



**Sheffield Health
and Social Care**
NHS Foundation Trust

AUDIT COMMITTEE

**Minutes of the Meeting of the Audit Committee of the
Board of Directors of Sheffield Health & Social Care NHS FT
Tuesday, 23 January 2018 in the Rivelin Board Room, Fulwood House**

Open BoD 09.05.18
Item 19ci

Present:

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| 1. Ms. Ann Stanley | Non-Executive Director (Chair) |
| 2. Mr. Mervyn Thomas | Non-Executive Director |
| 3. Ms. Olivia Blake | Non-Executive Director |
| 4. Mrs. Sue Rogers | Non-Executive Director |

In Attendance:

- | | |
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| 5. Mr. Gary Roe | Local Counter Fraud Specialist, 360 Assurance (obo Mr. Robert Purseglove) |
| 6. Mr. Clive Clarke | Deputy Chief Executive |
| 7. Ms. Liz Lightbown | Executive Director of Nursing, Professions & Care Standards |
| 8. Mr. James Sabin | Deputy Director of Finance |
| 9. Ms. Margaret Saunders | Director of Corporate Governance/Board Secretary |
| 10. Mr. Rashpal Khangura | Director, KPMG External Audit Service |
| 11. Ms. Harriet Fisher | Manager, KPMG External Audit Service |
| 12. Ms. Lisa Mackenzie | Client Manager, 360 Assurance |
| 13. Mr. Tim Thomas | Director, 360 Assurance |
| 14. Mrs. Jeanine Hall | PA (Minutes) |

Apologies:

- | | |
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| 15. Mr. Phillip Easthope | Executive Director of Finance |
| 16. Mr. Robert Purseglove | Local Counter Fraud Specialist, 360 Assurance |

Minute		Action
01/01/18	<p>Welcome & Apologies for Absence The Chair welcomed members to the meeting and expressed her thanks to Mr. M. Thomas for acting as Interim Chair during her recent absence.</p> <p>Apologies were noted.</p>	
02/01/18	<p>Declarations of Interest Cllr Blake declared an interest in any issues relating to the Trust's Partnership Agreement with the Local Authority, however, it was determined that these were non-pecuniary and would not require her to leave the meeting during any discussion relating to this item.</p> <p>Following a query regarding the potential for a conflict of interest in respect of agenda item 8 (Bi-Annual Report from 360 Assurance Consortium Board & Review of Internal Audit Services), it was determined that whilst there was no conflict, in light of Mr. Easthope's unexpected absence from the meeting, the paper would be received and noted and any unanswered questions from members could be directed to Mr. Easthope outside of the meeting.</p> <p>No further declarations of interest were noted.</p>	<i>All</i>

03/01/18	<p>Minutes of the Audit Committee held on 17 October 2017 The minutes of the meeting held on 17 October 2017 were approved for receipt at the Board of Directors' meeting (open session).</p>	
04/01/18	<p>Matters Arising & Action Log Members reviewed the Committee Action log and actions were confirmed and/or updated accordingly. A copy of the updated action log is attached to these minutes for members' information.</p> <ul style="list-style-type: none"> i. <u>Annual Reporting Documents – Year-End Processes (AC04/10/17i refers)</u> It was confirmed that the timetable for production of the Annual Reporting documents had now been reviewed at the Executive Directors' Group prior to being received at this meeting to provide the appropriate assurances that processes are in place to ensure timely delivery of required documentation. ii. <u>360 Assurance Internal Audit 2017/18 Progress Report – Electronic Working Paper System (AC04/10/17iii refers)</u> Ms. Mackenzie advised that due to a number of minor technical issues the implementation of the electronic working paper system had been delayed. She was, however, confident that she would be able to confirm arrangements in diaries for an introduction event for members as soon as possible. iii. <u>Risk Management Strategy Review (AC14/10/17 refers)</u> Confirmed that the revised Risk Management Strategy had now been approved by the Board of Directors. iv. <u>Review of External Audit Services (AC19/10/17)</u> It was confirmed that the recommendation of this committee and the Board of Directors to extend the Trust's contract with KPMG in respect of External Audit Services had now been ratified by the Council of Governors. v. <u>Board Assurance Framework (AC12/10/17 refers)</u> Ms. Saunders advised that whilst risk reference A203 v.1 had been updated by the responsible officer, the use of exit interviews as a means of control measure had not been included. Ms. Saunders agreed to follow up the reason for this decision on behalf of the Committee. Ms. Rogers advised that whilst the Workforce & OD Committee receives data regarding the completion of exit interviews, it does lack consistency at the present time. In terms of the proposal that a glossary be developed to assist users in the terms and interpretations used within the BAF, Ms. Saunders advised that a "How to" guide has been developed for use within operations for providing guidance on refreshing the BAF and whilst this has been compiled for a different purpose, it may also meet this request. She agreed to share following the meeting to determine whether it meets requirements. 	<p>LM</p> <p>MS</p> <p>MS</p>
Internal Audit		
05/01/18	<p>360 Assurance Internal Audit Reports – Internal Monitoring Tracker Members received the updated internal monitoring tracker in respect of 360 Assurance Internal Audit Reports. It was confirmed that this information is now</p>	

	<p>being compiled following concerns about the completion and embedding of agreed actions following internal audit reviews.</p> <p>It was noted that whilst at the last meeting it was reported that compliance was marginally up on the previous year, this improvement has not continued and now falls below expectations of the Executive Directors' Group (EDG), with the failure to deliver on a number of key actions within the agreed timescales, particularly within four recent audit areas.</p> <p>This paper has recently been received by EDG and an assurance was given that action is being taken over the next few months to rectify the current position in terms of outstanding actions.</p> <p>It was also confirmed that this document will now be received by the EDG for on-going monitoring of the position and the Chair welcomed this additional assurance that EDG are providing the correct level of scrutiny and overview.</p> <p>In response to a query from the Chair in respect of the lack of progress made against specific actions within the Consent (MCA) and Deprivation of Liberty audit reviews, Ms. Lightbown confirmed that a number of the dates within these items required updating and these would be actioned for the next iteration. She advised that the Consent (MCA) actions were now complete and should be RAG rated Green. In terms of the actions arising from the DOLS audit these were in progress and expected to be completed by the end of quarter 4 and should therefore be Rag rated Amber. Ms. Lightbown confirmed that relevant updates had been received at the Quality Assurance Committee and EDG.</p> <p>It was noted that the main factor in the delay in implementing actions arising from these reviews was capacity and that this has been addressed, and is accurately reflected within the Board Assurance Framework.</p> <p>It was also confirmed that the electronic working papers system due to be introduced by 360 Assurance will provide an additional benefit in being able to assist in the process of monitoring compliance with agreed actions.</p>	
<p>06/01/18</p>	<p>360 Assurance Internal Audit 2017/18 Progress Report (Including Draft Internal Audit Plan 2018/19)</p> <p>Ms. Mackenzie presented the 360 Assurance progress report confirming the work undertaken during the last quarter as part of the 2017/18 audit plan. She noted that five reviews have been completed during the period, namely:</p> <p>Cyber Security – Significant Assurance General Data Protection Regulation (GDPR) – Limited Assurance Mortality – Significant Assurance Operational Risk Management – Limited Assurance Stage 2 Head of Internal Audit Report</p> <p>In terms of the GDPR review, two high risk issues were identified as a result of this review. There was insufficient assurance that the Trust was prepared for the introduction of GDPR in May, including having the correct resources in place. An early follow up review date has been agreed with the responsible Director and this will be completed before the end of March and prior to the issue of the final Head of Internal Audit Opinion statement.</p> <p>It was confirmed that a progress against agreed actions will be received by EDG at their meeting in early February and managed by them accordingly. It was also noted that the lack of resources in this area has been recognised and the need for investment has been identified within the provisional financial plan.</p>	

It was agreed that this item should be included within the Committee's Significant Issues Report to the Board of Directors to maintain an oversight of a potential high risk area for the Trust.

In terms of the Trust's state of readiness for GDPR in comparison to like organisations, it was noted that other similar Trusts have brought together a working group to address this matter, developed a clear action plan with identified resources and identified clear targets for all key officers.

In terms of general governance arrangements, the Chair questioned the processes in place to ensure that the Trust can identify and ensure it can address issues arising out of the introduction of new/revised legislation.

Ms. Mackenzie advised that following the completion of the Operational Risk Management audit review two high risk issues had been identified, noting a number of inconsistencies about how risks are being managed within the Directorates; and also the oversight and available support. Whilst there is a bespoke risk management e-system in place now, it is noted that use of this system needs to be embedded across the Trust, with a marked difference being recognised between the clinical and corporate functions.

It was confirmed that during the last calendar quarter a lot of time and effort has been invested in providing the relevant training in respect of accessing and updating the BAF and Corporate Risk Register e-systems and its roll out across the Trust and down through management teams.

Ms. Saunders confirmed that whilst the outcome of the audit review provided a fair reflection of the status of operational risk management at the time of the audit, in the meantime progress has been made although there is a further tranche of work to be completed. She confirmed that training has now been provided to all relevant officers who will use the e-system going forward and that support will continue to be provided to ensure the clinical and corporate functions work together closely to ensure the BAF and CRR are accurate and timely.

Ms. Mackenzie advised that it is proposed a follow up review is undertaken of the identified high risk areas and a timeframe of end of March/April was suggested. In terms of the lower rated actions, Ms. Saunders confirmed that a timeframe of June for completion has been agreed.

The Chair noted that the outcome of this review was disappointing and whilst it is acknowledged that a lot of work has been undertaken recently to improve the position, assurances are required in respect of embedding the process of identifying risk at the front line/service level and ensuring that these are adequately captured on the e-system and escalated as appropriate.

It was also acknowledged that there is a potential for disconnect between corporate and clinical risk functions in the way that these are currently managed. It was confirmed that in line with a recommendation in the report a piece of work will be undertaken jointly between Dr. Hunter and Mr. Easthope to consider the disconnect and determine now best this can be managed in the future.

In terms of follow up work, Ms. Mackenzie noted that completion of recommended actions currently stands at 56% based on the follow up reviews undertaken to date. It was acknowledged that this area was a huge issue for the Trust during the last year and that, despite action having been taken, the completed percentage is still lower than expected. In line with earlier discussion,

	<p>it was confirmed that the Executive Directors' Group are actively monitoring progress against completion of agreed actions through regular receipt and review of the internal tracker and the Chair stressed the need to improve performance in this area.</p> <p>Members also noted the disappointing response to a survey of Board members on the wider governance, organisational culture and transparency and use of the assurance framework. Ms. Mackenzie explained that whilst she had provided a summary of results within the report, it should be taken in the context of the low number of responses, but that there were areas of learning and development in terms of the BAF, understanding the BAF and ensuring that the BAF drives the Trust agenda.</p> <p>In terms of the Internal Audit Plan for 2018/19, it was noted that a planning meeting had now taken place and the draft plan (of 224 days) presented to members outlined the agreement reached at that meeting.</p> <p>The Chair thanked all those who participated in the planning meeting. She noted that the draft plan reflected discussion at that meeting, however, she reiterated two issues which arose during the meeting, namely the ability to audit the culture of the organisation and the clarity requested around this issue. Ms. Mackenzie confirmed that whilst the allocated days against this item remained in the plan, in line with discussion at the planning meeting, once the clarity is available in terms of what this audit could look like, a decision can be taken on the use of the days allocated. The Chair asked that the detail of this potential audit area is confirmed prior to sign off of the final plan in April. Also, given that potential shortfalls have been identified in the structure of the Trust's risk management system, the timing of this audit within 2018/19 was crucial and it was determined that this review should be pushed back in the plan towards quarter 4.</p> <p>Mr. Sabin noted that whilst the draft plan predominantly focuses on year 1 of the plan, it does indicate an increase in audit days in years 2 and 3 of the plan. It was agreed that this proposed increase would have to be reviewed nearer the start of those years to determine how realistic the additional investment in future years is. It was also acknowledged that the environment is changing rapidly and there will be a constant need to assess plans for their robustness on a year by year basis and that the annual planning meeting facilitates this process.</p> <p>Ms. Lightbown noted a number of the Executive Leads were quoted incorrectly and agreed to provide correct details of Ms. Mackenzie outside of the meeting.</p> <p>Ms. Rogers questioned whether, given earlier discussion regarding the Trust's preparedness for the introduction of GDPR regulations, it would be prudent to consider the inclusion of this area in a future years plan. Whilst members agreed that this could be considered as part of the annual planning process, Mr. T. Thomas noted that changes in the information governance toolkit audit requirements may address this issue, however, it was agreed it would be kept under review.</p> <p>The Committee thanked members of 360 Assurance for their input and noted that the final plan would be received at the April meeting for sign off.</p>	<p>LM</p> <p>LL</p>
<p>07/01/18</p>	<p>Counter Fraud, Bribery & Corruption Progress Report</p> <p>Mr. Roe presented the LCFS progress report on work completed to date in respect of the 2017/18 plan. He noted that, as discussed at the last meeting, the LCFS is currently over plan on the hold to account days and that this is kept under regular review through meetings between the LCFS and the Deputy</p>	

	<p>Director of Finance. He assured members that the LCFS only investigate those issues that can be taken forward from a fraud point of view and pass back to the Trust at the earliest opportunity those matters which it believes need to be dealt with through alternative processes. It was agreed that the number of investigative days used is an element which is outside the Trust's control and very much dependent on identified issues. It was, however, noted that to date the Trust has seen no benefit from any of the Trust's fraud cases and resultant criminal convictions, which would offset any increase in expenditure in terms of hold to account days.</p> <p>Mr. Roe also provided an assurance to members that the Trust was not an outlier in terms of the level and number of investigations being referred and/or investigated by the LCFS; that the quality of referrals received from the Trust was good and there is a good embedded culture of fraud awareness.</p> <p>The Chair noted that the Trust has undertaken a high level of positive work in collaboration with the LCFS in terms of fraud awareness and that a bi-product of that work is the good level of staff understanding and awareness of fraud and fraud reporting arrangements.</p> <p>In response to a comment from the Chair regarding the need to be clear about the criteria by which the risk to the organisation of any possible fraud is measured, Mr. Roe confirmed that there is a clear protocol for assessing potential fraud.</p> <p>It was also noted that Mr. Purseglove had recently met with the Trust's Head of Procurement to evaluate compliance with NHS Protect instructions and recommended good practice within the Trust's Procurement Systems. A number of amendments have been recommended for inclusion in the Trust's Procurement Policy regarding fraud, bribery and conflict of interests, which is currently being refreshed.</p> <p>It was noted that the percentage figures quoted in section 2 "Planned Activity", were incorrect and required amendment.</p> <p>Members noted the report and were duly assured that staff awareness of fraud is continually being addressed and that there is a rigorous process in place for investigating fraud.</p> <p>Mr. Roe left the meeting at this point.</p>	
<p>08/01/18</p>	<p>Bi-Annual Report from 360 Assurance Consortium Board & Review of Internal Audit Services</p> <p>Mr. Sabin spoke to this report in Mr. Easthope's absence. He confirmed that as reported the Consortium Board had received the finance and performance report from 360 Assurance at their October 2017 meeting, indicating strong performance against the internal audit service client satisfaction survey with 94% of responses indicating satisfied or highly satisfied and that the service is forecasting a small surplus.</p> <p>Members noted and agreed the recommendations of the paper in that the internal audit service continues to be of a high standard, meets the needs of the organisation and represents value money. It was also noted that the service is reviewed on an annual basis by the Consortium Board.</p>	
<p>External Audit</p>		
<p>09/01/18</p>	<p>KPMG 2017/18 External Audit Plan & External Audit Progress Report</p>	

<p>& 10/01/18</p>	<p>Mr. Khangura spoke to the annual audit plan received by members, noting that the purpose of the audit was three-fold, in that it is to issue an opinion on the financial statements; provide a conclusion on the Trust's arrangements for securing value for money; and also to give a limited assurance opinion on the Quality Accounts (providing clarification that the term limited refers to the scope of the work undertaken, rather than the opinion itself).</p> <p>He confirmed that the external audit team are currently at the end of the planning phase, the output of which is included within the plan received by members. In terms of materiality and reporting of audit differences, Mr. Khangura advised that, as outlined on page 7 of the paper, following due consideration of the appropriate level at which to report audit differences a decision has been taken to maintain the materiality level at £2m due to a similar level of forecast income to the prior year.</p> <p>In terms of the key audit risks to be considered as part of the year-end audit, Ms. Fisher advised that, in addition to the mandated risks of fraud risk from income recognition and management over-ride of controls; based on their local risk assessment, three further potential risks have been identified for assessment. These are valuation of land and building assets; valuation and existence of non-NHS income and receivables; and valuation and existence of NHS income and receivables.</p> <p>With regard to the value for money audit approach, Ms. Fisher confirmed that this conclusion will, as in previous years, be undertaken in accordance with the National Audit Office Code of Audit Practice. Initial work on securing this conclusion will commence during the interim visit, with it being finalised during the audit in May. As part of the initial risk assessment process when completing this conclusion, one potential risk has been identified relating to the delivery of CIPs and work will be undertaken on reviewing the arrangements in place to deliver recurrent cost improvements and how any shortfall is being managed by the Trust.</p> <p>Ms. Fisher advised that at the present time the new guidance for external assurance on the quality accounts has not yet been released by NHSi, although it is not anticipated that there will be major change in requirements and that there will still be a requirement for two mandated and one locally chosen indicators.</p> <p>The committee acknowledged the report and its comprehensive content.</p>	
<i>Financial Statements & Annual Report</i>		
<p>11/01/18</p>	<p>Annual Reports & Accounts Production Timetable</p> <p>Ms. Saunders presented the first iteration of the Annual Report and Accounts production timetable for the Committee's assurance on the process being put in place to ensure the timely production of these documents, as well as supporting paperwork. She confirmed that the timetable had been received and endorsed by the Executive Directors' Group.</p> <p>It was noted that there are still a number of deadline dates/gaps in the timetable received by members; however, Ms. Saunders assured members that these dates/gaps had now been updated and she agreed to share a further iteration of the timetable for members' information outside of the meeting.</p> <p>Ms. Saunders confirmed that the timetable was presented for members' awareness and to provide an assurance on the timely receipt of year-end documentation. The Chair asked that should there be any slippage in the receipt</p>	<p>MS</p>

	of any of the year-end documentation at any of the Trust's committees that this is brought to members' attention as soon as possible.	
12/01/18	<p>Briefing Paper: FT Annual Reporting Manual Changes</p> <p>Mr. Sabin presented an update to members on the changes in and compliance with accounting policies and practices in respect of the production of the 2017/18 Annual Report and Accounts and confirmed that there had been no significant changes to the FT Annual Reporting Manual.</p> <p>Received and noted by members.</p>	
13/01/18	<p>Briefing Paper: Accounting Policies Review</p> <p>Mr. Sabin presented this brief to the Committee on the changes in and compliance with accounting policies and practices in respect of the production of the 2017/18 Annual Report and Accounts. He noted that, for ease of reference, changes have been highlighted in the report, but confirmed that these were minimal.</p> <p>Mr. Sabin requested an early review of these changes by KPMG to ensure that all appropriate changes have been made to the relevant accounting policies. Mr. Khangura acknowledged this request and confirmed that External Audit would review this as part of their work and highlight any areas of concern as appropriate.</p> <p>The Committee received and endorsed the paper.</p>	
14/01/18	<p>Preparation of Accounts – Going Concern Report</p> <p>Members received this report for consideration prior to formal presentation to the Board of Directors, who are required to endorse the conclusions reached in this document and recommend when considering the Annual Accounts prepared in 2017/18, that it is appropriate for the accounts to be prepared on a “going concern” basis.</p> <p>Mr. Sabin confirmed that the paper highlights the clear justification for a “going concern” conclusion, including the maintenance of a “use of resource” rating of 1; achievement of the agreed control total with NHSi and achievement of the financial plan for the year. He advised that the conclusion of the paper is that the Annual Accounts should be prepared on a “going concern” basis and that this is the recommendation to the Board of Directors.</p> <p>Members noted the content of the paper and were in agreement that it provided a good synopsis of the Trust's business. The committee duly approved the paper and its recommendation for presentation to the Board.</p>	
15/01/18	<p>Initial Draft Annual Governance Statement</p> <p>Ms. Saunders presented an early draft of the 2017/18 Annual Governance Statement, which she explained was based around last year's submission and confirmed that further update and population of the statement was still required.</p> <p>Members agreed to provide Ms. Saunders with any comment/amendments via email outside of the meeting as soon as possible in order that these can be reflected in the next iteration, which it is intended will be circulated to members virtually via email prior to the statement being received formally again by this Committee in April.</p> <p>Ms. Rogers raised specific issues regarding the length of the second paragraph in section 3.2 (Staff Training and Development); also section 4.8 which she felt could include reference to the Workforce Race Equality Standard (WRES). She</p>	All

	<p>also asked that any possible change in equality legislation is checked to ensure that quoted in the statement is accurate. Also, she considered section 7.5 (Workforce and Organisation Development Committee) could benefit from more detail regarding organisation development.</p> <p>Ms. Saunders agreed to follow up and action these comments as appropriate.</p>	MS
Corporate Governance		
16/01/18	<p>Audit Committee Self-Assessment Questionnaire</p> <p>Noted that this is an annual process for committee members to complete a self-assessment questionnaire in order to ensure the committee is working effectively and if necessary identify gaps in committee arrangements and propose an appropriate action plan.</p> <p>It was agreed that all committee attendees (not just members) should complete the questionnaire and return to Jeanine Hall.</p> <p>The results of the questionnaire will be received at the next meeting of the committee.</p>	All
17/01/18	<p>Assurance Reports from Other Committees</p> <p>Ms. Saunders advised that following a request to consider a number of standardised headings for the Significant Issues Reports from all committees into Board, the paper received by members is for review and further comment. Once agreed, a template will be developed for use by all committees to ensure a standard and consistent approach to providing assurance into the Board of Directors and also the Audit Committee as required as part of their remit.</p> <p>Specific comment was made regarding:</p> <ul style="list-style-type: none"> • Matters deferred for future consideration – not needed. It was considered that these would be covered off under matters arising and each committee action log. • Discussion of Key Board Assurance Framework (BAF) and Corporate Risks – delete the words “discussion of”. Agreed that this should reflect the need to report any “Changes in Levels of Assurance” as a result of discussion at the committees. • Significant issues of interest/awareness for the Board – to be reworded to include significant issues that require escalation to the Board. <p>The Chair reminded members that as part of this committee’s remit and the provision of its Annual Report, it is necessary to receive assurances from other Board committees that they have discharged their responsibilities under the agreed terms of reference and it was agreed a standard content and approach to the provision of the Significant Issues Reports would assist in this process.</p> <p>Ms. Saunders agreed to make the amendments noted above and provide a standard template to all committee links. It was agreed that the forthcoming Quality Assurance Committee would be the pilot for the use of this revised template.</p>	MS
18/01/18	<p>NHS Provider Licence – Review of Arrangements for Assuring Compliance</p> <p>Ms. Saunders confirmed that the paper received by members provided a progress report on the action taken following a piece of consultancy work undertaken by 360 Assurance in respect of the NHS Provider Licence and the Trust’s arrangements for assuring compliance.</p>	

	Members noted the progress made against agreed actions and the assurance that the Trust will continue to meet its Provider Licence requirements.	
Standing Orders; Standing Financial Instructions; Standards of Business Conduct		
19/01/18	<p>Standing Orders, SFIs & Scheme of Delegation – Breaches Report Mr. Sabin presented this briefing paper which he confirmed was to be received for information. He advised that the report has already been received and considered by the Finance & Investment Committee and is presented to this committee for its information and assurance regarding processes in place to monitor the application of the Trust’s Standing Orders, Standing Financial Instructions and Scheme of Delegation.</p> <p>It was confirmed that any changes proposed as a result of the findings in this briefing paper would be incorporated into the next scheduled review of the key documents.</p> <p>Members acknowledged receipt of this report; noted the improvement in compliance and the on-going work in respect of purchase orders and agency spend.</p>	
Other		
20/01/18	<p>Board Committee Terms of Reference – Revision Ms. Saunders advised that an exercise has now been undertaken to ensure that all committee terms of reference are aligned. Meetings have taken place with the appropriate committee chairs and Executive leads to discuss proposed changes and the paper received by members provides the outcome of this work.</p> <p>There appeared to be some confusion on the process undertaken in respect of the Audit Committee terms of reference. However, the Chair confirmed that she was happy for members to consider and agree the Audit Committee terms of reference at this meeting. In terms of the other Board committees, the Chair asked that the terms of reference be endorsed at each relevant committee. Ms. Saunders confirmed that arrangements were in place to ensure this takes place.</p> <p>With respect to the Audit Committee terms of reference, discussion took place regarding the fact that the Chair of this committee should not be the Vice Chair of the Trust and it was agreed that due to a potential conflict of interest that this statement should stand. The Chair did agree, however, that should there be a strong wish to revisit this statement then the Committee were within their remit to do so. It was also suggested that, in line with national guidance, the terms of reference should also state that the Chair of the Trust cannot be a member of the Audit Committee.</p> <p>It was also agreed that, due to the forthcoming change in Non-Executive Directors, there may need to be some flexibility in terms of which Non-Executive Directors attend Audit Committee meetings in the immediate future, until new post holders have completed their induction etc.</p> <p>The Chair had a number of small typographical amendments and agreed to advise Ms. Saunders of these via email.</p> <p>Under Section 8 Quorum – it was confirmed that this should read “Deputies for Executive Directors may attend by exception but must be fully brief.” The remainder of the sentence to be removed. It was also agreed that this statement should be moved into section 6 Attendees.</p> <p>A block of duplicated text was also noted in section 10 Reporting Group.</p>	<p>MS</p> <p>MS</p> <p>AS</p>

	<p>Ms. Saunders agreed to make the requested amendments and then confirmed as the current terms of reference for the Audit Committee.</p> <p>Ms. Mackenzie noted that something for consideration by the Committee, and which is being experienced in other Trusts, is that as part of the terms of reference for Audit Committees members are being asked to complete a declaration of interests form specific to their membership of the committee. Ms. Saunders agreed that would be considered in terms of the recent Conflict of Interest audit review.</p>	<p>MS</p> <p>MS</p>
21/01/18	<p>SO/SFI Waiver Requests</p> <p>The Committee received details of three single tender waivers requests which had recently been approved, as follows:</p> <ul style="list-style-type: none"> • Skills Licence Training Agreement • Purchase & Implementation of Wireless Access Points x 60 • Purchase & Implementation of Wireless Controllers x 2 <p>The Committee noted the approval of these single tender waivers.</p>	
Internal Control & Risk Management		
22/01/18	<p>Board Assurance Framework (BAF)</p> <p>Ms. Saunders presented the revised 2017/18 Board Assurance Framework, following the recent collaborative revision process and confirmed that the BAF had been updated by the respective Directorates and then the content quality assured by the Executive lead. She noted a formatting error on page 11 of 15 in that the “tracked changes” had not been removed. These would be amended prior to receipt at Board.</p> <p>Ms. Saunders confirmed that the paper received by members includes a broad overview as well as a summary analysis of the items on the BAF in an effort to capture more of what this means for committee and for the Trust as a whole. The Executive Lead has also been referenced, as this element does not always feed through the e-system. Ms. Saunders advised this is a formatting error on the e-system which we are seeking to address. The BAF definitions and assurance ratings are provided in appendices 3 and 4 and these provide more detail on what is being referenced in the BAF in respect of controls.</p> <p>Ms. Saunders advised that the BAF is presented to committee for consideration and the committee is asked to recommend to the Board for approval.</p> <p>Members then proceeded to review the BAF and the following specific comments were made:</p> <p><i>Strategic Risk 1.2 Safe Care at All Times:</i> It was questioned whether serious incident review outcomes and complaint outcomes or lessons learned should be considered as part of the controls to this item, however, it was agreed that there needs to be a clear understanding of the value and controls these would provide and how they add to the process of providing assurance accepting that there needs to be a balance between the detail and what the BAF is intended to do which is to provide assurance.</p> <p><i>1.4 Timely Access to Effective Care:</i> In response to a question regarding the focus of this item being on Early Intervention in Psychosis Service with no reference to any other services where it is known there are access issues, eg Gender Dysphoria, it was clarified that EIP was a specific national target.</p>	<p>MS</p>

	<p>The Chair noted the additional supporting information provided within this iteration of the BAF and asked whether the intention was to provide this level of summary information each time the BAF is received. Ms. Saunders advised that is dependent upon what the committee deems it needs to receive in order to provide the appropriate level of assurance. It was agreed that this level of detail was helpful to those new to the BAF and suggested that when the annual refresh of the BAF is undertaken, this is potentially the correct timeframe to revisit and update the summary. It wasn't felt necessary to update the summary in-year.</p> <p>The Chair noted that appendix 2 provides a breakdown of the amendments in greater detail and she asked that consideration be given to providing a similar audit trail on the actions and any changes. It was felt that one thing missing from this appendix is what the level of assurance actually is, meaning that when trying to focus on the level of assurance, it becomes necessary to go through every BAF item, unless the interrogation of the BAF is truly embedded within the Board and committee structure. She suggested that consideration be given to whether the limited and moderate items could be highlighted more clearly on the supporting information and agreed to speak with Ms. Saunders outside of the meeting to follow this up.</p> <p>It was agreed a key development stage is that the BAF helps in identifying key issues, particularly for the Board of Directors, and that it is driving the agenda going forward. The Chair confirmed that discussions are taking place with the Trust Chair and recent Board Development Sessions about this specific issue.</p> <p>There were no significant questions about the levels of assurance presented in the BAF, but it was questioned why, if particular items on the BAF indicate no gaps in assurance, and no controls are noted, a moderate assurance is being reported. It was agreed that there were still a number of areas still requiring development and that the role of the Board committees in reviewing their specific BAF items is crucial.</p> <p>Noted that the BAF refresh exercise is scheduled to be undertaken at the end of February and at this point the wording appertaining to some of the risks may potentially change for coming year. Now that agreement has been reached on the BAF format, it is anticipated that the refresh session can be utilised to identify the risks going forward, determine the level of assurance, challenge where appropriate and ensure focus is on the moderate and limited areas.</p> <p>With respect to the risks around safety (A102), the Chair noted these are rated as moderate and limited, however, there are only a low level of actions identified and questioned whether this needed review to populate further. However, Mr. M. Thomas advised that he felt this was down the level of detail included within the BAF, as he was aware, through the Quality Assurance Committee that a Patient Safety Plan has been approved and is in place and being monitored. It may be that the information on the BAF does not adequately reflect this. It was agreed that the timeframes and narrative for this item needed review and extending. Mr. M. Thomas agreed to pick this item up as part of the QAC BAF review process.</p> <p>Noted that the strategic objective in respect of future services/collaborate and work with partners (page 26) had no controls identified. It was confirmed that this objective has been the subject of discussion throughout the year in terms of the value of its inclusion. It is anticipated that agreement will be reached during the February refresh exercise on whether this objective is removed or if it remains that it is populated further to give a clear indication of the associated</p>	<p>MS</p> <p>MT</p>
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	<p>risks, controls and actions.</p> <p>Overall, members felt there is a sense of engagement at Board committee level with the BAF and reiterated that the next key stage is to ensure Board interrogation and driving future agendas.</p> <p>The committee formally recommended the BAF for receipt at the February Board of Directors meeting for approval, noting the comments made and the further work to be undertaken.</p>	
23/01/18	<p>Corporate Risk Register Members noted receipt of the Corporate Risk Register and had no specific comments on its content.</p> <p>The Chair noted that she would contact Ms. Saunders outside of the meeting to provide feedback some comments on the controls and how they are written.</p>	AS
Other		
24/01/18	<p>i. Evaluation of Meeting The Committee reviewed the meeting, providing confirmation of:</p> <p>a. <u>Significant Issues to report to the Board of Directors</u></p> <ul style="list-style-type: none"> • Review of the BAF & Corporate Risk Register • Internal Audit Progress Report – Outcome of Follow Up Audits • Internal Audit Reviews Outcome – GDPR & Operational Risk Management • Annual Accounts & Report Production Timetable • FT Annual Reporting Manual Changes • Preparation of the Annual Accounts – Going Concern Report • Agreement of Audit Committee Revised Terms of Reference <p>b. <u>Changes in Level of Assurance</u> As noted above, it was agreed that whilst there should be no changes to the level of assurance or risk.</p> <p>c. <u>Agreed Actions</u> To be confirmed via Action Log.</p> <p>ii. Review of Future Meeting Agenda To be undertaken by the Chair and Mr. Easthope outside of the meeting.</p>	
25/01/18	<p>Informal Private Discussion with Audit Representatives The Chair confirmed that this was an open invitation for members of the Audit Services to meet with Non-Executive Director members of the Audit Committee and advised that prior to today's meeting a meeting had taken place with representatives from 360 Assurance.</p>	
26/01/18	<p>Any Other Business None.</p>	
27/01/18	<p>Date, Time & Venue of Next Meeting Monday, 23 April 2018 1.00 p.m. Tudor Board Room, Fulwood House</p>	