

BOARD SUBCOMMITTEE ASSURANCE REPORT

Presented for:	Information
Committee Name:	Audit Committee
Presented by:	Gareth Tipton, Non-Executive Director (Committee Chair)
Date of Committee Meeting:	1 April 2021

Items received by the committee for assurance:

Agenda Item	Level of Assurance	Board Action Required? <small>(double click to select)</small>
Workforce & Organisational Development Audits	Partial Assurance	✓
Financial Governance Reports	Substantial Assurance	☒
Corporate Governance Reports	Reasonable Assurance	☒
Internal Audit Reports (RSM)	Partial Assurance	✓
Local Counter Fraud Report (RSM)	Reasonable Assurance	☒
External Audit Update (KPMG)	Substantial Assurance	☒
Policies & Procedures	Substantial Assurance	☒

POINTS OF ESCALATION

- Six internal audit reports have been finalised in respect of the 2021/22 Internal Audit Plan since the last meeting. The Trust can take reasonable assurance (positive opinions) from Follow Up, Use of Agency Staff, Risk Management, Maternity – Ockendon Report, and Accountability Framework – Divisional Performance. The Appraisals review was concluded with partial assurance (negative opinion).
- During 2021/22 the Internal Audit function has issued 11 final reports to date, 5 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. A final Follow Up report was presented to the Committee which demonstrated the Trust had made reasonable progress in implementing agreed management actions.
- Although progress had been made on improving the position on policy and procedural document compliance, the Committee raised their concerns at the number of policies beyond their review date which was deemed unacceptable, requiring Executive intervention and a robust plan put in place to remediate the position.

KEY ISSUES

- The Committee received an update on i) how medical pay expenditure is being managed across the Trust and the plans for increasing oversight, accountability and controls, and ii) results of the recent Appraisals (MPA) audit.
- The Committee noted that job planning and medical pay control processes are improving following the medical pay expenditure internal audit however there is more to do to fully implement the necessary improvements.
- The findings of the MPA audit were disappointing and reflect a worsening of MPA compliance in the last couple of years. The deficiencies will be urgently rectified through an immediate action plan and stronger management oversight, and also via the development of a new approach to appraisals by 30 June 2022. The Committee will keep progress of these actions under review.

<p>BOARD ASSURANCE FRAMEWORK & RISKS</p> <p>CELEBRATING OUTSTANDING PRACTICE & INNOVATION</p>	<ul style="list-style-type: none"> • 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. • The Committee received an update on the Annual Report & Accounts and noted good progress was being made. • The Committee discussed the draft Annual Governance Statement and the number of issues around Governors involvement, the size of the Council of Governors and the current number of vacancies. The Company Secretary team were actioned to review these points with a view to ensuring the Annual Governance Statement contained clear language on these issues and the cause. • The Committee approved the Consideration of Going Concern recommendation. • The Local Counter Fraud report was presented highlighting the number of fraud risks that had occurred throughout the year. The Committee noted that although the fraud risk assessment area was still rated as 'Red', the Trust's Datix System for management had not been fully adopted meaning this area could not be reflected correctly until this had been included. The Committee received assurance that this would not result in pulling down the overall rating from Green. • KPMG presented their external audit progress report and value for money risk assessment. The Committee noted the very good support that had been provided to KPMG by the Trust. • The Committee approved the Board of Directors Standing Orders and discussed both the Standing Financial Instructions/Scheme of Delegation and Anti-Fraud, Bribery & Corruption Policy.
	<ul style="list-style-type: none"> • The Committee reviewed and discussed the Corporate Governance and Compliance Risks.
	<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.