

**Agenda item 3.iv**

<b>Report to:</b>	<b>Board of Directors</b>	<b>Date: 6 August 2020</b>
<b>Report from:</b>	<b>Chair of the Audit Committee</b>	
<b>Principal Objective/ Strategy and Title</b>	<b>GOVERNANCE: To update the Board of Directors on discussions at the Audit Committee meeting on 16 July 2020</b>	
<b>Board Assurance Framework Entries</b>	<b>All</b>	
<b>Regulatory Requirement</b>	Well Led/Code of Governance:	
<b>Equality Considerations</b>	None believed to apply	
<b>Key Risks</b>	To have clear and effective processes for assurance of Committee risks	
<b>For:</b>	Information	

**1. Significant issues of interest to the Board**

The Audit Committee met on the 16<sup>th</sup> July for which the focus was the PricewaterhouseCoopers (PwC) report on the bridging loan and the land disposal, and the Local Counter Fraud (LCF) Annual report to the year ended 31 March 2020.

In reviewing the PwC report, the Audit Committee's role was to get assurance that appropriate governance was followed in securing the bridging loan of £15m and an understanding of the timelines for the land valuations and decision making. Members from the PwC team took the Committee through the report in detail and questions were then asked.

In regards the bridging loan, one of the main observations from PwC is that whilst there is documentation for the advice sought from the Department of Health (DoH) and NHS Improvement (NHSI), there are gaps in the Board minutes to evidence the discussion that would be expected before decisions were taken. However, the Committee has taken assurance that whilst the governance around the bridging loan could be better, no rules were broken and thus the decisions made followed due process. Whilst the report gives several recommendations that are high priority, the discussions during the meeting did not bring out any areas of concern except for ensuring that evidence could be provided that the Board had discussed the key decisions in depth. It was agreed at the meeting the recommendations would be implemented immediately.

The report has stated that it is believed that the land disposal strategy was a sensible one. The land sale being much lower than the bridging loan has been vindicated in that there was a legitimate offer on the table for £15m and, whilst in hindsight, pursuing this offer exclusively might not have been the best strategy it was a valid one.

The Committee was presented with the LCF Annual Report for the financial year 2019/20. The report gave the overall assessment of **AMBER** against the NHS Counter Fraud Authority (CFA) Standards using the Self Review Tool (SRT). An amber status is given when an organisation can provide evidence of activity carried out but cannot yet demonstrate that the activity has been assessed for effectiveness.

It was pointed out at the meeting that two of the standards that were rated amber and contributed to the overall amber status were those that the Trust had no opportunity to demonstrate application. It was suggested that this should be challenged for future assessments.

## **2. Key decisions or actions taken by the Audit Committee**

### **LCFS Annual Report**

The Audit Committee accepted the LCFS recommendations and the SRT assessment of Amber

The Audit Committee was asked in the report if there was a strong anti-fraud culture and whether it was satisfied that there was an effective fraud risk management programme in place. To both questions the answer was yes.

### **Internal Audit Plan 2020/21**

The Audit Committee accepted recommendations that the Private Patient Invoicing days and the Consultant Job Planning days to be utilised for Financial Governance reviews.

A review of the application for High Cost drugs to be included on the plan was agreed.

## **3. Other items of note**

None

## **4. Recommendation**

The Board to note the contents of this report