



The Shrewsbury and
Telford Hospital
NHS Trust

Audit Committee Annual Report 2018/19



1. Introduction

The Audit Committee's chief function is to advise the Board on the adequacy and effectiveness of the Trust's systems of internal control and its arrangements for risk management, control and governance processes and securing economy, efficiency and effectiveness (value for money).

In order to discharge this function the Audit Committee has approved an Annual Report for the Board and Accountable Officer. This Report includes information provided by Internal Audit, External Audit and other Assurance Providers, including the Trust's Tier 2 Committees.

2. The Role and Operation of the Audit Committee

2.1 Membership of the Committee

The Audit Committee is the senior Board committee taking a wide responsibility for scrutinising the risks and controls which affect all aspects of the organisation's business. The Audit Committee met 6 times during 2018/19. It is chaired by a Non-Executive Director. The members of the Committee disclosed their interests, as they are obliged to do as members of the Trust Board.:

Mr Clive Deadman <i>(Chair until Sep-18)</i>	<ul style="list-style-type: none">▪ Chairman of Energy Innovation Centre Investment Forum▪ Director and Shareholder of 1905 Investments Ltd▪ Lecturer at Cranfield University
Mr Tony Bristlin <i>(Chair from Dec-18)</i>	None
Mrs Terry Mingay <i>(member until Apr-18)</i>	<ul style="list-style-type: none">▪ Trustee of Katharine House Hospice▪ Board member of Walsall Housing Group
Mr Tony Allen	Non-Executive Director for Dudley CCG
Dr Chris Weiner	Member of NHS England (West Midlands)

Other Non-Executive directors are able to attend this meeting and key senior Trust personnel and Internal and External Audit teams are also in attendance. The Finance Director, and Director of Corporate Governance also normally attend the Committee.

The Director of Corporate Governance provides support to the Chair and Committee members.

2.2 Meetings and Attendance

The Committee is required to meet at least three times a year. Six meetings took place during this period and were attended by members as shown overleaf:

	13 April 2018	11 May 2018*	25 May 2018	14 Sep 2018	7 Dec 2018	8 Feb 2019	TOTALS	
							No of meetings	%
Members								
Clive Deadman	✓	✓	✓	✓			4/4	100
Tony Bristlin				✓	✓	✓	3/3	100
Terry Mingay	✓						1/1	100
Tony Allen					✓	✓	2/2	100
Chris Weiner	✓	✓	✓	✓	✓	✓	6/6	100
TOTAL	3/3	2/2	2/2	3/3	3/3	3/3	18/18	100
Other attendees								
Chief Exec			✓					
Director of Corporate Governance	✓	✓	✓	✓	✓	✓		
Finance Director	x	✓	D	D	D	D		
Internal Audit	✓		✓	✓	✓	✓		
External Audit	✓		✓	✓	✓	✓		
Counter Fraud	✓		✓	✓	✓	✓		

Key: ✓ (Present) / x (Absent) from meeting / D = Deputy attended / = not applicable

*The May 11th meeting was a special meeting held to review the annual accounts and the draft Annual Governance Statement.

2.3 Terms of Reference

The Terms of Reference were reviewed on 7th December. Agreed amendments were to include a statement of overarching assurance to the Trust Board, in that the Committee would review the work of other committees within the Trust which provide relevant assurance to the Audit Committee's own areas of responsibility – particularly Quality Committee, Workforce Committee, Performance Committee and Sustainability Committee. The revised Terms of Reference were approved and formally adopted at the 8 February 2019 meeting.

2.4 Reporting from the Committee

An outcome summary of the Audit Committee is formally reported at the public session of the Trust Board by the Chair of the Audit Committee.. Examples of issues brought to the attention of the Board during the year are shown below, with the Committee dates in brackets:

Internal Audit (April 18)

- (i) **Risk Management & Board Assurance Framework** - Substantial Assurance had been given to this area for the 6th consecutive year. Committee members were advised that this was a well-run area of the Trust, and Internal Audit had found the systems in place to be working successfully.
- (ii) **General IT Controls** – Moderate Assurance had been given.
The report looked at the key controls in place to support Oracle and Windows AD.
- (iii) **Outpatient Appointment Process** - Limited Assurance had been given.
This Audit focused on Outpatient bookings controls, cancellations and follow-ups. The Committee agreed that firmer performance management was needed in this area.

- (iv) **Draft Temporary Staffing Review** – The Committee agreed that the case work of the report had been thorough, but problems lay with the controls and management responses within the report. Action was agreed for the Director of Corporate Governance to bring this report to the attention of the Executive Team, and further input/amendments would be brought back to the Committee. The final report would be monitored through the Workforce Committee and re-audited upon agreement of timescales with management to ensure that changes were in place.
- (v) **Business Continuity Planning & IT Disaster Recovery Planning** – Committee members were advised that the previous 2015/16 report raised six recommendations; it was felt that these had not been fully implemented and had therefore been reissued in this report. It was recognised that progress had been made by the Trust, but senior management responses should be more robust and high-priority risks should be given priority as they posed the greatest risk to the organisation. It was agreed that the final report would be presented to the Performance Committee.

LCFS Annual Report 2017/18 (April 18)

The Report was also shared with NHS Counter Fraud Authority to show how the Trust measures against the set targets. It was noted that the Trust again achieved an overall GREEN rating of full compliance against all of the NHS Counter Fraud Authority Standards.

Internal Audit (May 18)

Budgetary Controls Report - it was suggested that a quantitative Care Group financial narrative should be received by the Performance Committee so that work could be tracked over time. Limited Assurance had been given.

External Audit (May 18)

ISA260 report - with regard to Value for Money, the Committee were advised that an “Except For” opinion would be issued and it was noted that External Audit were satisfied that the Trust had made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2018 with the exception that a deficit was reported for the year and the Trust failed to achieve a number of operational targets particularly the emergency access targets. The Committee were informed that the Trust’s accumulate deficit at 31 March 2018 had resulted in a continued breach of the breakeven duty. As a result, a referral to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 had been made. This was consistent with prior years and it was noted that this was a factual letter to set out the financial position of the Trust.

Internal Audit (September 18)

Care Group Governance Report

The Committee expressed concern around unplanned expenditure in terms of budgets for staffing. Discussions cited clinical led job planning (at Clinical Director/Medical Director meetings) linked to wider Group-wide workforce planning procedures. The Committee acknowledged that temporary staffing is a major contributory factor to budget ownership although it needs to be considered in the wider context of finance, workforce, quality and performance. It was debated that the areas with a fragile workforce correlate to the areas with the biggest challenges like ED and AMU. Moderate Assurance had been given.

Audit Committee Self-Assessment (September 18)

The Committee received a finalised assessment and were asked to comment on this. It had been identified by members that the right balance of experience to was required fulfil the role of the Committee. The Committee was assured this would be addressed moving forward, with four recent Non-Executive Directors appointments.

Internal Audit (December 18)

- (i) **Income and Debtors** – Moderate Assurance had been given. A high priority recommendation related to the developing financial performance and quality concerns, culminating in the Board’s decision to close the PRH A&E overnight, (subsequently

revoked) and the Trust being placed in Special Measures by NHSI on 4 November. It was acknowledged that these issues may have had a significant detriment to the Trust's income position and subsequent cash flow and the report recommends the Trust should continue to develop its revised forecast in response to these emerging issues. Emphasis should be given to the identification of additional income streams and recovery of existing income now under threat.

- (ii) **Creditors and Payments** - Substantial Assurance had been given.
The Trust has a continuing budget deficit forecast for the year, and is becoming increasingly reliant on cash support from the Department of Health. As a result, the Trust has continued to carefully manage supplier payments as part of its cash position during the year-
- (iii) **Payroll Report** - Substantial Assurance had been given.
Committee members agreed on the importance of pace with respect to the delivery of audit recommendations and asked for the Workforce Team to ensure robust monitoring in relation to reinstated recommendations.
- (iv) **Cash and Treasury Management** – Limited Assurance had been given.
The Report advised that it is imperative in light of these developments that the Trust continues to actively review its financial position and cash forecasting, maintains a high level of communication with all commissioning parties and affected providers in the region, and continues to identify all measures that can be taken to deliver financial recovery.
- (v) **Review of Actions and Learning from Never Events** - the Committee noted that this Report was commissioned out of plan following four Never Events being reported by the Trust between October 2017 and June 2018, three of which were related to surgical procedures. The Report will be presented at Quality and Safety Committee and shared with the Chair of that Committee as a matter of urgency

Internal Audit (February 19)

- (i) **Complex Discharge Management Review** - Limited Assurance had been given.
The Report advised that the Trust has systems and procedures in place to manage the complex discharge process however, the review identified a number of key findings that should be addressed to improve patient flow and complex discharge management. The Committee acknowledged the need to engage with multi-disciplinary partners to ensure implementation.
- (ii) **Waste Reduction Programme Review** – Limited Assurance had been given.
The Report appraised the committee of current cost improvement plans and linked to the Trust's Financial Recovery Plan, addressing productivity, outpatients re-modelling, digitisation and shifts in activity to primary care. It was agreed that the Trust should concentrate efforts to reduce dependency of locum and agency staff. Concerns were raised that recommendations could be achieved by the end of March 2019 due to the unpredictable growth of levels of demand and agreed that these are not entirely financial issues..
- (iii) **General IT Control** - Moderate Assurance had been given.
The objective of this audit was to provide a broad assessment of the design and operating effectiveness of key IT controls at the Trust for the financial system, Oracle Financials, and the underlying network Active Directory (AD). It was recognised that the IT resource and infrastructure had historically been under invested which impacts on timescales and capacity in implementing the recommendations.

Counter Fraud ABPI Disclosure Report (Feb 19)

The Local Counter Fraud Specialist presented the report. In a move to increase transparency and accountability between Healthcare Professionals (HCPs) and Pharmaceutical Companies, a searchable database (Disclosure UK) was, in June 2017, published on the Association of the British Pharmaceutical Industry (ABPI) website. It lists Transfers of Value (ToVs) such as: sponsorship to attend meetings; speaker fees; consultancy and advisory boards; and coverage of costs to participate in events (including registration fees, travel and accommodation). It was noted that the Trust continues to gather significantly more declarations than other NHS Trusts within the region. It was acknowledged that SaTH has long recognised the risks including potential adverse media impact of undisclosed ToVs and taken appropriate mitigating steps.

Review of Tier 3 Groups and Committees (Apr 19)

As part of the Deloitte Well- Led Review one of the recommendations was to undertake a review of all Tier 3 sub-Committees to the Trust Board. This Review was completed in March 2019 and the actions agreed with the relevant action owners (Chief Operating Officer, Medical Director and Associate Director for Governance, Quality & Risk). The report had previously been presented to the Executive and Senior Leadership teams in April and approval received for the new standard templates for Terms of Reference and Committee papers to ensure consistency.

2.5 Post Year end events

Two audits were considered as part of the 18/19 audit plan at the April meeting of the Audit Committee which would form part of the Head of Internal Audit conclusion for the year:

- (i) **Budgetary Control and Financial Management** – Limited assurance was given.
- This audit was undertaken in the context of the Trust being placed in special measures by NHSI and receiving an overall 'inadequate' rating from the CQC. In responding to address the many challenges it faces, ensuring appropriate governance around decision making and appropriate consideration of financial impact was not evident in some instances. The Trust reported on additional expenditure commitments where decision making and approval was not clear in many cases. The Trust was reporting a deficit which was significantly higher than the original plan. The Trust agreed a revised outturn figure with NHSI in November 2018; a deterioration from the original control total agreed at the beginning of the year which would have also seen the Trust secure PSF funding to assist its financial position. Fortunately, the risk identified that minimum liquidity requirements may be breached resulting in further negative impacts on supply arrangements did not materialise in-year. The audit also identified a number of instances where in year financial pressures could have been identified during financial planning and addressed at budget setting.

The Audit Committee took assurance from the Deputy Director of Finance that the Finance Team have worked diligently to implement the audit recommendations.

- (ii) **Board Assurance Framework and Risk Management** – Moderate assurance was given.
- This is a core audit, intended to provide the Accounting Officer, Trust Board and Audit Committee with an independent and objective opinion on the adequacy of controls in place to mitigate key risks over the Trust's Board Assurance Framework and Risk Management arrangements. The Board needs to be able to provide evidence that it has systematically identified objectives and managed the principal risks to achieving them. The BAF fulfils this purpose by providing the Trust with a method for the effective and focused management of its principal risks and providing a structure for the evidence to support the AGS. In addition, a robust risk management policy and embedded risk management framework facilitate the management of risk throughout the organisation, from corporate risk through to daily operational risk.

It was noted that although the auditor had not identified any significant concerns relating to the Trust's risk assessment systems effectively identifying key operational and strategic risks, increased financial, operational, and workforce pressures across the Trust has caused a

detrimental impact on care group level risk management. It was also acknowledged that some risks cannot be addressed until Future Fit is concluded it may be the case that the Board will delegate authority to prioritise the drawing down funds earlier to mitigate significant risks.

2.6 Reporting to the Committee

In line with the terms of reference there are a number of standing items on each Committee agenda.

The following were presented at each meeting with the exception of the special meeting on May 24

- Audit Recommendation Tracking
- Internal Audit Update
- Counter Fraud update
- Board Assurance Framework

Forming a core membership within the Audit Committee, both the External and Internal Audit Services provided regular updates throughout 2018/19. The following reports were also presented in-year to the Committee:

- Annual Accounts
- Annual Governance Statement
- Annual Report
- Audit Committee Annual Report
- Security Annual Report
- Internal Audit Contract Extension
- Local Counter-Fraud Service Contract Extension
- Audit Committee self-assessment

3. Audit Committee's opinion

Members of the Board should recognise that assurance given can never be absolute and the Board is still responsible for ensuring there are robust systems in place. The highest level of assurance that can be provided to the Board is a reasonable assurance that there are no major weaknesses in the Trust's risk management, control and governance processes. In particular the Audit Committee is encouraged and strongly welcomes the 'open' behaviour of the executive and their appetite and preparedness to focus attention on areas of potential weakness.

The opinion of the Committee is that with the exception of the internal control issues set out in section 4 below, the Trust has a generally sound system of internal control that supports the achievement of its policies, aims and objectives and those control issues have been or are being addressed.

4. Information supporting opinion

Summarised below is the key information/sources of assurance that the Committee has relied upon when formulating their opinion.

4.1 Internal Audit

Deloitte were reappointed as the Trust's Internal Auditors in April 2017.

4.1.1 Head of Internal Audit's Opinion

The Head of Internal Audit's Opinion is based on the work undertaken in 2018/19. The overall opinion for the year ended 31 March 2019 is that limited assurance could be given with respect to internal control designed to meet the organisation's objectives; the level of non-compliance in certain areas puts some system objectives at risk. Moderate assurance was provided that the Assurance Framework was sufficient to meet the requirements of the 18/19 Annual Governance Statement and Moderate assurance was provided that there is an adequate and effective system of internal control to manage the significant risks identified by the Trust. A number of control Issues, classified as High Priority by our core internal audit processes were noted during the 2018/19 year. These are described in section 5 of this Annual Governance Statement and were in the areas of Income and Debtors,

Business Assurance Framework, Cash Management, Waste Reduction and Budgetary Control / Financial Reporting. Formal action plans have been agreed to address significant control weaknesses in all areas where these have been identified. Implementation of the recommendations has been tracked with no overdue actions at year-end.

4.1.2 Internal Audit Reports and recommendations

The Trust received the following opinions during 2018/19

	Full Assurance	Substantial Assurance	Moderate Assurance	Limited Assurance	No Assurance
Core Audits	0	3	2	3	0
Performance reviews	0	0	1	1	0

A summary of topics is attached at Appendix 1.

	High	Medium	Low
Recommendation Priority Status - Full Programme	24	30	13

The Trust has a system of recommendation tracking to follow-up all internal and external audit recommendations. All outstanding recommendations are discussed with Executive Directors prior to presentation to the Audit Committee to ensure full ownership of recommendation implementation across the Trust. There were no recommendations overdue at year end.

4.1.3 Internal Audit Performance

Internal Audit provided progress reports at each meeting which included:

- Draft and final reports issued to ensure delivery to timescale
- Overall assurance by report

On review of the Internal Auditor function, some concern was expressed that 'prior risks' were being raised at follow on audits (risks which had been identified in prior audits were being re-raised as new actions on a subsequent audit). It was agreed that this needed to be reviewed and processes put in place to ensure risks were managed as per the established Trust Risk Management process. The Director of Corporate Governance worked with the Head of Internal Audit to revise its Standard Operating Procedure (SOP) to ensure assurance from the lead Director that the management responses on the Moderate and Limited Assurance Audits were proportionate and appropriate. Timescales agreed within the SOP will ensure that in future Lead Directors will be given adequate opportunity to sign off the management response before submissions to Internal Audit in order to effectively deliver Internal Audit recommendations.

Following a procurement process in 2017 led by the Finance Director, Deloitte were awarded a two-year contract, commencing 1 May 2017 for two years with an extension for up to 12 months and thereafter at the option of the Trust through to 31 March 2020. The Audit Committee approved the option to extend the contract for one year and that a full open tender exercise for the service commences in January 2020.

4.2 External Audit

ISA 360 report for 2018/19. The External Auditors KPMG issued an adverse value-for-money opinion of the Trust, based on the following:

- In November 2018, the Care Quality Commission (CQC) published the results from its latest inspection of the Trust carried out in August and September 2018. This rated the Trust overall

as 'Inadequate' including rating two of the five of the CQC sub categories for Safe and Well-led as 'Inadequate'.

- The Trust has reported a deficit of £18.743 million in 2018/19 and now has a cumulative deficit of £90.501 million.
- The Trust has also failed to meet a number of operational targets for the year. In particular the Trust has failed to meet its accident and emergency target and the 62 day cancer target.

4.3 Audit Performance

This Committee considers that there are no issues with Internal and External Audit that affect their ability to support this Committee in discharging its duties.

The Committee has met in private (management excluded) with auditors to enable any other issues of concern to be raised by either party but no such issues have been raised in addition to the matters discussed in open meetings.

4.4 Other Assurance Providers

4.4.1 Other Committees

The Audit Committee also receives assurance from the Tier 2 Committees. The Tier 2 Committees, Workforce, Performance, Sustainability and Quality & Safety, are chaired by Non-Executive Directors and review and recommend updates to the relevant Board Assurance Framework risks at each meeting for discussion and approval by the Trust Board.

4.4.2 Local Counter Fraud Service (LCFS)

In line with the Secretary of State's Directions to NHS Bodies on Counter Fraud Measures, the LCFS has produced a written report on the activities undertaken during 2018/19. This includes the activities agreed with the LCFS and Finance Director at the beginning of 2017/18. It covers the seven generic areas of counter fraud activity set out in the NHS Counter Fraud and Corruption Manual. It also includes an analysis of the Trust's compliance with the Secretary of State's Directions, which has resulted in a green rating across the standards.

During 2018/19, LCFS provided the Trust with 74 days of proactive counter fraud work. A further 26 days were spent undertaking preliminary enquiries into the validity of 21 referrals received with two subsequent investigations.

Work was undertaken targeted at potential weaknesses identified from investigation of referrals received, from fraud risk assessment process, from guidance issued by the NHS Counter Fraud Authority, or from concerns raised by management to include:

- Agency Pre-Employment Checks
- Pharmaceutical Disclosure Review
- Management and Control of Prescriptions
- NHS CFA Invoice Fraud Prevention Guidance Implementation
- Continuous Controls Monitoring
- Locum Employment Duration Management

Particular emphasis has been placed upon raising the profile of the LCFS across the Trust in a cost and time effective manner. The effectiveness of this work is demonstrated through the staff survey results and the increased number of referrals received.

LCFS provided suggestions to strengthen controls within the following policies: Charitable Funds Policy; Consultant Job Planning; and Investigating Complaints and Allegations Policy, and continued to attend the bi-monthly meetings of the Trust's Job Planning Consistency Group, with progress reported back to the Audit Committee during the year. Investigative work has resulted in securing a second criminal conviction within the last three years against an ex-employee.

4.4.3 Management

The Audit Committee also received assurance through the Trust's audit recommendation tracking system. All internal and external audit recommendations are followed-up with the lead manager through the Director of Corporate Governance before each Audit Committee meeting to ensure progress against implementation is monitored. All responses and non-responses are shared with the relevant Executive Director so they can ensure that appropriate management action is taken. The Audit Committee receives a full report on the recommendations and progress to implement the identified improvements, with particular attention paid to any outstanding actions. The Trust has implemented a web-based recommendation tracking system. A heat map highlights areas where implementation of recommendations is delayed.

The Audit Committee is looking for improved assurance that audit actions are agreed and eventually closed with effective oversight by the executive. The Audit Committee Chair and Chief Executive agreed that the delivery of Internal Audit Recommendations would form part of Executive Director Appraisal from 2019/20.

Acting upon recommendations of the Chair of the Trust, the Audit Committee will widen its remit to include Risk Assurance in 2019/20. The Committee has reviewed its Terms of Reference accordingly, which will come into force from September 2019.

4.5 Assurance Framework

The Assurance Framework is the systems and processes for managing strategic and operational risks within the organisation. The Board needs to be able to provide evidence that it has systematically identified the Trust's strategic objectives and managed the principal risks to achieving them. Typically, this is achieved via the Board Assurance Framework (BAF) document and an embedded risk management approach.

The BAF includes the Trust's most significant strategic risks and has been developed in consultation with all relevant management and governance groups. It was presented at all meetings of the Audit Committee during the year. The BAF has been designed to reflect the NHS Improvement Single Oversight Framework (SOF) indicators and any interventions/actions required as part of the Trust's Special Measures status, and effectively identifies key risks, controls and sources of assurance. Each Executive Committee is responsible for ensuring the accuracy and completeness of the BAF in relation to Trust objectives.

The Audit Committee has relied on the Assurance Framework to provide assurance that systems, are in place to drive the delivery of objectives by focusing on effective risk management. The Audit Committee believes that the Assurance Framework provides a comprehensive method for the effective and focused management of the principal risks to meeting objectives and provides a structure for evidence to support the Annual Governance Statement. Internal Audit reviewed the Assurance Framework and gave an opinion of moderate assurance for 18/19.

4.6 Corporate Risk Register

Operational risks are managed within the Care Groups via a detailed web-based working risk register held on the 4Risk system. This is used by risk owners to manage their risks with a full record of all controls, actions and narrative which is regularly reviewed and reported at Operational Risk Group

(ORG); a formal Tier 3 sub-committee of the Board. High-rated operational risks are summarised within the Corporate Risk Register (CRR) and prioritised by ORG. On a monthly basis, each Tier 2 Committee reviews the relevant operational and strategic risks, while the Audit Committee and the Senior Leadership Team meeting are presented with all risks monthly. The CRR is used to inform the Capital Planning Group of risk based priorities for capital funding allocation purposes.

5. Conclusions

Based on information presented and discussed at the Audit Committee meetings during the year we have concluded the following;

5.1 Risk Management

The Audit Committee concludes that the Trust's system of risk identification, recording, reporting arrangements are adequate. The Trust has a comprehensive organisation-wide risk register that records all risks including those which are clinical, organisational and financial. The risk register provides evidence that the Trust is using a common methodology to evaluate risk for both strategic and operational risks. Strategic and operational risks are reviewed together as a standing item at all sub-committees to the Board, also mapping to the Integrated Business Plan and Performance Report.

Risk assessments are carried out on an ongoing basis within the Centres, and whenever a process change is about to occur, or a new hazard is identified. Risk Management processes link the highest risk issues to the strategic objectives, and the Care Quality Commission's fundamental standards. In particular the Audit Committee is encouraged and strongly welcomes the 'open' behaviour of the executive and their appetite and preparedness to focus attention on areas of weakness.

5.2 Assurance Framework

The Audit Committee has approved revisions within the Assurance Framework, reviewing it throughout the year, and considers it fit for purpose. It reflects the key risks facing the organisation and all assurances over the controls mitigating the risks have been considered and any significant gaps in either the assurances or in controls have been addressed.

5.3 Governance Arrangements

The Audit Committee believes that the Trust's governance arrangements are appropriately robust. There are a number of different components of governance, in particular corporate governance, clinical governance, research governance, information governance and financial governance and the Audit Committee scrutinises the processes to ensure they are effective.

The Quality and Safety Committee has key responsibilities in relation to providing assurance to the Board on clinical quality and safety; and driving an improvement culture to promote excellence in patient care. To facilitate close working between the committees, Internal Audit Recommendations remitted to other Tier 2 Committees are monitored by the Audit Committee and Executive Directors who are the sponsoring Director for a core Audit or Performance Review are requested to attend and update the Audit Committee should exceptions to action delivery emerge.

5.4 Annual Governance Statement

The draft Annual Governance Statement was considered by the Audit Committee at its meetings in April and May 2019; its contents being consistent with the conclusions above. It considers that the recently revised Assurance Framework sets out the Trust's objectives and provides a clear template to identify any risks to achieving those objectives and a clear framework against which to measure progress.

It also recognises that there is a Risk Management Strategy in place, endorsed by the Trust Board. It clearly defines the risk management structures, accountabilities and responsibilities throughout the Trust and also incorporates consideration of the Trust's stakeholders.

6. Recommendations

Given the issues identified in Section 4 and our conclusions in Section 5, we recommend that the Board acknowledges that:

- With the exception of the internal control issues described in this document, the Trust has a generally sound system of internal control that supports the achievement of its policies, aims and objectives and those control issues have been or are being addressed
- It has a system in place that identifies any actions that need to be taken to remedy either gaps in control/assurance but this needs to be constantly reviewed
- Ongoing revisions are in train to link the delivery of Internal Audit recommendations to Executive Directors' annual appraisal and widening the remit of the Audit Committee to include Risk Assurance from September 2019.

Tony Bristlin
Audit Committee Chair

Appendix 1: Summary of Audit Reviews 2018/19

Ref	Title	Assurance	Date to Audit Committee*
IA18/19CR001	Board Assurance Framework	Moderate	12 Apr-19
IA18/19CR002	Waste Reduction Programme	Limited	12 Apr-19
IA18/19CR003	Cash management and treasury	Limited	07 Dec-18
IA18/19CR004	Debtors and Income	Moderate	07 Dec-18
IA18/19CR005	Payments and creditors	Substantial	07 Dec-18
IA18/19CR006	Budgetary control	Limited	24 May-19
IA18/19CR007	Payroll	Substantial	07 Dec-18
IA18/19CR008	General IT controls	Moderate	08 Feb-19
IA18/19CR009	Never Events	Limited	07 Dec-18
IA18/19PR001	Complex Discharge Management	Limited	08 Feb-19
IA18/19PR002	Business Case Process Review	Limited	24 Oct -19
IA17/18PR004	Care Group Governance**	Moderate	14 Sep-18

**Final version presented*

***Completed in September 2018 as part of 17/18 Audit Programme*