



Audit Committee Chair's Report

Public Board

20 May 2021

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| Presented for: | Information and Assurance |
| Presented by: | Suzanne Clark, Chair of Audit Committee |
| Author: | Suzanne Clark, Chair of Audit Committee |
| List of meeting dates: | 6 May 2021 |

| Trust Goals | |
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| The best for patient safety, quality and experience | ✓ |
| The best place to work | ✓ |
| A centre for excellence for research, education and innovation | ✓ |
| Seamless integrated care across organisational boundaries | ✓ |
| Financial sustainability | ✓ |

| Key points | |
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| This summary provides an overview of significant issues of interest to the Board, highlights key risks discussed, key decisions taken, and key actions agreed. | For information and assurance |

ISSUES OF INTEREST TO THE BOARD - 6 MAY 2021

Prior to the formal Committee meeting taking place, Mazar's held a training and development session that was extended to colleagues within the finance team, and provided an update on technical accounting for the for 2020/21 yearend reporting.

Matters Arising from the last meeting

The Committee received an update, in response to the request for further assurance on the review of policies as a follow up from the December and March meeting, which related to Human Resources policies.

The Committee received an update report from the Chair reflecting on learning from observing the recent Surrey Heartlands CCG Audit Committee and noted the planned meeting for sharing learning with Imperial Healthcare NHS Trust, peer sized organisation.

Annual Declaration of Independence of the Non-Executive Directors

The Committee received a report setting out the Conflicts of Interests, held within the public register, for the Non-Executive Directors. In keeping with the Committee terms of reference this had been reviewed by the Chief Executive, and in addition by the Chair of the Audit Committee. This reported independence which assured the Committee. It was noted the Chair's independence would be reviewed with the Senior Independent Director As part of her appraisal process.

Strategic Risks and Governance

The recent work from the Risk Appetite and Tolerance Task & Finish Group, which was approved by the Board at the March timeout set, defined level 1&2 risk categories Therefore the deep dives by the Committee were;

Operational Risk - Business Continuity and Clinical Risk - Capacity Planning Risk;

Business Continuity Risk: We will develop and maintain stable and resilient services, operating to consistently high levels of performance, with a cautious risk appetite.

Capacity Planning Risk: We will ensure that capacity is planned to meet the demand for elective and non elective (acute) admissions to our hospitals, managing this risk to provide safe treatment and care to our patients, with a cautious risk appetite.

The report set out the assurance controls both internally and externally to provide assurance to the Committee the effectiveness of the processes in place and agreed the Trust was operating within its defined risk tolerance. Clare Smith, Chief Operating Officer was in attendance for this item.

External Risk - Legal and Governance;

We will operate the Trust in compliance with the Law and UK Corporate Governance Code, where applicable, with an averse risk appetite.

The Committee received assurance. The Committee received a report that supplemented the detailed Annual Governance Statement with regard to legal and governance assurances reported to the Board and its assurance /management Committees. The Audit Committee were assured the Trust was operating within its defined risk tolerance. Julian Hartley, Chief Executive was in attendance for this item.

BAF and CRR Update

The Committee received these documents as blue box information.

External Audit Update

Mazar's updated the Committee on their on-going work toward the year-end, reporting they were on track. They explained that in keeping with other Trust, they would not be able to

seek assurances by observing stock takes due to social distancing rules. Mazars highlighted they would provide an opinion on the accounts for the 28 May Audit Committee to underpin the recommendation to Board, however would report their full report to the September Committee meeting which would flow to the Board meeting at the end of the month.

Internal Audit Updates

The Committee received an update on the progress report of the Internal Audit Plan for 2020/21. The following final reports had been issued;

- Low ratings - Capital Assets, Risk Management
- Medium - PFI Contract review, CSU compliance phase 1
- High - none
- Advisory - Covid reimbursement costs and Clinical coding

An update was provided on the above reports.

There were six overdue actions within TrAction;

One was low risk and one advisory relating to revalidation of nurse staffing audit.

One was medium risk relating to mixed sex accommodation audit.

One medium and two low risk findings relating to security services audit.

All extension dates were supported by the Committee.

The Committee received the draft annual report of activity carried out for 2020/21, which would support the Head of Internal Audit Opinion towards the year-end process and the required statement within the Annual Governance Statement.

The Committee received the finalised Internal Audit plan for 2021/22 and noted this would be kept under review.

Counter Fraud - Progress Report

The Committee received the annual report for Counter Fraud, Bribery and corruption 2020/21 and commended the work that had taken place, noting the new standards published in January 2021 and the transitional year to demonstrate progress against these. The Committee Chair reminded all of the Board's risk tolerance (*we will adopt a zero-tolerance approach to workforce fraud through the maintenance of an anti-fraud culture, investigating all reported incidences of fraud and following disciplinary and criminal proceeding - with an averse appetite*). Assurance was provided that the work taking place was supporting this.

The Committee received the Counter Fraud work plan for 2021/22.

Corporate Governance Reports

Value for Money Self-Assessment

The Committee received a report explaining the revision to the National Audit Office Code of Practice concerning the assessment of Value for Money. The Trust had carried out a self-assessment against the tool kit which would be reviewed by Mazars as part of the year-end process. The Committee noted the content of the report.

Going Concern

The report explained, as required by accounting standards, the Trust was required to make a statement as to whether the year-end statutory accounts should be presented on the going concern basis. The paper set out the supporting rationale as these had been prepared defining the Trust as a going concern.

Assurance on Year-end Processes

The Committee received verbal updates to provide assurance on the work in hand in preparing the annual accounts, annual report and Quality Account.

Annual Governance Statement

Julian Hartley, Chief Executive presented the draft Annual Governance Statement, which was a requirement of the year-end processes, and set out against a standard template the Trusts submission of internal control and in year issues to highlight. This would be presented to the Board meeting on 28 May 2021 for sign off of the year-end processes.

Annual Report from Committees

The Committee received the Annual Reports with attendance of the Committee Chairs for Risk Management, Research & Innovation, Quality Assurance, Finance & Performance, Building Development, Workforce and DIT. The Audit Committee were assured they had delivered respective work plans, and operated within their Terms of Reference, and where appropriate were seeking slight amendments (which are set out in the report to Board at 14.6). These reports are presented to the Board (Blue Box) for assurance at agenda item 10.6.

Audit Committee Draft Annual Report

The Committee reviewed its own draft annual report which is presented to the Board at item 10.6a.

Record of the Use of the Trust Seal

In keeping with Standing Orders the Committee reviewed the register of the use of the Trust Seal.

Single Tender Actions

The report set out for the period of 1 October 2020 to 31 March 2021 the number of Single Tender Wavers used by the Trust. The details were explained in more detailed and were explored by the Committee

Losses and Special Payments

The report set out information regarding the Losses and Compensation payments made during the year for 2020/21. There had been an increase in the number and value of losses compared to the previous year. The Committee noted the report and the planned audit of Patients' property during 2021/22

Work Plan and Calendar of Key Events for 2021/22

The work plan was received and noted by the Committee.

Other issues for the Committee

The Committee, constituted as the Audit Panel, gave consideration to the process to commence appointment for the Internal Auditors.

Standing Agenda Items

There were no new issues to escalate to the CRR, no issues required legal advice, or escalated to NHS England/Improvement, CQC or to the Board.

Suzanne Clark, Chair Audit Committee
10 May 2021