

BOARD SUBCOMMITTEE ASSURANCE REPORT

Presented for:	Information
Committee Name:	Audit Committee
Presented by:	Gareth Tipton, Non-Executive Director (Committee Chair)
Date of Committee Meeting:	17 January 2021

Items received by the committee for assurance:

Agenda Item	Level of Assurance	Board Action Required? <small>(double click to select)</small>
Losses & Special Payments	Substantial Assurance	<input checked="" type="checkbox"/>
Waivers of Standing Orders	Substantial Assurance	<input checked="" type="checkbox"/>
Corporate Governance / Compliance Risks	Reasonable Assurance	<input checked="" type="checkbox"/>
Thematic Risk Report's	Reasonable Assurance	<input checked="" type="checkbox"/>
Risk Appetite Levels	Substantial Assurance	<input checked="" type="checkbox"/>
Annual Report and Accounts Planning Process	Substantial Assurance	<input checked="" type="checkbox"/>
Implementation of IFRS16 (Leases)	Substantial Assurance	<input checked="" type="checkbox"/>
Internal Audit Report (RSM)	Partial Assurance	<input checked="" type="checkbox"/>
Local Counter Fraud Report (RSM)	Reasonable Assurance	<input checked="" type="checkbox"/>
External Audit Update (KPMG)	Substantial Assurance	<input checked="" type="checkbox"/>

POINTS OF ESCALATION

- During 2021/22 the Internal Audit function has issued 6 final reports to date, 4 of which have resulted in negative assurance opinions. These opinions will impact the year end internal audit opinion but will not at this stage result in a qualification. An interim follow-up report was presented to the January Committee, progress has been made, and a final follow-up report will be discussed at the April Committee.

KEY ISSUES

- Losses & Special Payments and Waivers of Standing Orders were presented and discussed. The Committee was assured that these activities are well managed and key controls are operating effectively. It was noted that process improvements are required to further mitigate the risk and improve the current position on staff overpayments.
- The Committee discussed the Corporate Governance/Compliance Risk paper and noted the date to reach the residual risk rating for Non-Clinical Policies had been pushed back to end June 2022. The Committee will keep this under review to ensure there is no further slippage.
- The Thematic Risk Report focussing on high impact/low probability risks was discussed. 33% of these risks were noted to be out of date. Of the risks which were in date, 11% had inadequate controls. The Committee asked for more regular reviews to be conducted of these risk types.
- The Committee also discussed risk appetite levels, levels of control and the strategic risk annual thematic report.
- The Annual Report and Accounts planning process and timetable was discussed. The Committee noted the revised date of 22 June for submission of the annual report and accounts.

<p>BOARD ASSURANCE FRAMEWORK & RISKS</p> <p>CELEBRATING OUTSTANDING PRACTICE & INNOVATION</p>	<ul style="list-style-type: none"> • A paper on the implementation of IFRS16 (Leases) was presented to the Committee for general awareness. • The Committee discussed the Internal Audit Report. Three reports had been finalised since the last meeting. Transformational and Operational Governance, plus Key Financial Controls had received a 'reasonable assurance' opinion. The HR Director will be invited to the next Committee meeting to explain the actions taken to address the weaknesses identified following the Medical Pay Expenditure review which received a partial assurance opinion; the Trust now has four partial assurance opinions year to date. A further report on Appraisals Reviews is currently in draft and will be reviewed at the next meeting. • The Local Counter Fraud Specialist Progress Report was discussed by the Committee. The NHSSCFA FPGIA 2020/21 report was submitted on behalf of the Trust within the given timescales. Since the last meeting RSM have hosted a number of fraud training and awareness sessions for the Trust however attendance was extremely poor. • The Committee welcomed the news that an additional resource had joined the local counter fraud team to focus on the timely resolution of investigations. Four referrals have been received by the team since 1 April 2021 with 3 referrals being closed since the last Committee. The Committee also discussed emerging fraud risks for general awareness. • KPMG presented their external audit progress report and plan which was approved. KPMG will commence their interim audit work on 7 February 2022. The Committee noted the technical update and benchmarking reports. • The Committee Terms of Reference were discussed and will be finalised for approval at the next meeting. The Annual Effectiveness Review results were noted but due to time constraints will be discussed in April.
	<ul style="list-style-type: none"> • The Committee reviewed and discussed the Corporate Governance and Compliance Risks, along with the Thematic Risk Reports.
	<ul style="list-style-type: none"> • N/A

LEVELS OF ASSURANCE

Level	Description of Level of Assurance
Substantial Assurance	The report highlighted a sound system of control, designed to address the relevant risks with controls being consistently applied. Highly unlikely to impair the achievement of both system and strategic objectives.
Reasonable Assurance	The report did not highlight any material weaknesses in the system of internal control that would present material risks to the achievement of both system and strategic objectives.
Partial Assurance	The report highlighted some material weaknesses in the system of internal control that would present material risks to the achievement of system objectives. May also impair achievement of strategic objectives.
Limited Assurance	The report highlighted significant material weaknesses in the system of internal control that would present material risks to the achievement of both system and strategic objectives.