

Audit and Risk Assurance Committee Key Issues Report

Report Date: 3 rd December 2020		Report of: Audit and Risk Assurance Committee (ARAC)
Date of last meeting: 3 rd December 2020		Membership Numbers: Quoracy met = 100% attendance including the Chair or Deputy Chair.
1	Agenda	<p>The Committee considered an agenda which included the following:</p> <ul style="list-style-type: none"> • Review of Terms of Reference • Committee Annual Review and Effectiveness 2019/20 Survey • Internal Audit Progress Report and COVID-19 Financial Governance Assessment • Anti-Fraud Progress Report • External Audit Progress Report and Technical Update • Amendment to Standing Financial Instructions • Board Committee Changes • Feedback from Chair's recent attendance at UHB Audit Committee • Internal Audit Recommendation Tracking • Losses and Special Payments Report • Competition Waiver Report • Board Assurance Framework – process update • Risk Management Modernisation Progress Report • Benchmarking reports: Remaining in Control – Financial Systems and Provider Board Assurance Frameworks
2a	Alert	<p>The Committee wish to alert members of the Board that:</p> <ul style="list-style-type: none"> • KPMG, our external auditor reported on the following key matters: <ul style="list-style-type: none"> ○ The Value for Money (VFM) part of the audit process has been amended significantly involving considerably more audit work than prior years and consequent support required from the Trust ○ The requirements around auditing on a going concern basis has changed significantly and the trust will undertake additional work to support the new requirements ○ IAS16, the accounting standard related to how leases are treated on the balance sheet, has been deferred for implementation by the NHS until the 21/22 financial year, ○ Additionally the requirement to produce and audit a quality account is still to be confirmed.
2b	Assurance	<p>The Committee wish to assure members of the Board that:</p> <ul style="list-style-type: none"> • MIAA, the Trust's Internal Audit Service provider reported: <ul style="list-style-type: none"> ○ Reports completed to date (FTTP and Covid 19 governance) ○ The work / audits scheduled for remainder of 20/21, at varying stages of completion, are: <ul style="list-style-type: none"> ▪ Financial Systems ▪ Quality spot Checks (MAC / DOLS) ▪ Agency Cap and joint staffing review ▪ Cyber - IT Security ▪ Risk Management ▪ Recruitment and retention ○ Whilst Covid issues are impacting on pace, the expectation is the reports will be delivered within agreed timescales ○ The Fit and Proper Persons audit provided only Limited assurance with 3 high and 5 medium recommendations, which are expected to be completed by Mar 21. It was noted that the
2b		

	Assurance (continued)	<p>audit identified some process matters that had previously been reported as in place.</p> <ul style="list-style-type: none"> ○ Review of Governance arrangements with respect to Covid 19. This was a review recommended by NHSI/E for NHS Trusts Overall, the self-assessment confirmed that the Trust has considered many of the governance risks in light of COVID-19 and the committee reviewed the identified gaps and were satisfied these are being addressed based on management responses ● The Local Counter Fraud Specialist (MIAA) reported on the following key matters: <ul style="list-style-type: none"> ○ The self-assessment by MIAA against current NHS Counter Fraud Authority (CFA) standards as at Q2 is green ○ New guidance has been issued by the CFA which we will be required to report against in April 2021. The CFA acknowledged the short timescales and have committed to working with stakeholders to ensure a seamless transition. ○ There were no investigations or referrals or outstanding investigations in the most recent quarter. This aligns with many other NHS trusts ● ARAC reviewed a summary report of the recent assurance committee changes and noted: <ul style="list-style-type: none"> ○ The formalities for dis-establishment of the former committees is virtually complete ○ A workforce operational committee is being established to support the process ○ Further work is being undertaken with respect to terms of reference and mapping the assurance framework ○ ARAC will continue to provide scrutiny of these changes ● Internal Audit Recommendation tracking update <ul style="list-style-type: none"> ○ ARAC welcomed the significant improvement in both the report format and its content with most overdue reports now being actioned. DoG to review evidence to support this. One extension was requested and granted ● Competition Waivers / Losses and special payments <ul style="list-style-type: none"> ○ These reports were reviewed and accepted by the committee 		
2c	Advise	<p>The Committee wish to advise members of the Board that:</p> <ul style="list-style-type: none"> ● We conducted a self-assessment review of ARAC's effectiveness in line with best practice and will hold a workshop in December to review the outcome, facilitated by MIAA ● An update of changes to the BAF Process including the update discussed at the Board Development Session on 27th November and were supportive of the changes to dates ● A progress update was provided on the 12 point risk management improvement plan. Good progress was noted as was the incremental resource required to complete the delivery of the programme ● The chair of the UHB audit committee attended as an observer 		
3	Actions to be considered by the Board	<ul style="list-style-type: none"> ● Report to be noted ● Recommend a board development session on the VFM process, Going Concern accounting and how the audit processes feed into the external opinions we receive and their reflection in the trusts annual governance statement ● Committee reviewed and agreed SFI amendment proposed, with respect to e-mail sign offs and recommends that this be accepted 		
4	Report compiled by	<i>Tony Bristlin Chair of Committee</i>	Minutes available from	<i>Amanda Young Committee Support</i>