

<b>Audit and Risk Assurance Committee, Key Issues Report</b>		
<b>Report Date:</b> 1 August 2023	<b>Report of:</b> Audit and Risk Assurance Committee	
<b>Date of meetings:</b> 12 April 2023 1 June 2023 15 June 2023	All NED members present. Director of Governance, Director of Finance, with representatives from the Trust's Internal Auditors MIAA, External Auditors KPMG, and NHS Counter Fraud, also in attendance for the meeting, together with several Trust officers.	
1	<b>Agendas</b>	<p>The Committee considered the following:</p> <ul style="list-style-type: none"> <li>• Internal Audit – Head of Internal Audit Opinion (Substantial Assurance)</li> <li>• Internal Audit – Annual Plan 2023/24</li> <li>• Internal Audit Report: <i>Data Quality Review – cancer waits. (Substantial)</i></li> <li>• Internal Audit Report: <i>ESR-HR\Payroll and Sickness Management (Substantial)</i></li> <li>• Internal Audit Report: <i>Divisional Risk Management (Limited)</i></li> <li>• Internal Audit Report: <i>End of Life Pathway / CQC Actions (Substantial)</i></li> <li>• Internal Audit Report: <i>DSPT (part 1) (pending)</i></li> <li>• Internal Audit Report: <i>Follow-up audits</i></li> <li>• Internal Audit Recommendations Tracker</li> <li>• External Audit Plan 2023/24, including VFM assessment.</li> <li>• External Audit Draft ISA260</li> <li>• Anti-Fraud Annual Report 2022/23</li> <li>• Anti-Fraud Annual Plan 2022/24</li> <li>• Anti-Fraud Functional Annual Standard Return</li> <li>• End of financial year matters: <ul style="list-style-type: none"> <li>• Changes in Accounting policies</li> <li>• Non-Consolidation of Charitable Funds</li> <li>• Financial summary of the year and draft financial statements</li> </ul> </li> <li>• Losses and Special Payments Reports</li> <li>• Competition Waiver Reports</li> <li>• Overseas Patients Report</li> <li>• BAF report Q3 and Q4 2022/23</li> <li>• Risk Management report Q3 and Q4 2022/23</li> <li>• Risk Appetite refresh 2023/24</li> <li>• Cyber Security Update</li> <li>• Freedom to Speak Up Report Q3</li> <li>• Freedom to Speak Up Policy</li> <li>• Presentation of Annual Report and Accounts 2022/23</li> </ul>
2a	<b>Alert</b>  <i>Matters of concern, gaps in assurance or key risks to escalate to the Board.</i>	<ul style="list-style-type: none"> <li>• The Committee remains concerned at the number of outstanding internal audit recommendations there are, particularly those of high risk. At the end of May 2023, 36 recommendations were overdue for completion in total, with 9 being classed as high risk. (Since that time, there has been movement to close some of the recommendations.)</li> <li>• The Committee raised concerns relating to a waiver amounting to a £1.7M contract. An explanation was provided (nature and length of contract), but it was agreed that further information, which would provide the members with more assurance, would be included on the regular Competition Waiver Reports to the Committee going forwards.</li> </ul>

		<ul style="list-style-type: none"> <li>• Criteria Led Discharge has been on the Committee’s agenda for several years, without much progress having been made. Change of executive lead over the years has exacerbated the Committee’s ability to seek progress on the programme.</li> <li>• Likewise, the Committee has been frustrated by the lack of clarity and progress with the Waiting List Initiative (WLI) payments process. The Committee learned that a Policy – HR68 Additional Clinical Activity - had been developed and appeared on the Trust intranet – but it had not been approved by the LNC (Local Negotiating Committee). However, it appears that payments have been made and the Committee is seeking clarification as to what authority has been given for this and what the timeline is for the Policy to be approved.</li> </ul>
2b	<p><b>Assurance</b></p> <p><i>Positive assurances and highlights of note for the Board</i></p>	<ul style="list-style-type: none"> <li>• Head of Internal Audit Opinion provided ‘Substantial Assurance’ that there was a good system of internal control designed to meet the organisation’s objectives, with consistently applied controls in place.</li> <li>• Several local internal audit reviews also provided substantial assurance.</li> <li>• The External Auditors issued an Unqualified Opinion on the financial statements and a conclusion of no significant weaknesses were identified on the use of resources.</li> <li>• The Trust’s updated Risk Appetite Statement was reviewed by the Committee following a seminar / discussion session with Board members. The Committee subsequently recommended the revised statement for approval to the Board.</li> <li>• A comprehensive Cyber Security Report was provided to the Committee, which provided an overview of the progress made during the last few months, and outlined the work that is still taking place. It was noted that the implementation of the new EPR (Electronic Patient Record) has increased the workload of the department as it works to ensure full operability and with cyber compliance requirements.</li> </ul>
2c	<p><b>Advise</b></p> <p><i>Areas that continue to be reported on, and / or where some assurance has been noted / further assurance sought.</i></p>	<ul style="list-style-type: none"> <li>• In accordance with the Local Audit and Accountability Act 2014, the External Auditors, as part of their audit sign off procedures, made a Section 30 referral to the Secretary of State on 16 May 2023 relating to the Trust’s failure to comply with its “breakeven duty”, as set out in paragraph 2(1) of Schedule 5 to the National Health Service Act 2006. This is highlighted in the Independent Report of the External Auditors in the Annual Report and Accounts 2022/23.</li> <li>• The Committee challenged the internal auditor’s Board Assurance Framework (BAF) Briefing which criticised that the board minutes displayed little challenge, or scrutiny of debate regarding the BAF. Members (including two board Committee Chairs) advised that BAF challenge and discussion mainly took place at the Board Committees, before being presented at Board.</li> <li>• The Committee received an Overseas Patient report outlining the amount of fees received against invoices issues to overseas patients. It was agreed that these details would be provided to the Committee on a regular basis, to be contained within the Losses and Payments Report, going forwards.</li> <li>• Whilst discussing the internal audit plan for 2023/24, the recent large scale procurement fraud at another NHS Hospital was raised; lack of proper</li> </ul>

		<p>process had allowed an individual to procure circa £600K of clinical equipment from favoured suppliers, from whom he had received payment. The Committee agreed that it would be timely for internal audit to commit some time to reviewing the Trust's procurement processes, particularly where large-scale capital work was ongoing, and where large-scale procurement would be an essential part of the programme, as, for example, with the HTP programme.</p>		
2d	<p><b>Actions</b></p> <p><i>Significant follow-up actions</i></p>	<ul style="list-style-type: none"> <li>• Internal audit recommendations to be dealt with in a timelier manner by the executives, with notable progress to be made by the next ARAC meeting.</li> <li>• Committee to be given definitive confirmation as to the accountable executive for the implementation of Criteria Led Discharge, so that they can provide progress reports on implementation to the Committee.</li> <li>• Committee to be given definitive confirmation as to the accountable executive for the process of paying Waiting List Initiatives so that a timeline can be provided as to when the draft Additional Clinical Activity Policy will be approved. Clarity to be given as to who has approved any payments outside of the Policy to date, and on what basis.</li> </ul>		
	<p><b>Report compiled by:</b></p>	<p>Anna Milanec, Director of Governance Approved by Prof. Trevor Purt, ARAC Chair</p>	<p><b>Minutes available from:</b></p>	<p>Mrs Beverley Barnes, Board Coordinator</p>

