



Agenda item 13a

Audit & Risk Committee Report

Board of directors 25 May 2023

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| **Report title** | Audit & Risk Committee report |
| **Report from** | Asif Bhatti, Chair |
| **Prepared by** | Truda Scriven, Interim Company Secretary |
| **Link to strategic objectives** | Sustainability at scale - We will use our resources responsibly, safeguarding what we have for the next generation; and we will design our services so that more people can access excellent care. |

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| **Brief** **summary of report**  Attached is a summary of the Audit & Risk Committee meeting that took place on 11 April 2023. | | | | | | | |
| **Action Required/Recommendation.**  The board is asked to note the report of the Audit & Risk Committee and gain assurance from it. | | | | | | | |
| **For Assurance** | **✓** | **For decision** |  | **For discussion** |  | **To note** | **✓** |

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| **AUDIT & RISK COMMITTEE SUMMARY REPORT – 11 APRIL 2023** | |
| **Governance** | * **Quorate – Yes** * **Attendance - 75%** |
| **Current activity**  **(as at date of meeting)** | ***Salary Overpayments (Matters arising from minutes of previous meeting)***   * Significant progress had been made with the management of salary overpayments since the appointment of a payroll liaison officer. Legacy cases had been followed up systematically through collaboration with the finance department. A payroll improvement steering group had been set up to monitor casesclosely.   ***Internal audit progress report***   * Progress against the 2022/23 Internal Audit Plan was outlined. The following four reports had been finalised since the last meeting:   *Complaints – (Reasonable Assurance)*   * NA stated that complaints were being actioned well compared to peer group organisations. * It was confirmed that regular reports were presented to the Quality & Safety Committee (including an annual report) and that triangulation of complaints was taking place in divisions though the local groups.   *Cyber Security – (Reasonable Assurance)*   * One priority action needed attention. Greater consistency was required over the guidance for how risk assessments concerning IT and cyber security were conducted. The IT incident management policy, data recovery and business continuity plan last reviewed in 2021, needed to be refreshed.   *Risk Management & Board Assurance Framework – (Reasonable Assurance)*   * Greater precision was required in terms of risk ownership and deadlines for action. * Clear differentiation needed to be made between the corporate risk register and how divisional risks were being actioned. * A proposal had been made to devote time at the next Board Awayday to analyse proactively risk and its management (including cyber risk).   *Equality and Diversity – (Reasonable Assurance)*   * Documentation and processes were now in place. However, the framework required further embedding for people to feel fully engaged. * The organisation appeared to have an appropriate level of diversity when measured numerically, but staff survey feedback indicated that internal career progression was a concern. * The following reviews were still in progress and would conclude the 2022/23 plan and be reported to the next meeting: Estates/Capital Projects - fieldwork nearing completion - Medical Job planning - fieldwork nearing completion - Transformational Plans/CIPs – early fieldwork stage.   ***2022/23 Draft Head of Internal Audit Opinion***   * In accordance with Public Sector Internal Audit Standards, the head of internal audit was required to provide an annual opinion, based on and limited to the work performed, on the overall adequacy and effectiveness of the organisation’s risk management, control and governance processes. The opinion contributed to the Moorfields’ annual governance statement. * A positive draft annual internal audit opinion for 2022/23 as at 28 March 2023 was presented. * The final opinion would be set out in the annual internal audit report after year-end.   ***2023/24 Draft Internal Audit Plan***   * The 2023/24 internal audit priorities were based on: analysing corporate objectives, risk profile, assurance framework, rolling internal audit strategy, as well as other factors affecting Moorfields in the year ahead, including changes within the sector. * The detailed internal audit plan for 2023/24 was **approved**   ***External audit – progress report and sector update***   * The interim audit was underway and due to complete by end of April. The audit findings report, annual report and audit opinion would be brought to meeting of the committee on 15 June 2023. * The external audit progress report and sector update were **noted**.   ***Local Counter Fraud – progress report***   * The progress report provided details of the status of the referrals that had been received since 1 April 2022 including those since the previous meeting. * A number of alerts had been issued during the reporting period. This included all NHSCFA Fraud Prevention Notices (FPNs) issued. All relevant alerts had been shared with the appropriate Trust staff and the Audit & Risk Committee chair. * The Local Counter Fraud progress report was **noted**.   ***Counter Fraud - draft annual report***   * The draft annual report provided a summary of the fraud prevention, detection and investigation work undertaken by the local counter fraud team. The report showed the work that had been completed in 2022/23 against the agreed work plan. This was in line with the NHS requirements to meet Government Functional Standard 013: Counter Fraud, and in alignment with the NHS Counter Fraud Authority’s (the NHSCFA) counter fraud, bribery and corruption strategy. * The committee was satisfied that there was an effective fraud risk management programme in place to identify and manage the risk of fraud. * The counter fraud draft annual report was **noted**.   ***Board assurance framework and corporate risk register***   * A fully updated board assurance framework and corporate risk register were presented for Q4 2022/23. * All risks had been reviewed and updated by executive directors. There were no risks removed or added to the BAF for Q4 and there were no changes to risk scores. It was noted that the impact of Covid-19 remained on the BAF at a risk score of 9 following an outbreak of Covid that had occurred at St Ann’s Hospital on 6 March 2023. It was anticipated that for Q1 FY24 this risk would be reassigned as *infectious disease* and be owned by the Chief Nurse. * An overall view of current risks was proposed for the Board strategy day on 22 June 2023. * The BAF, CRR and supporting report were **noted**.   ***Waivers to standing financial instructions***   * The report provided an update on the use of SFI tender waivers for the period April 2022 to February 2023. The following had been set out in the report: In-year waivers by department, volume and value; Historical waiver trends over 12 months; and Details of the waivers raised since last reported to the committee. * The report on waivers to the standing financial instructions was **noted**.   ***Losses and special payments***   * The report updated the committee on losses and special payments for the period April 2022 to February 2023. There were no Losses or special payments for Dubai.   ***Standing Financial Instructions Update 2023/24***   * The annual review of the Trust’s Standing Financial Instructions (SFIs) was presented. Subject to ratification by the Board on 25 May 2023, it was **agreed** to make the proposed amendment to Table 1 of the Scheme of Delegation for approval of research and development contracts to include CFO approval to £500,000.   ***Annual report of Fit and Proper Persons***   * The committee confirmed that the Trust had discharged its obligations to meet the Fit and Proper Persons Regulation (FPPR) requirements. The approval would be reflected in the self-certifications of compliance going to Board on 25 May 2023 (FT4 and governor training – *compliance with governance arrangements* and G6 and CoS7 – *satisfactory* *systems and processes*).   ***The annual report of the use of the Seal*** - was noted. |
| **Key concerns** | The Audit & Risk Committee noted that a paper on the status of salary overpayments (including a trend analysis) would be submitted to the committee meeting on 18 July 2023. |
| **Date of next meeting** | * 15 June 2023 |