

Report to:	Trust Board
Title of report:	Audit Committee Report to Trust Board
Date of meeting:	9 th October 2018
Status:	For Discussion
Chairperson:	Mrs Sarah Dunnett, Non-Executive Director
Author:	Mrs Jayne Warner, Trust Secretary

Purpose	To provide the Board of United Lincolnshire Hospitals NHS Trust with a formal report of the work of the Audit Committee since its last meeting, the assurances that have been received and validated, and those that are missing along with the actions to address them.
Background	This committee meets at least quarterly and takes scheduled reports from the Trust's Internal and External Audit Providers, Counter Fraud Service, Finance Director and other parties in accordance with an established work programme.
Business undertaken	<p>The Audit Committee met earlier this month on 09 October 2018. The meeting was quorate with attendance from both the Chairs of FSID and Workforce and Organisational Development Committees.</p> <p>External Audit</p> <ul style="list-style-type: none"> • An update from the Trust's external auditors, PricewaterhouseCoopers was provided. The external auditors will be presenting their draft external audit plan for the financial year ended 31 March 2019 to the next meeting. • A technical issues update from PWC was presented. The Committee are seeking assurance from management on the Trust's readiness for <i>Making Tax Digital for VAT</i>, with an implementation date of 01 April 2019. <p>Internal Audit</p> <ul style="list-style-type: none"> • The internal audit progress report was noted. Progress was being made on a new electronic follow up system. • Two assurance reports were provided: <ul style="list-style-type: none"> ◦ on learning from deaths (which received a significant assurance opinion, consistent with work that has been progressed by the Medical Director in this area), and ◦ on Mental Health Act Compliance which was limited assurance. This was disappointing given work that has been progress since the CQC visit. The QGC will be considering the findings further and seeking assurance on implementation of the recommendations raised.

	<ul style="list-style-type: none"> • An internal audit report on the Trust’s policy management framework, which although did not provide an opinion, did highlight improvement actions in the overall policy framework, monitoring, update and review and storage. The Committee sought further assurance from the Trust Secretary on an action plan to address the recommendations raised. The Committee asks that the Board recognises the risks that are associated with the current status. • A request from the Director of Finance for two additional internal audit reviews of capital expenditure on fire works, and small works expenditure within estates. The Committee agreed to these audits progressing.
	<p>Counter fraud</p> <ul style="list-style-type: none"> • A counter fraud progress report was received. <p>Further assurance was required via the Workforce and OD Committee on HR management of a number of issues arising from initial investigations, evidence of management action when control weaknesses are identified and subsequent learning.</p> <ul style="list-style-type: none"> • The Committee welcomed the new style counter fraud progress report.
	<p>Governance</p> <ul style="list-style-type: none"> • A Governance report was received from the Director of Finance. • The Committee were not assured: <ul style="list-style-type: none"> ◦ by a report on off payroll payments (IR35) and sought further clarity from the Director of Finance ◦ by the lack of declarations of gifts and hospitality. The Trust Secretary is to investigate further ◦ by accommodation occupancy payments being made to a third party and sought further assurance from FSID. • Assurance from the Chair of FSID on the Trusts’ response to Cyber Security although lack of assurance still remains around third party servers, and business continuity plans. FSID is to provide further updates to a future meeting. In addition to the Committee noted that the Board were having a specific check and challenge session on cyber security in December 2018.
	<p>Risk</p>

	<ul style="list-style-type: none"> • The risk management improvement action plan was discussed and the Committee were assured of progress being made. <p>The Committee noted that the Board were due to consider risk appetite imminently.</p> <ul style="list-style-type: none"> • The postponement of a review of risk management in light of the new Trust Operating Model, and progress on the implementation of the risk improvement plan was discussed. The Committee agreed that it was appropriate to postpone the review until Quarter 1 2019/20.
	<p>Private Meeting</p> <p>A Private Session of the Audit Committee took place on 9th October to discuss the Internal Audit Service Procurement exercise which was currently taking place.</p>
<p>Risks to refer to risk register</p>	<p>No additional risks to highlight.</p>
<p>Issues to escalate to Board</p>	<ul style="list-style-type: none"> • Concerns expressed about the governance over the programme management of the financial turnaround reporting, and the need to ensure robust processes around the completeness and accuracy of reporting (should this be requested by NHSI) • The volume of appointments being made to support turnaround.