

Audit and Risk Assurance Committee, Key Issues Report		
Report Date: 9 May 2024		Report of: Audit and Risk Assurance Committee
Date of meetings: 15 April 2024		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	Agendas	The Committee considered the following: <ul style="list-style-type: none"> • Internal Audit – Follow Up Report • Internal Audit - Duty of Candour • Internal Audit – Mortality Governance • Internal Audit – Waiting List Management • Internal Audit – Assurance Framework Opinion • Internal Audit – Risk Management Core Controls • Internal Audit – <i>Draft</i> Annual Report and Head of Internal Audit Opinion • Internal Audit – Follow Up Report • Internal Audit Recommendations Tracker report • External Audit – 2023/24 Audit Plan and Value for Money risk assessment • Annual Review of Policy to govern the nature of non-audit work carried out by External Auditors • MIAA - Anti-Fraud Annual Report 2023/24 • MIAA - Anti-Fraud Annual Work Plan 2024/25 • Losses and Special Payments Report • Procurement Waiver Report • Quarterly Contract Award Report • Emergency Planning, Resilience and Response (EPRR) post challenge • Registers of Interest, and update on compliance with regulatory requirements
2a	Alert <i>Matters of concern, gaps in assurance or key risks to escalate to the Board.</i>	<ul style="list-style-type: none"> • A total of 21 audit recommendations appeared on the internal audit tracker at the time of the meeting – of these: <ul style="list-style-type: none"> 2 were not yet due (1 x medium priority and 1 low priority) 5 were rated as high priority, but 1 was de-scoped (which is now closed). 10 were rated as medium priority, but 2 were de-scoped. 1 was related low priority. 3 were not allocated a priority and were de-scoped. • Internal Audit provided a 'follow up' report illustrating the numbers of closed internal audit recommendations according to their records, dating from 2021. Of fifty-five recommendations which has been followed-up, the auditors' records showed that: <ul style="list-style-type: none"> 13 recommendations had been fully implemented. 8 high priority recommendations had been partially implemented. 18 medium priority recommendations had been partially implemented. 10 low priority recommendations had been partially implemented. 1 high priority recommendation had not been implemented (but had been de-scoped) 5 unidentified.

		<p>The Director of Governance was advised by the internal auditors in December 2020 that access to the auditors' system would be available, so that the Trust could monitor evidence being uploaded to ensure that it was appropriate and complete. Despite frequent requests and assurances that this would soon be available, this is still pending and is likely to be another 12 months before being resolved. As a result, alternative arrangements are being discussed internally.</p> <p>Significant work has been undertaken since the ARAC meeting to provide 'missing' evidence and the position reported by MIAA has substantially improved.</p>
	<p>Assurance</p> <p><i>Positive assurances and highlights of note for the Board</i></p>	<ul style="list-style-type: none"> • The Committee was assured to receive 2 completed internal audit reports, with each achieving Substantial Assurance, and additionally, one with High Assurance. Internal Audit - Duty of Candour (<i>Substantial Assurance</i>) Internal Audit – Mortality Governance (<i>Substantial Assurance</i>) Internal Audit – Waiting List Management (<i>High Assurance</i>) • Whilst not graded, the Trust received a positive opinion from the Internal Auditor's review of the Trust's Assurance Framework. • Whilst not graded, the Trust received a positive opinion from the Internal Auditor's review of the Trust's Risk Management core controls framework, which was reported as 'robust'. • The Anti-Fraud Annual Report 2023/24 was presented. Of note, was the Trust's full compliance with the Government Functional Standard 013 for Counter Fraud. In previous years, the Trust had been able to comply with only 12 out of 13 standards due to low numbers of required colleagues declaring their interests. The work undertaken over the last two years including implementation of use of ESR for declaring interests, and high levels of engagement and increased awareness, meant that the Trust had achieved the 80% declaration requirement and was fully compliant with the standard. Work continues to ensure that this will be reflected in future years. • The Anti-Fraud Annual Report 2023/24 also reported that a total of 64 Fraud Prevention Checks had been issued during the year – illustrating the increasing levels of activity by fraudsters targeting the NHS. Six referrals regarding potentially fraudulent activity were reported during the year, with five of the cases closed, and one carried forward into 2024/5. A potential mandate fraud of circa £126K had been prevented thanks to the diligence of colleagues.
<p>2c</p>	<p>Advise</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"> • The External Auditors provided their Audit Plan, including 'Value For Money' (VFM) Risk assessment. To date KPMG, had not found any significant risks relating to governance and oversight arrangements during their audit. However, they did note that the Trust's interim financial plan submission to NHSE for 2024/25 carried a significant level of risk and uncertainty, particularly in the context of a challenging efficiency target. This would be further monitored with the Auditors confirming that the ARAC would be advised of any further issues. • A report was provided regarding the Trust's compliance with the core standards for Emergency Preparedness, Resilience and Response following feedback from NHSE during a check and challenge process in October

		<p>2023. An action plan had been put in place to improve the Trust's position and was presented to the Committee in which 19 actions were rated as green and 14 rated as amber. It was agreed that progress on the action plan would be presented to the Committee quarterly.</p> <ul style="list-style-type: none"> • The Losses and Special Payment Report indicated that the amounts of both 'Pharmacy – Expired Stock', and 'Pharmacy – Expired Stock, Patient Treatment Stopped' and 'Pharmacy – breakages' amounted to over £15k in February 2024. However, some improvement had been seen with some payment of overseas patient bad debt. • The Waiver Report (February to March) indicated 17 (23 between November 2023 – January 2024) waivers in the total amount of +£6million (+£11million) had been enacted during the period, 16 (19) as Competition Waivers and 1(4) as full breach waivers. 		
2d	Actions <i>Significant follow-up actions</i>			
	Report compiled by:	Anna Milanec, Director of Governance Approved by Prof. Trevor Purt, ARAC Chair	Minutes available from:	Mrs Beverley Barnes, Board Coordinator