

REPORT TO THE TRUST BOARD: PUBLIC
21 May 2020

Title	Audit Committee 12 May and 10 March 2020 – Chair’s Report
Committee Chair	Anit Chandarana, Non-Executive Director and Chair of Audit Committee
Author	Cathy Lilley, Associate Director of Corporate Governance

Purpose of the report

To bring to the Board’s attention key issues and assurances discussed at the Audit Committee meetings held on 12 May and 10 March 2020.

Issues to be brought to Board’s attention

12 May 2020: The Committee considered a range of items which included a focus of COVID-19 on the Trust. The Committee wished to draw the Board’s attention to its discussions on:

- **Board Assurance Framework:** The COVID-19 pandemic and resultant lockdown has had a significant impact on the Trust’s staff, services and finances. The BAF risks have therefore been reviewed in the light of this unprecedented time and the Trust’s response – a summary BAF is attached at appendix 1.. When reviewing the risks consideration has been taken of:
 - The impact of the crisis
 - The actions identified/being undertaken to manage/mitigate the risk and address the gap
 - If additional controls are needed
 - How assurance will be provided
 - Any recommended changes (including rationale) to the target and current risk scores.

The Committee agreed changes to the following risk descriptions:

Risk 5	If the Trust does not effectively attract, retain and look after staff wellbeing, there will be an impact on the Trust’s ability to deliver the Trust’s strategy <i>(changed to focus on recruitment, retention and wellbeing)</i>
Risk 6	If issues affecting staff experience and equalities are not addressed there may be issues around staff morale and engagement <i>(changed to focus on staff experience and inequalities)</i>
Risk 8	If infrastructure plans are not well implemented and adopted, waste will not be reduced and in year financial benefits may not be delivered. This includes infrastructure, people and directorate plans

The Committee agreed changes to the following risk scores:

Risk No	Risk Score March 2020	Risk Score May 2020
Risk 4	High (major 4 x possible 3)	Significant 20 (catastrophic 5 x likely 4)
Risk 6	Moderate 9 (moderate 3 x possible 3)	High 16 (major 4 x likely 4)
Risk 8	High 10 (catastrophic 5 x unlikely 2)	Significant 25 (catastrophic 5 x almost certain 5)

- **Internal Audit Annual Report 2019/20:**
 - Positive assurance opinions issued for 10 audits; where reasonable assurance was provided, some areas for enhancement have been identified and each case management actions have been agreed
 - Partial assurance was issued for three audits: mandatory training, rostering and patient

safety – seclusion and restraint (draft); however the Trust proactively selects audit areas where there are known challenges

- The value of internal audit is that it enables a structured action plan to be generated and monitored.

- **Internal Audit Plan 2020/21:**

- Changes in consultation with Executive Directors have been made to the plan following review by the Board at its Development Session on 11 March 2020
- These include review of people participation, remote working under COVID arrangements, and clinical review – learning from COVID
- The Committee recommended several other amendments, including strengthening the coverage of integrated care and population health, and strongly supported a formal audit of the Trust's response to COVID-19.

- **Annual Counter Fraud Report 2019/20:**

- The Counter Fraud Team undertook extensive work in 2019/20 to further raise fraud awareness across the Trust, detect and prevent fraud through a programme of proactive reviews and investigate allegations of fraud and bribery, ensuring the full range of sanctions are applied where appropriate
- The benchmarking report indicates that the Trust's high rate of referrals is due to reflects high awareness amongst staff due to training and awareness raising programmes
- An assessment for compliance against standards using the Self-Review Tool (SRT) was completed and the Trust has been assessed as 'green' overall, with more 'green' areas than in previous years
- Process for managing declarations of interest to be accelerated
- The Committee discussed the process for pre-employment and training checks for agency staff and will receive a report on assurance options at a future meeting.

- **Fraud Risks During COVID-19:**

- Fraud risk register has been updated following risk assessment covering recruitment, finance, procurement, payroll and IT
- Cyber security was identified as the most significant risk
- There is no evidence that the types of fraud identified on the risk register are occurring
- Requested a future report on COVID-19 fraud detection methodologies and the Trust's experience against the risks identified.

- **Emergency SFIs:** These were formally ratified following email approval by the committee Chair and committee at the beginning of the COVID-19 pandemic.

10 March 2020: At its meeting on 10 March 2020, the Committee considered a range of items including reports from Internal and External Audit, a deep dive into BAF risk 3: patients and community engagement, update reports on counter fraud, waivers, risk management, annual accounts 2019/20 and approved the updated standing financial instructions (SFIs).

- **Counter Fraud:**

- Counter Fraud Annual Work Plan is similar to previous years and is dictated by NHS standards and as a result of the continuous fraud risk assessment process
- A full counter fraud risk assessment will be undertaken with regards to moving GP services
- Zenda Butler has been nominated as the Trust's fraud champion
- Visit by NHS Counter Fraud Authority: The Committee was pleased to note:
 - o The Trust is one the higher performing Trusts in terms of the number of investigations and outcomes (sanctions and monies recovered)
 - o The Trust has been invited to showcase its work at a number of NHS CFA workshops on fraud risk assessments
 - o NHS CFA was very complimentary about the counter fraud work at the Trust, specifically praising Zenda Butler for her exemplary stewardship and delivery of the

counter fraud agenda.

- **Waivers:** The Committee requested that future reports provided clarification and assurance with regards to the reasons for the waivers to ensure that the procurement process is not being by-passed.
- **Internal Audit**
 - The new approach to financial viability is now more structured than previously; there is a richness of discussion that needs to be captured in a way that meets the auditors' requirements
 - The actions and learning being implemented to address poor record-keeping, particularly where it could have adverse effects on patient outcomes and received assurance that the June 2020 deadline is realistic. Good progress is being made as demonstrated by the improvement in the score from partial to reasonable assurance.
- **External Audit**
 - There were no significant risks following the site visit in February to Health and Care Space Newham relating to the provision of GMPS Services
 - The Committee discussed the proposed increase to the External Audit fee arrangements for the remainder of the contract.
- **Board Assurance Framework (BAF):**
 - The Committee considered and discussed the deep dive review of risk 3: to ensure the Trust is working effectively with patients and local communities
 - The Committee noted that the Board Development Session on 11 March 2020 will be reviewing the risks and opportunities on the new approach to strategy execution focusing on places and population, and the assurance the Board will require around the delivery of the strategy and priorities.

Previous Minutes: The approved minutes of the Audit Committee meetings held on 14 January and 10 March 2020 are available on request by Board Directors from the Associate Director of Corporate Governance.