

### Audit and Risk Assurance Committee (ARAC) Summary

The Board is asked to **RECEIVE** and **NOTE** the Committee Chair's report of the 3-4 issues/key points from the meeting which are needed to be escalated to the Board

<b>Key points from the meeting held on 14 February 2020</b>	
<b>Annual Leave and Medical Waiting List Initiatives (WLI) Audits</b>	
<p>The Medical Director (MD) attended and provided an update in response to recent audit recommendations with respect to i) Annual Leave and ii) Waiting List Initiatives (WLI).</p> <p>i) The Senior Medical Leadership Team (SLT) along with the BMA representative and the LNC are currently reviewing the <i>Annual Leave</i> Policy to ensure that there is clear guidance provided to our doctors and operational managers. The MD gave assurance that regular ongoing audits will be carried out to measure compliance. It was noted that whilst the current audit has looked at about 50% of Consultants and SAS doctors, this review will be extended to all relevant staff.</p> <p>ii) The MD noted that the <i>Additional Clinical Activity</i> Policy (previously WLI policy) is also being reviewed and that he had written to the Medical colleagues to reiterate that:</p> <ul style="list-style-type: none"> <li>• When WLIs can and cannot be booked and the authorisation process for these.</li> <li>• The Senior Medical Leadership Team will work on harmonising the WLI rates, taking into account intensity and areas of high demand.</li> <li>• Medical eRostering launch/roll-out commences Apr-20 (estimated 1-2 years to complete) and that the associated action plan will be monitored by the Workforce Committee.</li> </ul>	
<i>Level of assurance provided:</i> <b>Moderate</b>	<i>Direction of travel:</i> <b>Improving</b>
<b>Payments and Creditors - Better Practice Code</b>	
<p>Internal audit has noted the pragmatic approach taken by the Trust in managing its working capital. The Better Payment Practice code requires payments to be made within 30 days, the Trust has not met this requirement in the majority of cases as we are currently working with an internally agreed target 45 days. The Trust has breached this internal performance target on a number of occasions and work is underway to identify the reasons for this. Work will focus on the purchase to pay cycle and where invoices are held up in the process.</p>	
<i>Level of assurance provided:</i> <b>Low</b>	<i>Direction of travel:</i> <b>Same</b>
<b>Corporate Governance</b>	
<p>It was noted that the newly appointed Interim Director of Corporate Governance was in attendance and would act as the Trust lead director for Audit and Risk Assurance and all Trust governance matters with immediate effect. This role also covers 'Counter- Fraud Champion' for the Trust.</p>	
<i>Level of assurance provided:</i> <b>High</b>	<i>Direction of travel:</i> <b>Improving</b>

Internal Audit opinions to date and prior year comparisons				
Review Area	IA Risk Rating	2017/18 Rating	2018/19 Rating	2019/20 Rating
<b>Governance statement: Integrated governance and risk management</b>				
Board Assurance Framework	Medium	Substantial	Moderate	date tba
<b>Core Internal Audits - Financial Control and Management</b>				
Waste Reduction Programme	Medium	Not audited	Limited	n/a
Cash and Treasury Management	Medium	Moderate	Limited	Limited
Income and Debtors	Medium	Moderate	Moderate	Moderate
Payments and Creditors	Medium	Substantial	Substantial	Substantial
Budgetary Control	High	Limited	Limited	date tba
Fixed Assets	Medium	Not audited	Not audited	Moderate
<b>Core Internal Audits - Other reviews</b>				
Payroll	Medium	Substantial	Substantial	Substantial
IT Controls	High	Moderate	Moderate	Feb-20
<b>Risk Based Performance Reviews</b>				
Workforce - recruitment process	High	-	-	tba
CNST Review	High	-	-	tba
Datis Incident Management	Medium	-	-	tba
Freedom to Speak-up	Medium	-	-	Mar-20
Notes - 'tba' means report had not been issued as the time of ARAC meeting, n/a means no audit was conducted or planned.				
<b>Level of assurance provided: Moderate</b>		<b>Direction of travel: Same</b>		
<b>Internal Audit Progress Reports</b>				
<ul style="list-style-type: none"> <li>A number of planned Risk Based reviews were scheduled to be reported at this meeting - these were Datis Incident Management, Workforce - recruitment processes and Freedom to Speak up</li> <li>These reports were not included in the Internal Audit report, with capacity issues within the trust cited as the reason.</li> <li>The committee was concerned that this was causing a workload in the final quarter that would be challenging to deliver on and asked that this was raised at the Executive committee, and consideration should be given to allocating sufficient resource to complete these reports to ensure timelines now agreed with the Internal Audit team are achieved.</li> </ul>				
<b>Level of assurance provided: Low</b>		<b>Direction of travel: Worsening</b>		

<b>Risk Assurance</b>	
<ul style="list-style-type: none"> <li>• The Committee noted the imperative for the executive team to agree the strategic direction, particularly (the clinical strategy) prior to establishing the governance arrangements need to ensure delivery. As these new governance arrangements are being developed, current governance arrangements will be maintained.</li> <li>• The Interim Director of Corporate Governance informed the Committee that he would be taking over as Chair of the Operational Risk Group in March.</li> </ul>	
<p><i>Level of assurance provided: Moderate</i> <span style="float: right;"><i>Direction of travel: Same</i></span></p>	
<b>Further matters raised for consideration by the Board</b>	
<ul style="list-style-type: none"> <li>• Recommendations for developing the Trust's Risk Appetite Statement have been drafted using guidance from the Good Governance Institute (GGI) and were considered by the Committee. The approach was accepted by the Committee and the revised version is to be circulated to the Executive team for comment prior to referral to the Trust Board for approval.</li> <li>• The Committee Chair acknowledged the significant support from the Director of Corporate Services to the Audit Committee over recent years, and thanked her for her much valued contribution.</li> </ul>	
<p><i>Level of assurance provided: High</i> <span style="float: right;"><i>Direction of travel: Improving</i></span></p>	

**Completed by:** Tony Bristlin, Chair of Audit and Risk Assurance Committee  
**Date:** 14 February 2020