Foundation Trust's internal financial controls to ensure the provision and maintenance of an effective system of financial risk identification and associated controls, reporting and governance
- (ii) review and maintain an oversight of the Foundation Trust's general internal controls and risk management systems
- (iii) review processes to ensure appropriate information flows to the Committee from executive management and other Board committees in relation to the Trust's overall internal control and risk management position
- (iv) review the adequacy of the policies and procedures in respect of all counter-fraud work. Receive the annual report from counter fraud
- (v) review the adequacy of underlying assurance processes that indicate the degree of achievement of corporate objectives and the effectiveness of the management of principal risks, including the Board Assurance Framework (BAF)
- (vi) utilise and review the work of the internal audit, external audit and other assurance functions as well as reports and assurances sought from directors, managers, committees and other investigatory outcomes so as to fulfil its functions in connection with these terms of reference
- (vii) review the adequacy of policies and procedures for ensuring compliance with relevant regulatory, legal and conduct requirements.

Freedom to Speak Up: Raising Concerns (Whistleblowing)

The Committee will:

- (i) review arrangements that allow staff and other individuals where relevant, to raise, in confidence, concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety and other matters
- (ii) ensure that arrangements are in place for the proportionate and independent investigation of such matters, and for appropriate follow-up action, and ensure safeguards are in place for those who raise concerns.

Emergency Planning Resilience and Response (EPRR)

The Committee will:

- (i) review and monitor compliance with the NHS England EPRR core standards, Civil Contingencies Act 2004 and provide positive assurance to the Board of compliance.

Corporate Governance

The Committee will:

- (i) monitor and provide assurance to the Board of Directors on corporate governance compliance (e.g. compliance with terms of the Licence, Constitution, Codes of Conduct, Standing Orders, Standing Financial Instructions, maintenance of Registers of Interests)

- (ii) consider the outcomes of significant reviews carried out by other bodies which include but are not limited to regulators and inspectors within the health and social care sector and professional bodies with responsibilities that relate to staff performance and functions.

Internal Audit

The Committee will:

- (i) at least annually, monitor and review the effectiveness of the Foundation Trust's internal audit function, taking into consideration relevant UK professional and regulatory requirements
- (ii) review and approve the internal audit strategy and programme, ensuring that it is consistent with the needs of the organisation. This includes ensuring the programme covers the breadth of the internal control environment ensuring relevant coverage of Clinical Quality, Governance, Risk Management and Legislation, performance and Data Quality, Workforce and Finance
- (iii) oversee on an ongoing basis the effective operation of internal audit in respect of:
 - adequate resourcing
 - its co-ordination with external audit
 - meeting relevant internal audit standards
 - providing adequate independence assurances
- (iv) having appropriate standing within the Foundation Trust; consider the major findings of internal audit investigations and management's response and their implications and monitor progress on the implementation of recommendations
- (v) consider the provision of the internal audit service, the cost of the audit and any questions of resignation and dismissal of internal audit staff
- (vi) where an audit report relates to a follow-up audit and high risk recommendations are still outstanding, the Executive Director shall attend the Committee meeting to provide an update on actions taken to address these recommendations
- (vii) receive an audit recommendation self-assessment report, which includes a log of audit reports submitted to the Committee and any outstanding actions, which shall be submitted to each meeting of the Committee for review
- (viii) ensure directors are responsible for providing an update at the Committee meetings on any outstanding actions that fall within their remit
- (ix) assure itself that the management of the Trust has implemented the agreed recommendations of internal audit reports in a timely and effective way.

External Audit

The Committee will:

- (i) review and monitor the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements
- (ii) assess the external auditor's work and fees each year. This assessment should include the review and monitoring of the external auditor's independence and objectivity and effectiveness of the audit process in light of relevant professional and regulatory standards
- (iii) oversee the conduct of a market testing exercise for the appointment of an auditor at least once every five years and, based on the outcome, support the the Council of Governors in the appointment of the external auditors
- (iv) the Council of Governors will take the lead in agreeing with the Committee the criteria for appointing, re-appointing and removing external auditors. To support them in this task, the Audit & Risk Committee should:
 - provide information on the external auditor's performance, including

details such as the quality and value of the work, the timeliness of reporting and fees

- advise the Council of Governors in respect of the appointment, re-appointment and removal of an external auditor and related fees as applicable. To the extent that advice is not adopted by the Council of Governors, this shall be included in the annual report, along with the reasons for non-adoption
- (v) discuss with the external auditor, before the audit commences, the nature and scope of the audit, and ensure coordination, as appropriate, with other external auditors in the local health economy
- (vi) review external audit reports, including the Annual Audit Letter, together with the management response, and to monitor progress on the implementation of recommendations
- (vii) to develop and implement a policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance.

Standing Orders, Standing Financial Instructions and Standards Of Business Conduct

The Committee will:

- (i) review Standing Orders, Standing Financial Instructions and any waiver or suspension on the documents
- (ii) review the reasons for such waivers or suspensions must be reported by the Lead Executive and reports shall be received by the Committee.
- (iii) review the Scheme of Delegation.

Information Governance

The Committee will:

- (i) ensure that an appropriate and comprehensive information governance framework is in place and being developed throughout the Trust in line with national standards
- (ii) review the annual Data Security & Protection Toolkit assessment and its submissions
- (iii) ensure that the Trust's approach to information handling is reflective of national standards
- (iv) monitor reviews/audits relating to information governance and adherence/development to relevant standards
- (v) review and discuss lessons learnt from information governance incidents to ensure the risk of future incidents is mitigated
- (vi) review the annual report from the Senior Information Risk Owner (SIRO).

Other

The Committee will:

- (i) review performance indicators relevant to the remit of the Committee
- (ii) examine any other matter referred to the Committee by the Board of Directors and initiate investigation as determined by the Committee. Report back to the Board of Directors on any finding following an investigation
- (iii) the Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector. Reports shall be received by the Committee.

5. Membership

The membership of the Committee will be:

- Three Non-Executive Directors, one of which, with recent and relevant financial experience, will be appointed by the Board of Directors to chair the meetings
- The Trust Chair should not be a member of the Committee
- The Chair of the Committee should not be the Vice Chair of the Trust
- The Committee shall have sufficient skills amongst its members to be able to discharge its responsibilities.

Executive Directors should not be appointed to the Committee. The role of the Executive is to attend, to provide information, and to participate in discussions, either for the whole duration of a meeting or for particular items.

6. Attendees

Meetings of the Committee shall normally be attended by:

- Executive Director of Finance
- Director of Corporate Governance (Board Secretary)
- Deputy Director of Finance
- A representative of the external auditors and a representative of the internal auditors
- A representative of the local counter fraud service may be invited to attend meetings of the Audit & Risk Committee.

Other Non-Executive Directors can attend as desired. Executive Directors will be invited to attend the Committee dependent on the business being discussed by the Committee.

7. Meeting Arrangements, Frequency and Notice of Meetings

Meetings shall be held at least four times per year, with additional meetings where necessary.

The external and internal auditor shall be afforded the opportunity at least once per year and separately, to meet with the Audit & Risk Committee without Executive Directors present.

Agendas will be generated by the Committee Administrator in consultation with the Executive Director of Finance, and shared with the Committee Chair for approval. A formal agenda and supporting papers will be made available electronically to all members, and those in attendance where appropriate, three working days prior to the date of the meeting.

The Committee will agree objectives and an annual work programme and plan how this will be discharged throughout the year. The delivery of this plan will be built into a forward planner and meeting agendas.

Extraordinary meetings can be called by the Chair and can be held virtually, any decision made by the Committee in an extraordinary meeting will be ratified by the next formal meeting.

8. Quorum

The Committee is quorate when at least two members are present.

Deputies for Executive Directors may attend by exception but must be fully briefed.

On the occasions when the Committee has arranged to meet and the Committee is not quorate, business can be discussed and provisional decisions can be made, but those decisions must be taken back to the next meeting of the Committee for ratification.

9. Minutes and Reporting Arrangements

The Committee shall be supported administratively by the Committee Administrator, whose duties in this respect will include:

- production of the agenda to be agreed by the Chair
- the collation and dissemination of connected papers
- taking the minutes
- keeping a record of matters arising and issues to be carried forward
- maintaining an action log
- advising the Committee as appropriate
- recording of items for a Significant Issues Report of the key business undertaken to the Board following each meeting, in the public session where possible.

The minutes shall be approved at the following meeting and matters arising and action log shall be discussed at each meeting. Approved minutes will be shared with the Board of Directors.

The following reports will also be made by the Committee:

Assurance from the Audit & Risk Committee is provided to the Board of Directors by the Chair through provision of minutes and presentation of the Significant Issues Report. This report highlights key areas where assurance has been received, any emerging risks and summarises recommendations and actions required. The report also highlights recommendations for addition or amendment to the risks delegated to the Committee via the Corporate Risk Register (CRR) and Board Assurance Framework (BAF).

The Committee should provide an Annual Report timed to support the preparation of the Governance Statement. This internal report needs to be open and honest in presenting the Committee's views if it is to be of real benefit to the Board and Accounting Officer. This report is likely to be used by the Board in preparing its own report for publication in fulfilment of the reporting requirements of the Code.

The Annual Report should summarise the Committee's work for the year past, and present the Committee's opinion about:

- the significant issues that the Committee considered in relation to financial statements, operations and compliance, and how these issues were addressed
- the effectiveness of governance, risk management and control

- the comprehensiveness of assurances in meeting the Board and Accounting Officer's needs
- the reliability and integrity of these assurances. whether the assurance available is sufficient to support the Board and Accounting Officer in their decision taking and their accountability obligations
- the implications of these assurances for the overall management of risk
- any issues the Committee considers pertinent to the Governance Statement and any long term issues the Committee thinks the Board and/or Accounting Officer should give attention to financial reporting for the year
- the Committee's view of its own effectiveness, including advice on ways in which it considers it needs to be strengthened or developed.

10. Reporting Groups

The following committees shall report to the Committee:

None.

The Committee will use the Annual Reports produced by the other Board Committees to support the production of the Annual Governance Statement.

The provision of minutes which articulate how their duties and responsibilities have been discharged, highlights emerging risks and summarises recommendations and actions required.

The Committee receives assurance from the Significant Issues Reports of the Board Committees. The Chair of the relevant Committee shall report details of any matters in respect of which actions or improvements are required e.g. Clinical Audit including clinical quality issues contrary to assurance levels reported via the BAF, Freedom to Speak Up investigations requiring independent security.

11. Meeting Effectiveness Review

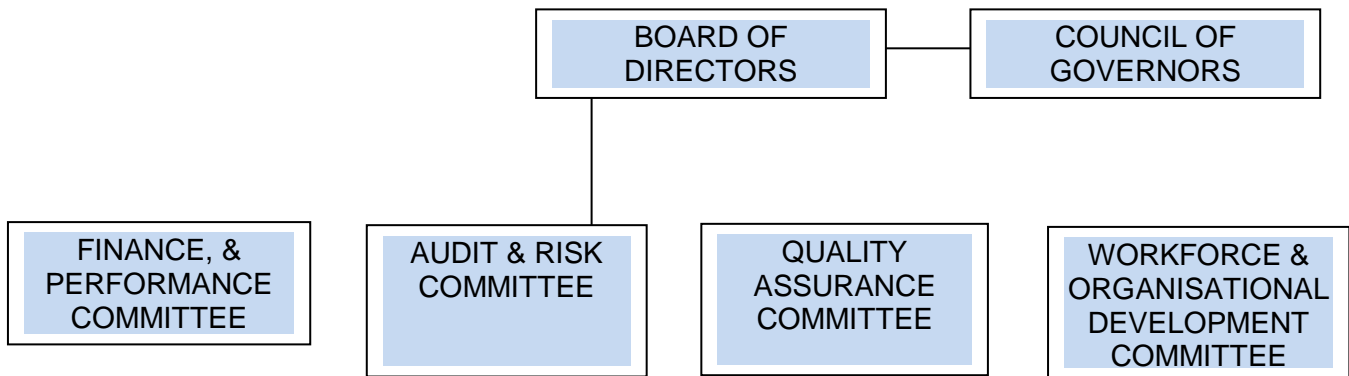
The Committee shall conduct an annual self-assessment on the performance of its duties as reflected within these terms of reference and report any conclusions and recommendations for change to the Board. As part of this assessment, the Committee shall consider whether or not it receives adequate and appropriate support in fulfilment of its role and whether or not its current workload is manageable.

The purpose of the review is to provide assurance to the Board of Directors on all areas within the remit of the Committee.

As part of the Board of Directors' annual performance review process, the Committee shall review its collective performance (and that of its individual members), and will prepare an annual report, for inclusion in the Trust's Annual Report and timed to support the development of the Annual Governance.

12.	Review to be conducted by Committee Chair	
	Date Committee established	1 st July 2008
	Terms of Reference to be reviewed	The terms of reference of the Committee shall be reviewed by the Board when required, but at least annually.
	Date of last review	January 2019
	Date of next review	January 2020

Board Committee Governance Structures
Audit & Risk Committee
Assurance Structures



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, 15 October 2019 in Committee Room 2, Old Fulwood Road, Sheffield, S10 3TG

Open BoD 12.02.20 Item 14bi

Present:

- Mrs. Ann Stanley, Non-Executive Director, Chair: Audit Committee
- Mr. Richard Mills, Non-Executive Director, Chair: Finance, Information & Performance Committee

In Attendance:

- Mr. Phillip Easthope, Executive Director of Finance, SHSC
- Mr. Clive Clarke, Deputy Chief Executive/Chief Operating Officer, SHSC
- Ms. Margaret Saunders, Director of Corporate Governance (Board Secretary), SHSC
- Ms. Leanne Hawkes, Deputy Director, 360 Assurance Internal Audit Service
- Ms. Lianne Richards, Client Manager, 360 Assurance Internal Audit Service
- Mr. Robert Purseglove, Principal Anti-Crime Specialist
- Mr. Rashpal Khangura, Director, KPMG, External Audit Service
- Mr. James Sabin, Deputy Director of Finance
- Mrs. Jeanine Hall, PA (Minutes)
- Mr. Terry Geraghty, Emergency Planning Officer (Item 9)
- Mr. Abiola Allinson, Chief Pharmacist (Item 9)

Apologies:

- Cllr. Olivia Blake, Non-Executive Director
- Mrs. Sandie Keene, Non-Executive Director, Chair: Quality Assurance Committee

No	Item	Action
1	Welcome & Apologies for Absence The Chair welcomed members to the Audit & Risk Committee and noted apologies.	
2	Declaration of Interests Mr. Rashpal Khangura, declared an interest in Item 19 SHSC External Audit Tender Process and it was agreed he would leave the meeting for this item. No further declarations were made.	
3	Minutes of the meeting held on 16 July 2019 The minutes of the meeting held on 16 July 2019 were agreed as an accurate record and would be received at the November 2019 Open Board of Directors' meeting for information.	
4	Matters Arising & Action Log <u>05 16/07/19 360 Assurance Internal Audit Progress Report (Risk Management Strategy)</u> Ms. Saunders confirmed that the recently approved Risk Management Strategy has a three-year review period unless anything significant requires review. Noted that the EDG process would be reflected in the next review per request from ARC at its July meeting. <u>08 16/07/19 KPMG External Audit Progress Report</u> The Chair confirmed that she had met informally with Mr. Khangura prior to today's meeting.	

	<p><u>09 16/07/19 Freedom to Speak Up Bi Annual Report</u> It was acknowledged that the minute accurately reflected the discussion at the last meeting regarding this item, however, upon reflection based on the significant issues report and discussion at Board, Mr. Easthope was cognisant of the fact that the committee had mixed assurances in this matter and the need to ensure that there is a clear understanding of the position by all. It was agreed that the level of assurance being given by any committee on any matter should be reflected in the committee's Significant Issues Report into the Board of Directors.</p> <p><u>11 16/07/19 Board Committee – Information Governance</u> Noted that the meeting between the Chair and Mr. Easthope to further discuss assurances around information governance and what this should consist of had still to take place.</p> <p><u>12 16/07/19 Audit & Risk Committee – Identification of Objectives</u> Mrs. Stanley confirmed that the reporting from other committees and year-end assurance reports is an on-going conversation with the Chair and Non-Executive Directors.</p> <p><u>18 16/07/19 SHSC Procurement Strategy – Progress Against Achievement of Level 1 & 2</u> Confirmed that Mrs. Ann Stanley had been identified as the Non-Executive Director Procurement Lead.</p> <p>The action log was reviewed and updated.</p>	Chair/PE
5	<p>360 Assurance Internal Audit – Progress Report Ms. Richards presented the Internal Audit Progress Report identifying progress against plan following the last meeting in July 2019.</p> <p>She confirmed that the Governance & Risk Management Audit Report has now been finalised and issued with a significant assurance opinion across both elements and identified three medium and two low risk actions.</p> <p>It was noted that the Central Alerting System (CAS) Audit Report is in the final stages of sign off and is awaiting receipt by the Trust's Medical Devices Group. Mr. Easthope advised that the findings of the audit have been accepted and the lead officer has been asked to confirm to 360 Assurance the management action to formulate an action plan in order that the report can be issued. Mr. Easthope agreed to follow this up to ensure the report can be issued as soon as possible.</p> <p>Ms. Richards confirmed that Stage 1 of the Head of Internal Audit Opinion work programme is now complete resulting in the identification of two low risk actions which have been agreed and are aimed at further strengthening the BAF and supporting BAF papers. The Deputy Board Secretary is following up on these actions.</p> <p>The follow up completion rate has fallen to 65% against a target of 75%. Mr. Easthope advised that in terms of the follow up and the improvement required against this target, this was escalated to the Executive Directors' Group (EDG) meeting on 10th October, and further action has been taken to reinforce the process required to ensure the recovery of the completion rate. Monthly reports will also be received into EDG regarding progress against the agreed action.</p> <p>In response to a direct question from the Chair, an assurance was provided that the move to the Pentana electronic reporting system has not impacted on the timeliness of reporting.</p> <p>Members acknowledged the report and the Chair asked if there were any concerns; issues or slippage in terms of anticipated completion against plan. It was confirmed that current progress against plan is good and no issues are currently anticipated.</p> <p>The current Workforce Client-Wide Project was noted. Mr. Easthope confirmed that EDG</p>	PE

	<p>had recently discussed the wider workforce challenges being experienced, as well as issues regarding recruitment within the Trust. It was also noted that, as part of the recent Listening into Action process, concerns have been addressed regarding the length of current recruitment processes. It was agreed that this was an issue for assurance into the Workforce & OD Committee and Mrs. Stanley agreed to share these comments with the WODC Chair. Ms. Hawkes confirmed that this client-wide project includes an event on the 28th November to which all Directors of HR have been invited and will feedback on the work undertaken so far and exchange ideas for moving forward across all organisations. It was agreed the Trust should ensure it is represented at this event.</p> <p>The Chair thanked both Ms. Hawkes and Ms. Richards for this update.</p>	
6	<p>360 Assurance Counter Fraud Progress Report</p> <p>Mr. Purseglove provided an overview of progress made in relation to the completion of work from the Trust's 2019/20 Counter Fraud Plan and identified those matters which he felt were relevant to the committee's responsibilities.</p> <p>He confirmed that progress against plan is currently in line with expectations and that there are no issues of specific concern to highlight to members.</p> <p>Mr. Purseglove advised that he had recently met with the Deputy Board Secretary regarding effective compliance with NHSCFA standard 1.4 (new) which requires the Trust to manage identified fraud risks in line with its local risk management policies. He confirmed that following his meeting with Ms. Stoddart, arrangements are being put in place to enable the Trust to own and manage internally its fraud risk assessment process.</p> <p>Agreed that there needs to be clarity about how this change in arrangements is handled and included in local risk registers in line with Risk Management Policy.</p> <p>Mr. Purseglove was asked to report back to the next meeting on the progress of this work.</p> <p>Mr. Purseglove confirmed that he is now a regular member of the Trust's Policy Governance Group, providing him with the opportunity to ensure that the revision of Trust policies takes account of the counter fraud processes where appropriate.</p> <p>The Chair noted the recent benchmarking exercise undertaken across the client base and Mr. Purseglove advised that it is intended to bring the results of this exercise to the next committee meeting and members welcomed the opportunity to review the outcome of this work.</p> <p>Mr. Easthope noted a recent anonymous potential fraud complaint received regarding a function within the Trust. Mr. Purseglove confirmed that he had discussed this matter with Mr. Sabin as part of his regular dialogue. At this stage there is nothing of any substance in the letter for him to follow up but specific counter fraud training events are being planned. Mr. Easthope confirmed that the substance of the anonymous allegations is being followed up and a number of actions agreed to review current controls and processes in place. Any further counter fraud action will depend upon the findings of the agreed actions.</p> <p>The Chair thanked Mr. Purseglove for this update.</p>	<p>RP Jan 2020</p> <p>RP Jan 2020</p>
7	<p>2020/21 Internal Audit Plan – Determine Process for Agreement</p> <p>Following brief discussion regarding the formulation of the draft 2020/21 Internal Audit Plan, it was agreed that last year's process would be replicated and that a workshop would be arranged early December to commence this process with key Trust and 360 Assurance officers.</p>	<p>Chair/ jch</p>
8	<p>KPMG External Audit Progress Report</p> <p>Noted that members had received the regular technical updates from KPMG, which are circulated via email outside of the meeting.</p>	

	<p>Mr. Khangura advised that work has now commenced on planning for the 2019/20 audit, reviewing new guidance and any changes within the Trust. In terms of the two elements of the main statutory audit, he noted the key differences from prior years relate to potential changes to the treatment of the Fulwood House site in respect of the Trust's intention to vacate and dispose of the site; and the treatment of this in the accounts. He advised that this is likely to feature as a significant risk within the audit plan. Mr. Sabin advised that the outcome of full planning application is awaited and if successful the site will be declared as an asset held for sale at year-end. If, however, the outcome of the application is not as expected, then this will need to be reconsidered.</p> <p>The second element relates to IFRS 16 implementation guidance, whilst not effective until 2020/21, there will be certain disclosure requirements in this year's accounts and need to review this.</p> <p>As always, value for money is a key area and particularly the two previous risks around financial resilience and any relevant CQC rating. The External Audit Team will need to take a view on the outcome from any further visits.</p> <p>He advised that the next Audit & Risk Committee meeting would receive the proposed Audit Plan and this will include the areas of significant risk in more detail.</p> <p>It was agreed that it is important that good initial planning work is undertaken to ensure there are no surprises at year end during the accounts process.</p> <p>The Chair thanked Mr. Khangura for his update and the meeting looked forward to receiving the proposed plan at its next meeting.</p>	
9	<p>Emergency Planning, Resilience & Response Assurance Framework Update <i>Mr. Terry Geraghty, Emergency Planning Officer, and Mr. Abiola Allison, Chief Pharmacist, in attendance</i></p> <p>Members received the updated Emergency Planning, Resilience & Response (EPPR) Assurance Framework for assurance.</p> <p>It was confirmed that the Board of Directors approved the submission of the Trust's compliance statement and core standards evidence to NHS England at their meeting in September 2019. Mr. Geraghty advised that the Trust is substantially compliant with the Framework, with 4 amber ratings remaining. He confirmed that action is already taking place to address these four areas to enable the rating to change to green.</p> <p>The four remaining amber areas are:</p> <ul style="list-style-type: none"> • Evacuation Plan; • Lockdown; • Data Protection Security Toolkit; • FFP3 Face Masks. <p>It was questioned whether there is anything to learn from the recent experience of the bailiff visit at Fulwood House and Longley Centre in respect of the work being undertaken in terms of lockdown plans.</p> <p>Mr. Easthope assured members that, in respect of this recent incident, the matter is being dealt with through the Trust's legal representatives and provided an assurance to the Committee that this was an unusual situation and was not the result of any break down in controls. He also confirmed that a post event lessons learnt exercise will be undertaken at the appropriate time and any findings will be fed into the lockdown work as necessary.</p> <p>Mr. Geraghty also advised that work has commenced on addressing the three Deep Dive standards, in conjunction with the Facilities Directorate, where these standards are aimed. These standards do not affect our compliance rating but will be included in the work plan as</p>	

	<p>they may feature in future years.</p> <p>The Deep Dive Standards are:</p> <ul style="list-style-type: none"> • Climate change risk assessment; • Building adaptations; • Flooding. <p>Members welcomed the inclusion of these additional standards and agreed that sustainability is an important area to address. Mr. Clarke advised that sustainability and what action the Trust is taking to address sustainability in the future was a key issue raised at a recent Leadership Forum within the Trust. Mr. Easthope also noted that an updated Estates Strategy is due to be received at the Finance, Information & Performance Committee at its October meeting and expected the subject of sustainability to be raised as part of that discussion. Any outcome can be fed back into this work.</p> <p>The Chair noted that whilst compliance with the framework is well-advanced, she felt this item should remain on the ARC planner due to the current EU Exit situation which is still to be resolved.</p> <p>With respect to the EU Exit, Mr. Geraghty noted that daily sit-rep reports commence on the 21st October until further notice with a focus on:</p> <ul style="list-style-type: none"> • Clinical trials; • Workforce; • Food; • Medicines; • Supplies; • Reciprocal healthcare. <p>He provided members with an update on work in these areas with respect to SHSC.</p> <p>Mr. Allison, Chief Pharmacist, introduced himself to the Committee and provided an overview and assurance regarding the arrangements and protocols in place across the system to ensure medicine stocks are not unduly affected by these events. 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.</p> <p>He explained that there is also a memorandum of understanding in place between Sheffield Trusts to work together to address any possible gaps in medicine supply and that there is as much assurance in place as is possible in respect of a situation with such uncertainty and lack of clarity.</p> <p>The Chair thanked Mr. Geraghty and Mr. Allison for their reassurances and confirmed an earlier agreement that the updates would continue to be received due to the situation surrounding EU Exit.</p> <p>The Chair also noted that during the presentation at the Board of Directors a detailed backing sheet was provided to the report. She suggested that this would be a useful addition (for information purposes) to the on-going reporting into ARC.</p>	
10	<p>Register of Interests and Register of Hospitality, Sponsorship & Gifts (Follow Up Paper)</p> <p>Ms. Saunders advised that the paper received by the Committee was a follow up to the paper received at its July meeting and, as requested, the detail has been expanded to include the process for managing and maintaining the Register of Interests.</p> <p>It was suggested that should any member of staff noted on the Register have left prior to</p>	

	<p>year-end, that the leaving date should be noted if possible.</p> <p>Noted that this report would now be received at the Board of Directors for assurance and information.</p> <p>Members noted the assurances provided regarding process and the Chair confirmed the annual receipt of this report by ARC for information going forward.</p>	MS/SS
11	<p>360 Assurance Internal Audit Report – Governance & Risk Management</p> <p>Ms. Saunders advised that this paper is received by ARC to provide assurance on the action being taken to address the agreed actions from the recently completed 360 Assurance Internal Audit on Governance and Risk Management Arrangements.</p> <p>It was confirmed that a Significant Assurance opinion was provided on the completion of this audit and the Committee noted the action being taken to address the identified actions.</p> <p>The Chair noted that the report indicated that the Board of Directors did not receive a significant issues report from the Audit Committee in July 2019 from its May 2019 meeting. She reminded members that the May ARC meeting is concerned solely with the receipt and sign-off of year-end documentation and as such all significant issues are reported into the EO Board of Directors’ meeting which takes place directly following the ARC meeting.</p> <p>Members gave mention to and welcomed the action around the review of Strategic Aims and Objectives to ensure a clearer link to the NHS well-led guidance and the intention to introduce reporting to the Board on performance against the achievement of the Strategic Aims.</p>	
12	<p>2019/20 Board Assurance Framework</p> <p>Members received the Board Assurance Framework (BAF) for information and assurance. They welcomed the inclusion of a section on risk appetite and more detail on the use of this to greater effect within the BAF.</p> <p>Ms Saunders advised that pages 4 and 5 of the report provide a summary of the assurances given; the changes made to the last iteration and the work that needs to continue to further improve the BAF. The appendices to the report provide this information in much more detail.</p> <p>The Chair acknowledged the comprehensive covering report received but was mindful of previous discussions, and findings within the recent audit, regarding the labour-intensive nature of the BAF. To try to reduce the size of this report, the Chair suggested that going forward, the risk appetite element is reflected within the target risk on the BAF itself. This will then not need to be replicated in the covering paper.</p> <p>Also as part of the review of the risk appetite element and with particular reference to the safety risk sections of both the BAF and the Corporate Risk Register, the Chair noted that these sections do not appear to be moving in the right direction and questioned whether the cause is known; whether some of the assurance given in this section can be updated or the risk rating reviewed. An alternative view could be that the controls need to be reviewed as they appear to be having very little impact on the risk.</p> <p>By way of assurance on process, Mr. Clarke provided an assurance that the BAF is reviewed on a regular basis by the Executive Directors’ Group and that the process is in place to consider whether the identified mitigation is correct. He suggested that there is perhaps a piece of work to be undertaken to look at the mitigation a bit more critically if necessary.</p> <p>The Chair referred to risk reference A101I which currently has a red assurance rating. It was acknowledged at Board that there are clearly enormous efforts being made towards addressing these controls to comply with the CQC requirements, with very little movement</p>	<p>MS</p> <p>MS</p> <p>MS</p>

	<p>and it was suggested that it may be opportune to discuss these areas of the BAF at next week's Quality Assurance Committee to seek clarity on areas which may require escalating and refining the actions associated with it.</p> <p>The Chair thanked Ms. Saunders for this updated BAF.</p>	
13	<p>2019/20 Corporate Risk Register</p> <p>Members received the Corporate Risk Register (CRR) providing details of closed, reduced and escalated risks. It was noted that the CRR continues to expand and that it is timely to reflect on applying the risk appetite guidance referenced under the BAF item.</p> <p>Progress noted but acknowledge that there is still room for improvement and a need to be mindful of what is required to address some of the static risks.</p> <p>Mr. Easthope requested a steer from the committee, noting that the Trust currently operates system where by a score of 12 escalates a risk to the CRR. Once a standardised approach is reached in respect of the application of risk appetite and this is subsequently applied to the score, this would see a variable escalation of risks to the CRR dependent upon the risk appetite score. He asked for confirmation that this is the expectation of the committee in order that the process can be firmed up and put in place.</p> <p>It was agreed that the standardised approach to the risk appetite element and its scoring is the next stage of work which needs to take place to enable people to apply that with confidence and to enable resources to be focussed in areas that can be open to change.</p> <p>The Chair thanked Ms. Saunders for this updated CRR.</p>	
14	<p>Update of Standing Orders; Reservation & Delegation of Powers, Scheme of Delegation and Standing Financial Instructions</p> <p>Mr. Sabin presented the updated Standing Financial Instructions, Standing Orders and associated documents, which he confirmed have been received through the Trust's governance processes. In line with governance arrangements, the intention is that the final documents will be received at October's Council of Governors and November's Board of Directors' meeting for final approval prior to issue.</p> <p>Mr. Sabin confirmed that the majority of comments and amendments received have been reflected in the version received by the committee, although there are a small number of queries outstanding which will be resolved prior to receipt at CoG and Board.</p> <p>It was confirmed that the revised documents have been scrutinised at Finance, Information & Performance Committee, particularly the changes to the appropriate level of financial authority for various officers.</p> <p>Mr. Sabin also advised that, following previous discussion at this committee regarding the formal processes for the write-off of aged debtors, this is now reflected in the revised documents to ensure clarity on process.</p> <p>Mr. Purselove noted he would provide feedback on the documents outside of the meeting via email.</p> <p>Following a query from the Chair in respect of the current interim Executive arrangements following the Chief Executive's departure, it was confirmed that for the purposes of the Standing Financial Instructions during this interim period, sign off over the delegated limit will be limited to Mr. Clarke (as Interim CE) and Mr. Easthope (as Interim DCE/DoF). An assurance was provided that should they in any way feel compromised at any time by this arrangement, then escalation will be put in place.</p> <p>The Committee agreed the revised documents for submission to CoG and the Board for approval, noting the amendments still to be reflected in the final documents.</p>	

15	<p>Aged Debtors Write Off Request Paper Mr. Sabin advised members that this paper was presented for the committee's consideration and approval of the write-off of two legacy aged debts, the details of which are included in the paper received.</p> <p>The meeting acknowledged the background to these debts and noted the recommendation of the Finance function and Executive Directors' Group.</p> <p>Mr. Sabin provided an assurance that all avenues have been explored and agreement has been reached across the system that, due to nature of these charges, the impact will be charged to the current risk share agreement between the Trust, Sheffield CCG and the Local Authority.</p> <p>Mr. Sabin also confirmed that these debts have been fully provided for in the relevant accounts and the write-off will have no impact on the Trust's I&E position.</p> <p>With respect to the comment regarding the consideration of potential legal action against SCC regarding these debts and the subsequent decision of the Board, it was acknowledged that this was a complex matter which had various elements and required careful consideration.</p> <p>It was confirmed that clear lessons have been learnt in respect of the circumstances of these debts and the contracts they relate to and an assurance was provided that similar contracts and subsequent discussions with commissioners regarding potential notice arrangements are being much more closely managed and documented.</p> <p>In line with the current Standing Financial Instructions, the committee supported the write-off of these debts and noted the lessons learnt.</p> <p>It was confirmed that this agreement would be reported into Board through the committee's Significant Issues Report.</p>	
16	<p>Board Committees – Alignment of Terms of Reference Ms. Saunders provided an update regarding the overview of the cross-referencing and alignment of the terms of reference of those groups reporting into EDG within the scope of reporting into all the committees of the Board.</p> <p>Members noted the progress made to date and Ms. Saunders confirmed that the work in respect of the Board committees is almost complete with final revisions being completed over the coming month.</p> <p>It is acknowledged that work on those operational groups reporting into EDG is a big task and that this process will be completed during the period November 2019 – March 2020.</p> <p>It was confirmed that an action arising from the recent internal audit review of Governance & Risk Management, is the revision of the terms of reference for the Remuneration & Nominations Committee which Ms. Saunders confirmed is progressing as part of this work.</p> <p>It was also agreed that an additional output of this work will be to provide an over-arching structure of the Board and supporting committee structure.</p>	
17	<p>2020 Audit & Risk Committee Meeting Dates Members received and approved the proposed meeting dates for the Audit & Risk Committee for 2020.</p>	
18	<p>Single Tender Waiver – Wardsend Road Sub-Station Members noted receipt of the single tender waiver approved by the Executive Director of Finance in respect of the provision of an electrical sub-station at Wardsend Road. Mr.</p>	

	Easthope advised that this request was supported based on the nature of the specialist works involved; limit the risk to the Trust and after having taken appropriate advice and relates to the transfer of services from Fulwood HQ to Wardsend Road and the reprovision of the Trust's data centre on site.	
	Mr. Khangura left the meeting having declared an interest in Item 19 External Audit Tender process.	
19	<p>External Audit Tender Process</p> <p>Mr. Sabin provided an update on progress so far in respect of the tender for the Trust's External Audit Services.</p> <p>He confirmed that the working group has now been established and the agreed tender documents have been issued onto the procurement portal. Following review of the tenders received, the top three will be subject to a presentation and interview process and that the decision from this process will be submitted to the Council of Governors in December 2019 for approval in line with the Constitution.</p> <p>Agreed that an update on the process, including the weightings to be used, will also be provided to the October meeting of the Council of Governors.</p>	JS
20	<p>Any Other Business</p> <p>i. <u>Ms. Margaret Saunders</u></p> <p>It was noted that this was Ms. Saunders' last meeting prior to her departure to a new position outside of the Trust and members joined the Chair is wishing Ms. Saunders all the best in her new role and thanking her for her contribution and efforts on behalf of the Trust.</p>	
21	<p>Significant Issues Report</p> <p>The Chair noted the following for the Significant Issues Report:</p> <ul style="list-style-type: none"> • 360 Assurance Progress Report – Completion of Stage 1 of Head of Internal Audit Opinion Statement; including reference to follow up completion rate • 360 Assurance Internal Audit Report Governance & Risk Management – Significant Assurance opinion; action plan in place to address agreed actions. To include agreed action in respect of review of Remuneration and Nominations Terms of Reference and reporting into Board. • Emergency Planning, Resilience & Response Assurance Framework (EPRR) – Note good progress on compliance against framework and assurances received regarding arrangements in place across the system in respect of potential EU Exit. • Update of Standing Orders; Reservation & Delegation of Powers, Scheme of Delegation and Standing Financial Instructions and submission to CoG and Board for final approval/ratification prior to issue. • Aged debtors paper write-off – noted. • BAF/CRR – confirm challenge and agreed action in respect of BAF/CRR. <p>The Chair reviewed the committee timetable and a number of small amendments were made. Final copy to be circulated with agreed minutes of the meeting.</p>	Chair/JH

**Date and time of next meeting: Tuesday, 21st January 2020 @ 1.00 p.m.
Committee Room 1, Tudor Building, Fulwood House**

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

JCH/Oct 2019/Approved AS
Approved ARC January 2020