

## AUDIT COMMITTEE

Key summary points from the meeting held on **Thursday 14 April 2016**:

### 1. IT Disaster Recovery Audit

This Audit was re-presented following feedback that management had not been sufficiently involved in preparing the response to the Report's findings. The overall rating given was 'Limited' which means that the level of non-compliance puts the system objectives at risk. The main findings included a lack of routine testing of disaster recovery arrangements both internally and with third party Service Level Agreements (SLAs) and lack of appropriate data backup testing. More generally there was recognition that the Trust Business Continuity Planning (BCP) policy and Strategy were not embedded and that business impact assessments (BIAs) had not been adequately undertaken meaning that the Trust may be exposed to extended service interruption in the event of an incident and a lack of awareness of realistic recovery times for services. This report will be considered and monitored by the Trust's Sustainability Committee to provide assurance that a framework is being put in place and the Committee will be asked to consider adding the lack of a robust Business Continuity Planning Process to the Board Assurance Framework (BAF). The meeting noted that the Lead Director for BCP is the Chief Operating Officer and for IT Disaster Recovery is the Finance Director.

### 2. Financial Audits

Five mandated end of year financial audits were presented – these will be monitored through the Sustainability Committee to provide assurance on progress

- *Budgetary Control & Financial Reporting* – 'Moderate' rating. The Committee noted that the rating reflected the lack of financial stability in the health economy and uncertainty around Future Fit and although controls are in place the Trust continues to overspend
- *Cash management* – 'Substantial' rating – but recognised that access to this year's cash funding will depend on achieving tight national performance targets.
- *Creditors & payments* – 'Substantial' rating
- *Debtors & Income* – 'Moderate' rating (from Substantial last year). There was discussion about the formal recording in Board papers, rather than minutes, of the impact and quantity of aged debt with Shropshire CCG. The Finance Director explained some of the technical accounting issues surrounding the disputed position.
- *Payroll* - 'Substantial' assurance

### 3. Draft Internal Audit Plan 2016/17

The draft plan (which had been discussed at the Executive Directors meeting) was approved (see Attachment 1)

### 4. Draft Counter Fraud Annual Report 2015/16

The Committee was pleased to note that the Trust continued to attain full compliance with NHS Protect Standards (Strategic Governance, Inform and Involve, Prevent & Deter, Hold to Account) and was awarded Green – Standard Met. It was noted that many other Trusts do not achieve the standards. It was noted that there was one red area in the Prevent & Deter standard relating to weaknesses in the Estates Dept in procurement processes, which have been addressed through workshops to ensure staff are clear on correct processes. The Waiting List Initiative (WLI) audit is now in draft form and high level findings include the need for good time controls. 2016/17 will focus on compliance with the Patient Property Policy

### 5. Board Assurance Framework (BAF)

The Committee received the BAF and also a three year summary of changes in both risks and ratings (attachment 2). It was suggested that the Tier 2 committees consider their BAF risks along with any contextual information regarding national performance

The Committee formally thanked Simon Walford for his support to the Committee and the added dimension that his understanding of the complex realities of NHS operational issues, which has been invaluable

**Name of Chair:** Robin Hooper

**Date report prepared:** 15<sup>th</sup> April 2016

## Internal Audit Plan 2016/17

We have pleasure bringing to you the draft internal audit plan for 2016/17.

We have developed a balanced and risk based flexible internal audit programme which addresses:

- Core assurance internal audit/technology assurance;
- A programme of work to support the Trust's Annual Governance Statement; and
- A range of performance reviews on areas we have identified as being of value.

The internal audit programme is designed to support the Head of Internal Audit Opinion. The basis for this is:

- An assessment of the design and implementation of the underpinning assurance framework and supporting processes; and
- An assessment of the range of individual opinions arising from risk based audits contained within the risk based plans that have been reported during the year.

We will, however, continue to review and refine this plan as new risks requiring audit consideration are identified.

2016/17 Plan					
	Ref		Deloitte Risk Rating	Proposed 2016/17 days	Anticipated Scope
Governance statement	Integrated governance / risk management				
	IA16/17CR001	Assurance Framework	Medium	8	Key controls over Board Assurance Framework and Risk Management. [Mandatory]
Core internal audit	Financial control and management				
	IA16/17CR002	Procurement	Medium	15	Key controls over the Trust's procurement of goods and services [Cyclical]
	IA16/17CR003	Cash management	Medium	20	Review of key financial controls. [Mandatory]
	IA16/17CR004	Income and debtors			
	IA16/17CR005	Payments and creditors			
	IA16/17CR006	Budgetary Control	Medium	10	Review of controls around the budgeting processes. [Mandatory]
	Manage human resources				
	IA16/17CR007	Payroll	Medium	10	Review of the key controls regarding the payroll processes. [Mandatory]
Information systems management					
	IA16/17CR008	IT Controls	High	15	General computer controls. [Mandatory]
Contract management	Contract management				
		Planning, control and Audit Committee attendance		20	Preparation of audit plan, liaison with management and attendance at Audit Committees
		Total core audit days		98	

2016/17 Plan					
	Ref		Deloitte Risk Rating	Proposed 2016/17 days	Anticipated Scope
Performance reviews	Performance reviews				
	IA16/17PR001	Business Continuity Planning (BCP)	High	22	Review of the Trust's Business Continuity Planning arrangements. [Audit Committee suggestion]
	IA16/17PR002	Outpatient appointment process	High	17	Review of the Trust's Outpatient Appointment processes. [Management request]
	IA16/17PR003	Future Fit SOC / OBC Review	High	17	Review of key elements of the Trust's SOC or OBC for the Future Fit programme. [Management request]
	IA16/17PR004	IG Toolkit	Medium	16	Review of the Trust's Information Governance Toolkit return [Management request]
	IA16/17PR005	Policy and procedure compliance in maternity services	High	18	Review of maternity services to assess compliance with key Trust policies
	IA16/17PR006	Follow up	High	10	Review of high priority findings from the 2015/16 programme
		Total performance days		100	
		Total audit days		198	

Title	Ref numb	Identified	Apr-13	May-13	Aug-13	Nov-13	Mar-14	May-14	Aug-14	Nov-14	Feb-15	May-15	Nov-15	Apr-16
If we do not deliver safe care then patients may suffer avoidable harm and poor clinical outcomes and	415	Apr-12	Amber	Amber	Amber	amber	amber	amber gre	amber gre	amber	amber	amber	amber	amber
If we do not work with our partners to reduce the number of patients on the Delayed Transfer of Care (DTOC) lists, and streamline our internal processes we will not improve our 'simple' discharges.	941	Nov-14									red	red	red	red
Risk to sustainability of clinical services due to potential shortages of key clinical staff	859	Mar-14						red	red	red	red	red	red	red
nurse													red	red
medical													red	red
If we do not achieve safe and efficient patient flow and improve our processes and capacity and demand planning then we will fail the national quality and performance standards (RR 561) identified April	561	Apr-12	Amber	red	red	red	red	red	red	amber	amber	amber gre	amber	amber
A&E										red	red	red	red	red
Cancer										amber gre	green	green	green	green
RTT										amber gre	amber gre	amber rec	amber	amber
If we do not have a clear clinical service vision then we may not deliver the best services to patients	668	Apr-12	Amber	Amber	Amber	amber	amber	amber rec	amber rec	amber rec	amber rec	amber	red	red
If we do not get good levels of staff engagement to get a culture of continuous improvement then staff morale & patient outcomes may not improve	423	Apr-12	red	red	Amber	amber	amber	amber	amber	amber	amber	amber	amber	amber
If we are unable to resolve our (historic) shortfall in <b>liquidity</b> and the structural imbalance in the Trust's <b>Income &amp; Expenditure</b> position then we will not be able to fulfill our financial duties and address the modernisation of our ageing estate and equipment	670	Sep-12	Amber	Amber	Amber	amber	red	red	red	red				
If <b>Board members</b> are not appointed in a timely fashion then this may impact on the governance of the Trust.	669		Amber	Amber	Amber									
If we do not implement our <b>falls</b> prevention strategy then patients may suffer serious injury (RR 96)	96	Nov-13				Red	red	amber	amber	amber	amber	amber		
If we do not improve our I&E position then our cash position will mean that we cannot invest in <b>capital replacement or investment</b> and our equipment replacement and backlog maintenance issues will continue to be unmet	812	Nov-13											red	red
liquidity													amber gre	amber green
I&E													red	red