

Agenda item 3.iv

Report to:	Board of Directors	Date: 1 September 2022
Report from:	Chair of the Audit Committee	
Principal Objective/ Strategy and Title	GOVERNANCE: To update the Board of Directors on discussions at the Audit Committee meeting on 21 July 2022	
Board Assurance Framework Entries	FSRA BAF (Unable to maintain financial, operational, and clinical sustainability)	
Regulatory Requirement	Regulator licensing and Regulator requirements	
Equality Considerations	Equality has been considered but none believed to apply	
Key Risks	Non-compliance resulting in financial penalties	
For:	Information	

1. Significant issues of interest to the Board

Summary

There was a follow up report regarding Electronic Patient Record (EPR) which was presented to Committee. This explained the continuous audit of records that will be conducted by the Digital Team each quarter.

Progress reports were received from BDO for Local Counter Fraud (LCFS) and Internal Audit and the Committee was assured that the start to the financial year shows that the planned target dates for audits are being maintained.

The Committee reviewed the three audits that were completed in time for the 2021/22 year end but had not been reviewed in depth by the Committee.

In addition to the progress report LCFS also gave a briefing on Salary overpayments which linked nicely to the Payroll audit which was one of the three Internal Audit reports being reviewed. It highlighted that salary overpayments are not reported to the Audit Committee and that this was an oversight to be corrected for the next Committee meeting in October 2022.

The waivers to Standing Financial Instructions report was also discussed and agreed this will be reviewed and amended for the October 2022 Committee meeting.

Internal Audit Report: Electronic Patient Record (EPR)

In the BDO audit of the EPR earlier in the year, it was noted that there were gaps in the assurance over the completeness of the patient record, whilst it was acknowledged that this gap existed in most Trusts by the auditors, the Audit Committee asked for further assurance.

An audit tool has been designed by the Digital team and is being used to perform a quality audit of records within the Trust. The audit template has been shared with the governance team.

It was noted that the audit of the information on medicines was not going to be included in the Digital's team audit. However, the Committee was assured that the pharmacy team do their own in-depth audit on medicines which is reviewed at Quality Risk Management Group (QRMG) and any exceptions referred to Quality & Risk Committee (Q&R). The Audit Committee is happy for Q&R to keep the watching brief on this.

Regarding the EPR audit as described above, the Committee asked questions on whether the number of records that they are proposing to check on a quarterly basis (10 out of circa 1,000) was a significant enough sample. It was acknowledged that it may not be but because of the work involved they would like to try these small samples first and then review. An update will be given to the Committee in January 2023 after this has been taken to QRMG.

BDO Local Counter Fraud Service (LCFS)

The LCFS gave an update on progress against the planned activity for 2022/23 and the Committee were assured that work is going according to plan.

A briefing note on salary overpayments which was timely as this tied in well with the payroll audit that was being considered at the meeting. The briefing note clarified that salary overpayments were not usually treated as fraud but are deemed a theft offence with referrals to the police if the person refuses to repay the sum.

It was also brought to the Committees attention that a potential fraud was thwarted due to the diligence of the Head of Fundraising for the Charity and the online payment system detection of anomalous donations.

The fraudsters were making donations of 30p each to test what appeared to be stolen card details online. Four did get through and have been refunded to the original cards. The Committee was please to hear about the system working well and that more mitigations have now taken place to reduce the risk of this type of risk even further.

BDO Internal Audit Service (IA)

The Committee was assured that progress on the planned internal audits for 2022/33 are progressing as per the agreed plan.

The three final internal audit reports for 2021/2022 were presented to be reviewed in depth at the meeting. The Committee had seen the summary and signed these off for the end of year accounts but wanted the opportunity to review to make sure that all aspects of follow up was being covered.

The three audits that were reviewed were:

- Data Security & protection Toolkit

- Private Patients Practice
- Key Financial Systems - Payroll

Overall, the Committee felt that the reports were clear and agreed with the 'moderate' assessments.

There was a discussion on the payroll audit where a deficit in assurance was exposed. The Committee does not get a report on salary overpayments which has now been rectified and regular reports starting from October's meeting will be presented to the Committee as a separate agenda item

KPMG External Audit

The Trust has agreed that the external auditors should be paid an extra fee of £12,000 for the three extra pieces of work they had to do over and above the normal business, namely:

- IFRS 16
- Review of PFI model
- Review of M.Abscessus cases

The Committee was assured that this is not a recurrent fee.

Waivers to Standing Financial Instructions

The Committee was presented with the Annual Waivers report for 2021/22 which showed progress and some improvement, in that there were less waivers being asked for and the Executives were being stringent in approving waivers.

It was recognised that the presentation of the information to the Committee could be improved upon and this is being discussed.

- 2. Key decisions or actions taken by the Audit Committee**
Approving the non-recurrent £12,000 extra payment to KPMG.

- 3. Recommendation**

The Board is asked to note the report.