

## AUDIT COMMITTEE

Key summary points from the meeting held on **Friday 8 February 2019**:

### 1. Internal Audit Progress

The Head of Internal Audit noted that overall opinion is deteriorating although it was agreed that audits across non-core areas had been directed to focus on potential weakness in controls. This will be reflected in the Head of Internal Audit's Opinion.

### 2. Internal Audits

Three audits were submitted:

Audit	Opinion	No of Recommendations	Committee
Complex Discharge Management (CDM) Review	Limited	10 high; 11 medium; 1 low	Performance
Waste Reduction Programme (WRP) Review	Limited	5 high; 8 medium; 0 low	Performance
General IT Controls	Moderate	0 high; 3 medium; 0 low	Sustainability

CDM High Priority issues:

- Develop and introduce Standard discharge plan
- Accelerate plans to implement criteria led discharge
- review the suitability of current transport provision (with CCG)
- Communications to Social Services reminding staff to update patient notes
- Undertake review of the PRH Integrated Discharge team's capacity and location
- Focus attention on consistent tracking of patients journey, using Red2Green and Patient Status at a Glance (PSAG) tool
- Introduce additional training on pathways, choice policy and the importance of updating the discharge plan ( and associated actions)
- Review current management support and capacity of the discharge liaison teams
- Consider forming an operational forum to address handover/discharge concerns, improve from learning and produce mitigating action plans
- Ensure realistic setting of expected discharge dates (EDD), with instances of EDD >20% recorded, reported to the board and investigated.

WRP High Priority issues:

- Timeliness of development of WRP Schemes
- Operational and clinical engagement
- Approval of project initiation documents (PIDs) and quality impact assessments (QIAs)
- WRP Trajectory
- Corrective action to address shortfalls

The COO was invited to the meeting and commented on the difficulties faced in implementing recommendations across organisational boundaries within the local health economy with regard to the Complex Discharge Management Audit. However, it was agreed that as a developing Integrated Care System (ICS), partnership working was imperative and the influence of the Senior Leaders is a critical part of integration.

### 3. Cross-committee representation

The Committee Chair gained positive assurance from the attendance of Executive Directors (ED) as issues were clarified in detail and actions put in place to address this going forward. Periodic ED attendance will therefore continue as and when requested going forward. There will also be work to ensure NED representation across the Tier 2 Committees is implemented

#### **4. Local Counter Fraud Report**

The final Disclosure UK report highlighted that although values were broadly similar, there had been just a 21% match between individuals recorded in the Trust's internal system and Association of British Pharmaceutical Industry (ABPI) data. This match is the highest of all the LCFS' NHS clients. The review of Consultant Job Planning has been postponed until 2019/2020 as only 16% of job plans have been uploaded, signed off and agreed by all relevant parties. Concern was expressed as, following recommendation from Audit Committee; an electronic system had been implemented to give much greater transparency, so it was disappointing that so little progress had been made.

#### **5. External Audit update**

Andrew Cardoza was welcomed as the new KPMG Director responsible for External Audit. Main points within the update were the potential significant impact of the new IFRS16 Accounting for Leases which is likely to apply from April 2019 and requires that all Leases have been identified and reviewed. It was noted that in the financial statements risks both Revenue Recognition and Management Override of Controls were considered to be at increased risk and all of the Value For Money risks - sustainable resource deployment, informed decision-making and working with partners & regulators had also increased

#### **6. Board Assurance Framework**

The Director of Corporate Governance presented the BAF updated to include a new risk relating to the delivery of an integrated improvement plan in response to CQC concerns. A new version of the BAF which has been developed following the CQC inspection was also presented; this had previously been discussed at all Tier 2 Committees and was approved by the Trust Board. This version formally replaces the previous version for 2019/20. The Director of Corporate Governance advised that an Assurance Map would follow.

#### **7. Recommendation Tracking**

The report highlighted five requests for extension to target dates, one within 18/19 and the others within Q1 19/20. The lead director attended in person to explain reasons for the extension and the Committee was assured that the requests were reasonable and deliverable.

#### **8. Learning**

It was concluded that the right level of Executive Directors were in attendance and the Committee gained assurance from receiving their personal explanations. The Committee recognised the challenges facing the Trust and the Senior Management Team but the focus has to remain on delivering high quality services as efficiently and effectively as possible. Value for Money was at the forefront of discussions.

**Name of Chair:** Tony Bristlin

**Date report prepared:** 8 February 2019

The table below provides an overview of the Internal Audit Plan for 2018/19 together with the assurance ratings from Internal Audit work delivered in the prior year. Those reported on at the 8 Feb 2019 Audit Committee are marked \*

Review Area	Deloitte Risk Rating	2017 / 8 Rating	V Prior year	2018 / 9 Rating, - indicates not yet reported	Scope / Comments as at time of Audit Committee (8 Feb 2019)
<b>Governance statement: Integrated governance and risk management</b>					
Board Assurance Framework	Medium	Substantial	N/A	-	Key controls over BAF and Risk management - <b>Planned Q4 2019</b>
<b>Core Internal Audits - Financial Control and Management</b>					
Waste Reduction Programme *	Medium	Not audited	N/A	Limited	Key controls over Trust's WRP scheme <b>Completed - see main report</b>
Cash Management and treasury	Medium	Moderate	↓	Limited	<b>All Complete</b> - Feedback provided in the Feb 7th 2019 report from the Audit Committee Chair to the board
Income and Debtors	Medium	Moderate		Moderate	
Payments and Creditors	Medium	Substantial	=	Substantial	
Budgetary Control	High	Limited	N/A	-	Follow up on areas highlighted in 17 / 18 review and High Priority items from the Care Groups Governance Review - <b>Planned Q4 2019</b>
<b>Core Internal Audits - other</b>					
Payroll	Medium	Substantial	=	Substantial	Review of key controls regarding the payroll process
IT Controls*	High	Moderate	=	Moderate	General Computer Controls <b>Completed - see main report</b>
<b>Risk Based Performance Reviews</b>					
Complex Discharge Management *	High	N/A		Limited	Review of complex discharge management processes <b>Completed - see main report</b>
Business Cases	High	N/A		-	Review of trusts business case process <b>Planned for Q4</b>
Never Events	High	N/A		Limited	Review of Trust's process for investigating and learning from never events - <b>Complete Feedback provided in the Feb 7th 2019 report from the Audit Committee Chair to the board</b>
Training on Board Reporting	High	N/A		N/A	Training requested by the trust following well led review
Follow Up	High	N/A		N/A	Follow up on high priority items from previous audit programmes
Care Group Governance	Medium	Moderate		N/A	Review of the adequacy and effectiveness of governance arrangements at Care Group Level - <b>Complete issued in Sept 18 - part of the 17/18 Audit programme</b>