

Audit and Risk Assurance Committee, Key Issues Report		
Report Date: 15 February 2021		Report of: Audit and Risk Assurance Committee
Date of last meeting: 26 May 2021		Membership Numbers: No member apologies received. Internal Audit and Counter Fraud (MIAA), External Audit (KPMG), Director of Finance, Associate Director of Finance and Director of Governance and Communications in attendance.
1	Agenda	<p>The Committee considered an agenda which included the following:</p> <ul style="list-style-type: none"> • Analytical Review – draft Annual Accounts 2020/21 • Update on Going Concern issues • Draft annual report • Draft annual governance statement • Internal Audit Progress Report • Internal Audit Cyber Security Report • Counter Fraud – Anti-Fraud Annual Report • Counter Fraud – Fraud standard-baseline Assessment • Security Annual Report 2020/21
2a	Alert	<p>The Committee wishes to alert members of the board of directors that:</p> <ul style="list-style-type: none"> • Due to a revision in International Standard on Auditing (ISA) 570 relating to ‘going concern’, there is a requirement for entities to complete a formal assessment of their status as a going concern. A detailed analysis, including a prudent cash flow forecast to 30 September 2022, was provided to the Committee (agenda item 64/21). Details highlighted potential risks to financial sustainability (to the system as a whole) and the need for revenue loan funding in 2022/23 financial year. It was noted that significant work is underway in the system to set out how financial sustainability may be restored in the Trust and local ICS. • MIAA reported on their findings to their Cyber Security Review with a limited assurance rating provided. The auditors recognized that the Trust was aware of the risks and issues highlighted in the report, and that plans were in progress to improve the situation. The position will continue to be monitored by the Committee through oversight of completion of audit recommendations.
2b	Assurance	<p>The Committee wishes to assure members of the board of directors that:</p> <ul style="list-style-type: none"> • An in-depth review of matters which may affect the outcome of the annual audited accounts 2020/21, was provided by the Associate Director of Finance, which included detailed information on employee benefits for 2020/21, revaluation of plant, property and equipment, with particular emphasis on the estate valuation, and going concern matters.
2c	Advise	<p>The Committee wishes to advise members of the board of directors that:</p> <ul style="list-style-type: none"> • Extensive review by the Committee took place relating to the revaluation of the estate, for the annual audited accounts 2020/21, as initial audit work suggested an increase in value of £49,578k upwards.

		<p>The principal reason for the increase in value drew on the fact that the estate was last valued in 2015 using the BCIS Mean General Hospital (MGH) Index. During interim years, desktop valuations used the same index inflated by movement in the BCIS Tender Prices Index (TPI). The full 2021 valuation used the 2021 BCIS MGH valuation, rather than the 2015 BCIS MGH valuation inflated by the BCIS TPI. During the interim period, the BCIS MGH increased at a faster rate than the BCIS TPI.</p> <p>However, the external auditors deemed that there was no fundamental error as regards the revaluation, and that there was no change in accounting policy. Therefore, as a result of this revaluation, the accounts now show that impairments to the value of £9,296k have been charged to SoCI and previous impairments of £15,367k have been reversed, giving a net total of £6,071k. Impairments of £3,569k have been charged to the Revaluation Reserve and £8,990k of impairments previously charged to the Revaluation Reserve have been reversed, giving a net increase of £5,421k to the Revaluation Reserve;</p> <ul style="list-style-type: none"> • The Local Counter Fraud annual baseline assessment for the Trust has been completed and submitted in accordance with requirements. This year's assessment follows a new format. Findings show that there are four areas, rated amber, in which further work is required. • Further work regarding the dis-establishment of board committees and the dissemination of matters from those committees to the new committees is to be undertaken, together with a review of processes followed to ensure that concerns raised within Committee Key Issues Reports to Board, are appropriately monitored, assurance received and closed down. 		
3	Actions to be considered by the Board	None		
4	Report compiled by	<i>Anna Milanec, Director of Governance</i>	Minutes available from	<i>Alison Kerr-Gold, EA to Director of Governance</i>