

AUDIT COMMITTEE

Key summary points from the meeting held on **Friday 13th April 2018**:

1. Internal Audit

- (i) Gus Miah (Deloitte) advised that management identify areas of concern for the performance reviews as these are the areas for greatest gain and learning, although this may result in a limited opinion.
- (ii) **IA plan** – The Committee discussed the IA plan for 2018/19. The Audit Committee agreed that Future Fit Governance should be removed and replaced by the following performance reviews:
- Model Hospital Programme
 - Complex Discharges Management
- Remaining on the plan will be the following performance reviews:
- Business Cases
 - Quality Indicators
 - Staff Travel
 - Follow up of previous recommendations

The full draft plan is attached and the Board is asked to approve, subject to the above amendments.

(iii) **The following Audits were presented:**

| Audit | Opinion | No of Recommendations | Committee |
|--------------------------------------|-------------|-------------------------|-----------------------------|
| Core Audits | | | |
| Risk Management and BAF | Substantial | 1 med; 3 low | Audit |
| General IT controls | Moderate | 3 high; 2 medium | Resources Directorate Board |
| Performance Reviews | | | |
| Draft Outpatient appointment process | Limited | 3 high; 6 medium | Q&S |
| Draft temporary staffing review | Limited | 5 high, 1 medium; 1 low | Workforce |
| Draft Business continuity planning | Limited | 3 high; 3 medium; 1 low | Performance |

Concern was expressed that in a number of audits two issues were arising on occasions in certain audits, it appeared that minimal scope recommendations were being proposed to the Audit Committee on the basis that the residual risk was acceptable. However it was not clear if Executive leadership had reviewed the acceptability of this situation. In addition there did not always appear to be a clear link to risk management. There was also some uncertainty around the number of restated recommendations in the report and it was agreed that a post-meeting review would be undertaken.

It was agreed that:

- The Director of Corporate Governance would contact Lead Directors to review responses and consider raising the issues as organisational risks.
- Audit Committee asked for a system to ensure assurance from the lead Director that the management responses on the Moderate and Limited Assurance Audits were proportionate and appropriate. In future Lead Directors should also be given the opportunity to sign off the management response before submissions to Internal Audit.
- It was also agreed that all recommendations, when being closed, should be reviewed at Executive Directors as some recommendations appeared to have been closed inappropriately.
- Going forward it was agreed that the Director of Corporate Governance would consider a process to Quality Assure all management responses before submitting to Deloitte. Deloitte will need to ensure responses have been signed off before finalising reports.

- (iv) **Head of Internal Audit Opinion** – The Committee discussed the core elements - Moderate Opinion; Assurance Framework – significant assurance; and Performance Reviews – moderate opinion but note that “these are focussed on areas identified as offering greatest scope for improvement to maximise the benefit and learning of the Trust” (see page 5 of report). The overall opinion will be moderate.
- (v) **Counter Fraud Annual Report** – The Committee was pleased to note that SaTH had again achieved an overall rating of full compliance against each of the NHS Counter Fraud standards for Strategic Governance:
 - Inform and Involve
 - Prevent and Deter
 - Hold to Account

2. **Board Assurance Framework and Operational Risk Register**

The Audit Committee discussed the revised BAF aligned to the new strategic objectives agreed with SLT and the Board. Also discussed the risk appetite for delivery of the objectives and recommended approval to the Trust Board. The Committee also discussed the new risks added to the Operational Risk Register.

Name of Chair: Clive Deadman

Date report prepared: 13th April 2018