

**AGENDA ITEM 11 – REPORT OF THE AUDIT COMMITTEE
BOARD OF DIRECTORS 07 FEBRUARY 2019**

Report title	Report of the audit and risk committee
Report from	Nick Hardie, chairman, audit and risk committee
Prepared by	Helen Essex, company secretary
Previously discussed at	N/A
Attachments	N/A
Link to strategic objectives	We will have an infrastructure and culture that supports innovation We are able to deliver a sustainable financial model

Brief summary of report				
Attached is a brief summary of the audit and risk committee meeting that took place on 22 January 2019.				
Action Required/Recommendation.				
Board is asked to note the report of the audit and risk committee and gain assurance from it.				
For Assurance	✓	For decision		For discussion
				To note

AUDIT AND RISK COMMITTEE SUMMARY REPORT – 22 JANUARY 2019

Governance	<ul style="list-style-type: none"> • Quorate – Yes • Attendance (membership) - 66%
Current activity (as at date of meeting)	<p>Matters arising</p> <ul style="list-style-type: none"> • <i>Email monitoring</i> – the trust is procuring cloud compliant software for implementation at the beginning of the financial year • Trend analysis is still to be done on SFI waivers <p><u>Internal audit progress report</u></p> <ul style="list-style-type: none"> • Three full assignment reports had been completed, one has been deferred and one is an enhanced follow up of recommendations. • There are 11 overdue recommendations on the tracker, with six accounted for as part of the consultant job planning audit. The other four have an extended deadline and are due by the end of January. The committee was disappointed to see slippage and stressed that recommendations need to be addressed by the due date. <p><i>GDPR – red/amber</i></p> <ul style="list-style-type: none"> • The IG toolkit has now been replaced by the DSP toolkit (DSPT) and an annual return is required. • At this stage the trust has further work to do in relation to data flow mapping although it was noted that it is more complex than other trusts due to the inclusion of education, research, private patients and overseas activity as well as being a network organisation. • Another key issue is an understanding of how the trust interacts with third parties along with a series of other activities that need to be done as BAU. • As with other organisations, this process is unlikely to ever be complete and although the trust can be GDPR-ready, full compliance is more of a challenge. • Pressure needs to be maintained along with continued assurance that the trust has in place effective controls in this area. • There are a number of elements that need to be done at pace such as data flow mapping and third party management. • The committee sought and received assurance about the ability to deliver on the plan by the end of March. • The trust has engaged some additional resource to assist and the previous framework for reporting on the IG Toolkit means that the trust is in a good position on which to build. • The trust is seeking a response from PPS (Partners Procurement Service) as to how they intend to deliver the third party requirements. <p><i>Consultant job planning – amber/green</i></p> <ul style="list-style-type: none"> • The trust now has a policy in place. • From a base of 20% of consultants having job plans the position is now 100% with baseline data to support the process. • The next step for focus will be moving towards a formal, regular process that mirrors what is done for consultant appraisals. • This will require dedicated support from HR to oversee training for divisional directors, broader education of other essential staff members, ensuring the quality of the job planning is appropriate and monitoring of the scheduling. • There is also a cultural change to be made as there is a current misunderstanding of what the process is for. This is likely to take one full cycle to get the infrastructure and process in place.

- As well as dedicated HR resource there will need to be support from senior medical leadership due to the specific skill set required which involves challenging practice, understanding of medical staffing, etc.
- Rotas are all on the e-roster system although job plans are not included as they are based on sessions rather than hours.
- The committee suggested that the trust should be moving towards having central oversight of job plans as part of the system and improve the management and planning of medical workforce and resources.
- There should be a clear vision as to where the end point should be and to have a line of sight into organisational capacity at consultant level.

Data quality: RTT and booking centre – amber/green

- The committee referred to the annual quality account audit which has highlighted issues relating to data quality for RTT in previous years.
- Internal and external audit will be looking to test different things.
- RTT is now the third indicator on the list so may not be audited, although if the trust does not have enough 62-day cancer cases to measure this will not be the case.

Counter Fraud progress report

- Two new referrals for which enquiries are ongoing.
- KPMG are currently agreeing terms of reference with management for three reviews.

External audit plan

- As part of the planned approach to this year's audit, significant risks have been identified as NHS revenue, property valuation (a full valuation will be undertaken this year) and management override of controls. This is similar to previous years.
- Other areas that will be reviewed include disposals, the move to ESR and governance of Oriel.
- No vfm risks have so far been identified but Deloitte will continue to track.
- In relation to changes to IFRS standards 15 and 9, the committee will need to have visibility of the process and understanding of the impact.

Board assurance framework

- The committee received assurance about the movement of risk planned for the next quarter, including CIP, CQC and commissioner turbulence.
- The committee also looked at the corporate risk register for additional assurance about the process that sits below BAF level.
- Three risks have been escalated this quarter, including CIP. These are cyber security and EMR.
- It was noted that GDPR compliance is on the corporate risk register but the score has not been escalated at this stage due to the actions put in place for completion by the end of March.
- Key risks relate to commercial and tariff impact and CIP is an emerging risk for 2019/20

SFI Waivers

- The level of waivers and values is relatively consistent.
- The majority are IT-related systems which are unlikely to be re-procured every few years.
- An internal audit is planned for the EBME strategy and the committee will see the outcome by the end of the financial year.

	<p><u>Losses and special payments</u></p> <ul style="list-style-type: none"> • The majority of these relate to write-offs for PP.
Key concerns	<ul style="list-style-type: none"> • The committee agreed that it needed strong progress reporting for the GDPR plan. • Potential board discussion about consultant job planning and what the board would like to see going forward • Slippage and movement in deadlines for audit recommendations needs to be addressed
Items for discussion outside of committee	<ul style="list-style-type: none"> • Management executive to discuss production of a report detailing all projects that relate to legislative requirements
Date of next meeting	<ul style="list-style-type: none"> • 16 April 2019