



BOARD OF DIRECTORS' MEETING - OPEN

12th September 2018

Open BoD 12.09.18
Item 20ii(b)

TITLE OF PAPER	Audit Committee – Summary Report to the Board of Directors in respect of Significant Issues
TO BE PRESENTED BY	Ms. Ann Stanley, Chair – Audit Committee Non-Executive Director
ACTION REQUIRED	For assurance
OUTCOME	To provide assurance to the Board that the Audit Committee has discharged its duties as directed by the agreed Terms of Reference by the timely reporting of items of significance discussed at the meeting held on 17 July 2018
TIMETABLE FOR DECISION	None required.
LINKS TO OTHER KEY REPORTS / DECISIONS	Minutes of the Committee.
LINKS TO OTHER RELEVANT FRAMEWORKS BAF, RISK, OUTCOMES	<ul style="list-style-type: none">• Trust Board Assurance Framework• NHS Audit Framework
IMPLICATIONS FOR SERVICE DELIVERY AND FINANCIAL IMPACT	Timely reporting to the Board of Directors
CONSIDERATION OF LEGAL ISSUES	None required.

Author of Report	Ann Stanley
Designation	Chair – Audit Committee (Non-Executive Director)
Date of Report	August 2018



SUMMARY REPORT

Report to: Board of Directors

Date: 12th September 2018

Subject: Audit Committee – Summary Report to the Board of Directors in respect of Significant Issues

Author: Ann Stanley, Chair – Audit Committee (Non-Executive Director)

1 Purpose

<i>For Approval</i>	<i>For a collective decision</i>	<i>To report progress</i>	<i>To seek input from</i>	<i>For information</i>	<i>Other (please state below)</i>
		X		X	

To report in a timely manner, items of particular significance discussed at the Audit Committee meeting held on 17 July 2018.

2 Summary

Board members will receive the minutes of the Audit Committee meeting held on 17 July 2018 in due course, however, at the end of the meeting, the Committee agreed by means of this report to notify Board members of the following significant issues:

- SHSC Internal /360 Assurance Internal Audit Tracker

Current internal SHSC monitoring tracker received and confirmed that the Trust has a minimum achievement target of 75% of follow up actions for 2018/19. A small number of outstanding actions in respect of previous years' audits are currently being followed up internally. In terms of completed audits/follow ups for 2018/19, the current completion rate is 58%, however, it is early in the audit year and only two follow up audits having been completed.

An update was provided from Internal Audit regarding the roll out of their electronic tracker (Pentana system). This will negate the need for follow up audits and enable electronic verification of actions implemented by the Trust. This would also eliminate the need for the Trust to maintain its own audit tracker. There was discussion regarding Audit Committee reporting requirements, and agreed that this would be reviewed on receipt of the first pilot, anticipated October 2018.

An assurance was again provided to the committee that there is a continued focus internally on the need to complete agreed actions within agreed timeframes. However, some disappointment

was expressed that yet again there was a time lag in implementing the recommendations.

- Internal Audit Plan 18/19

An issue was raised by Internal Auditors following a second deferral of the Workforce Utilisation Audit by the Director of HR. This could impact on the overall integrity of the plan, or incur contingency day(s) costs to be borne by the Trust. Three recommendations from Audit Committee were discussed and it was agreed that these would be taken forward by the Director of Finance to the Executive Directors' Group for urgent agreement.

- Revised Terms of Reference

The Committee agreed the revised Audit Committee Terms of Reference for ratification by the Board of Directors.

- Review of the BAF & Corporate Risk Register

The new 2018/19 Board Assurance Framework was reviewed by the Committee and in particular the new and revised strategic risks. Specific comment was made regarding a number of risks for which the committee asked for further clarity regarding the specific nature of the risks (eg the PDU unit at Longley). In addition it was requested that all BAF risks have a confirmed link to a designated Board Committee, or the Trust Board.

In terms of embedding the use of the BAF, the Committee requested that EDG specifically review the controls listed with a view to listing only key controls moving forward. This will streamline the document and enable all Board sub-committees and the Trust Board to concentrate on gaps in controls and assurances and the relevant actions being taken to address these. The Chair also requested that colleagues on Board Sub Committees review their area of the BAF in some detail during July and, on behalf of the Committee, reaffirmed the need to challenge in respect of evidence when reporting significant assurance on the BAF. Appropriate revisions needed to be reflected in the version received at October's Audit Committee.

The Corporate Risk Register was reviewed, noting the de-escalation and/or closure of a number of risks and the addition of new risks.

Assurance was provided to the committee that discussions have taken place regarding scoring and the static nature of some risks. Where necessary we may need to include more narrative (likelihood/consequence) to better understand the scoring, particularly for risks designated "high". It was also confirmed that a process is also underway to revisit and reinforce the application of the Risk Management Strategy with the relevant groups who use the CRR, and ensure the risk appetite is reflected accurately.

3 Next Steps

The above items will be taken forward by the Committee as appropriate and to timescales agreed via the action log.

4 Required Actions

For the Board of Directors to:

- Note the issues raised and receive assurance that the Committee will action the resulting issues as appropriate.

5 Monitoring Arrangements

Through Audit Committee as appropriate.

6 Contact Details

For further information, please contact:

Ann Stanley,
Chair – Audit Committee (Non-Executive Director).