

Agenda item 3.iii

Report to:	Board of Directors	Date: 2 November 2023
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 10 October 2023 – Part 1	
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

The Board Assurance Framework (BAF) update was presented to the Committee and showed that discussions are being held at Committee level to get adequate assurance and constant reviews are being made on the risks. The implementation of the Assurance Mapping was a welcome improvement.

Progress reports were received from BDO for Local Counter Fraud (LCFS) and Internal Audit. Three reports have been finalised and detailed discussions were held on the audit assessments.

Managing Conflicts of Interests Report shows that vast improvement has been made in compliance and the National Fraud Initiative in conjunction with LCFS confirmed that the Trust has no issues with non-declarations. The policy on Managing Conflicts of Interests was approved by the Committee as well as the policy on Freedom to Speak Up – Raising Concerns.

Salary Overpayments 6-month review showed that there are some improvements in getting to grips with some of the issues that result in overpayments. There is an internal audit commissioned to look at this area and the finalised report will come to the Audit Committee in January 2024.

The 2022/23 Charity Accounts and Reports were presented with the External Auditors, KPMG, having no issues with the accounts. The Committee is happy to recommend to the Board of Trustees to approve the Charity Annual Report and Accounts at its next meeting.

BAF

The Audit Committee has been given evidence that the BAF risks are discussed at length in Committee meetings and that steps are being taken to address the gaps in assurance where the assurance is deemed “limited” at the moment.

The Assurance Mapping of the risks (as recommended by the Internal Auditors) has now been submitted for the Committee to assess. This is a great improvement in being able to see where the risks are being discussed and the actions being taken. It was agreed that further improvements could be made by putting in timelines in achieving targets.







Managing Conflicts of Interest

The Trust has made great progress in getting compliance on staff declaring their interests on the system. It has moved from 85% to 99% in a year. It is hoped that this will be sustainable. The Committee also approved the DN313 Managing Conflicts of Interest Policy and Procedure which had some minor changes since it was last approved in 2020.

The National Fraud Initiative (NFI) in regards Companies House matches in conjunction with LCFS showed that all staff reviewed were in compliance, therefore no issues.

BDO Internal Audit Service (IA)

Three reports have been finalised and were presented to the Audit Committee. The audits and their assessments are shown in the table below.

	DESIGN	EFFECTIVENESS
Divisional Governance - Cardiology	 Substantial	 Moderate
Performance and Appraisal	 Moderate	 Limited
Safer Staffing and Data Quality	 Moderate	 Limited

Key

Substantial - Appropriate procedures and controls in place to mitigate the key risks. The controls that are in place are being consistently applied.

Moderate - In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective. Evidence of non-compliance with some controls, that may put some of the system objectives at risk.

Limited - A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year. Non-compliance with key procedures and controls places the system objectives at risk.

After in depth discussions with the auditors and the appropriate Executives, the Committee felt that the assessments were accurate and fair,

One main area of concern that needs to be mentioned from the Safer Staffing & Data Quality Audit was that between January 2022 and May 2023, the Trust had 1,764 red flag events which informed the Trust that the ward was struggling with staffing issues. From the Auditor’s review, they identified that in August 2023, 60% of these incidents were open and action plans were not implemented on a timely basis (over 72% of the incidents related to 2022) to rectify the issues.

The Chief Nurse was able to update the Committee that the red flags were closed in a timely manner but had not been formally recorded. She gave assurance that the red flags are worked on at the time of the issue. Since the audit on reviewing the red flags, the number has fallen to circa 300 that still needed to be closed. Having had the explanation from the Chief Nurse, the Auditors are going to review their narrative on the Management response,. However the assessment will remain as given. The Chief Nurse also gave assurance that work processes are being looked at to ensure that the red flags being addressed in a timely manner are sustainable.

The Audit Committee has recommended that the recommendations from the Performance & Appraisal and Safer Staffing & Data Quality are referred to the Workforce Committee for monitoring.

Salary overpayments 6-month Review

A very good report was received on salary overpayments. Whilst there is still a lot of work to be done, slight improvements are being seen. The Committee was able to get assurance that this is being taken seriously and efforts were being made to minimise the risks.

Internal Audit have started an audit on Salary Overpayments as part of the 2023/2024 plan and this will be reported on at the January 2024 Audit Committee.

Charity Annual Accounts and Report for 2022/2023

The Committee was given an update from the KPMG to say that the audit for the Charity's Annual Accounts and Reports is substantially complete except for some tasks that can only be completed at the end of the process such as Final review, sign off the accounts, management letter, etc. There is no reason at this point not to expect an unmodified Auditor's Report on the financial statements.

A fuller explanation will be put in narrative to the Board of Trustees on the uncorrected misstatement relating to the calculation of staff recharges against the Compassionate and Collective Leadership project (CCLP).

The unadjusted projected misstatement in the ISA 260 of £12k is an extrapolated figure against an actual error of £100. Whilst it does not affect the bottom line of the accounts, the Audit Committee has requested that a statement is made in the narrative to the Board of Trustees that the Auditors do not recommend that the accounts be adjusted and that this is based on a risk extrapolation and the amount is not material.

The Committee is happy to recommend to the Board of Trustees to approve the Charity Annual Report and Accounts at its next meeting. The deadline for submission of Charity Annual Report and Accounts to the Charity Commission is 31st January 2024.

DN259 FTSU - Raising issues of Concerns Policy

As reported in the paper to the Board in September 2023, the FTSU - Raising Concerns Policy has been reviewed by various groups and personnel and is going through the various stages of approval.

This came back to the Audit Committee for sign off and has now been approved.

2. Key decisions or actions taken by the Audit Committee

- Approval of DN313 Managing Conflicts of Interest Policy and Procedure

- Approval of DN259 FTSU - Raising issues of Concerns Policy
- Approval of 2022/2023 Charity Annual Accounts and Report for sign off by the Board of Trustees.
- Asking the Workforce Committee to oversee the recommendations from the Internal Audits on Performance & Appraisal and Safer Staffing & Data Quality.

3. Recommendation

The Board is asked to note the report.