



Agenda item 10

Report of the audit and risk committee

Board of directors 28 April 2022

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| **Report title** | Report of the audit and risk committee |
| **Report from** | Nick Hardie, chairman, audit and risk committee |
| **Prepared by** | Jamie O’Callaghan, head of corporate governance |
| **Link to strategic objectives** | We are able to deliver a sustainable financial model |

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| **Brief** **summary of report**  Attached is a brief summary of the audit and risk committee meeting that took place on 12 April 2022. | | | | | | | |
| **Action Required/Recommendation.**  The board is asked to note the report of the audit and risk committee and gain assurance from it. | | | | | | | |
| **For Assurance** | **✓** | **For decision** |  | **For discussion** |  | **To note** | **✓** |

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| **AUDIT AND RISK COMMITTEE SUMMARY REPORT – 12 APRIL 2022** | |
| **Governance** | * Quorate – Yes * Attendance (membership) - 66% |
| **Current activity**  **(as at date of meeting)** | ***Internal audit***  Progress report   * The committee received a progress report outlining that good progress was made around the follow up of management actions but three were overdue. RSM were satisfied with the management response to the overdue actions. * RSM advised that they had had their five yearly required review against public sector internal audit standards undertaken by Grant Thornton and received the highest award.   Draft Annual Internal Audit opinion   * RSM highlighted that they were appointed in June, but the draft opinion covered the period from 1 April. * The committee received a positive review, which highlighted a number of reasonable assurance opinions. * Theatres Management and IT Strategy (Draft) received partial assurance. The Management of Projects (Draft) was split into two parts: Diagnostic Hub received reasonable assurance and Digital platforms received minimal assurance. * RSM outlined two pieces of work to complete around Rostering and Data Security and Data Protection Toolkit/ Cyber Security.   Draft 2022/23 Audit Plan   * The committee received the report summarising the plan for 2022/23. * RSM advised the committee that feedback was received from the executive team. * Further work was planned on cyber security and management controls inthe UAE which was postponed due to Covid-19.   ***External audit***  Progress report   * Grant Thornton advised that for the previous year, audits revealed an NHS underspend and pressure centrally for NHS bodies to accrue for expenditure that would be defrayed in the following financial year. A risk had therefore been added for the trust around the accuracy of accruals. * The previous risk around the valuation of the trust land and buildings had been enhanced to be more specific. * The public sector will implement the IFRS 16 standard from 1 April. This will add an additional requirement for the trust to disclose its accounting policies and the potential impact of the new standard. There will be a material number likely disclosed which will require further audit. * Grant Thornton advised the committee there were no risks of significant weakness and the baseline will be updated to track any changes.   ***Local Counter Fraud Progress Report***   * The committee received a progress report setting out activity since the last meeting. * A representative from NHS CFA updated the committee on a longstanding investigation. * The fraud and bribery risk assessment was being finalised, which looked at the level of risk across the organisation and factored in provisional findings and identifed key risks. * The time recording for consultant job planning was flagged, which is done jointly with internal audit and procurement. * The committee discussed the potential of an internal audit on the processes of the construction contract for Oriel. * There would be a degree of flexibility added into the workplaces to address the scope before a review begins.   ***Counter Fraud – Draft Annual Report***   * RSM advised that the report was created before year end so extra figures would be added to include the draft counter fraud functional standard return, which is the new version of the SRT that has to be submitted to the CFA. * The annual report details the proactive and reaction work that has been undertaken throughout the year. Identifed some of the key risks. * Overall score for the trust is expected to be green, but will be at least an amber rating. * Fraud and bribery risk assessment will be amber. * In the previous year there was two referrals and six in the current year.   ***Consultant job planning***   * Overall compliance was up to 93%: 95% for City Road, 95% for MEH North and 76% for MEH South. * It was expected that compliance would increase before the sign off process began. * This level of job planning has been acheived by an enhanced level of support being offered to the service for a period of 3 months, including delivery of 25 training sessions and numerous 121 sessions. * Next steps include using job plans to realise efficiencies in medical rostering/ annual leave management and progress towards NHS target level of attainment.   ***Board assurance framework***   * The committee were provided with an update on the Q4 2022/23 period for the BAF and corporate risk register. * The Oriel score was increased due to the macroeconomic climate and concerns around inflation that could impact construction costs. * The cyber security risk has increased from 16 to 20 due to the increased liklihood of a cyber attack, given the situation with Ukraine and Russia. Consequently, the aspirational score was revised to 12. * The future funding models risk was increased from 12 to 16 due to the ongoing uncertainty around funding and likely deficit. The description was also simplified. * The workforce plan risk had been increased from 12 to 16 to take into account some of the feedback from the staff survey and the preliminary findings from the well-lead review. * The Covid risk was decreased from 16 to 12 as it was felt that the impact was not as high as previous waves, although there was still a concern that patients may cancel appointments or staff sickness which would impact service. * No risks had been added or removed from the BAF for Q4. * A risk around declarations of interest was added to the coporate risk register as it was a growing issue particularly as the organisation becomes more entreprenerial. * A risk on CITO will be added in Q1 and how its articulated as a clinical safety risk. There will also be a consideration of a futher risk on patient follow ups.   ***Information governance risk register***   * The committee were provided with the information governance risk register. * Rsks with 12 and above will now be updated monthly * The cyber essentials score was decreased as it was no longer a mandatory requirement for the financial year. * It was expected that the trust would meet the requirements for compliance with the IG toolkit.   ***Waivers to Standing Financial Instructions***   * The committee received a report outlining the waivers that had been approved in the financial year and details of the ones agreed since the last committee. * Total waivers raised in this financial year were 80, totalling £2.236m. * The top areas were EBME £0.891m, IT £0.608m and Estates and Facilities £0.441m.   ***Lossess and Special Payments***   * The committee were updated with the volume of losses since the last meeting. * Total Moorfields Private Losses and Special Payments £2,685 on 77 cases. * Total NHS Losses and Special Payments £21,507 on 21 cases. * There were no Dubai Losses and Special Payments as they are reported in March and the report was up to the end of February   ***Standing Financial Update 2022/23***   * The Scheme of Delegation reference to the London Claremont Clinic has been removed as it is not part of the trust and needs its own Scheme of Delegation with reduced limits to reflect annual turnover. * The rules over disposal of assets with no residual value has been amended to allow the Head of Financial Control to approve these in the future as part of an internal audit recommedation. |
| **Key concerns** | * Project management of the Digital platforms received minimal assurance * More scrutiny will be made on the accuracy of accruals * IFRS 16 standard will add an additional requirement for the trust to disclose accounting policies |
| **DONM** | * 5 July 2022 |