

Key Issues Report

Issues for referral to reporting Committee/Group

Originating Committee/Group and meeting date:	Audit and Risk Committee 16 th January 2024
Chair:	Mr Mark Millar, Non-Executive Director
Lead Executive Director (as appropriate):	Mr Adrian Marr, Director of Finance

Subject	Details of Issue	Action*
Internal Audit Progress Report 2023/24 Including Consultant Job Planning Audit Report	Mr Jones presented the Internal Audit Progress Report, highlighting that since the last meeting of the Committee an audit on Consultant Job Planning had been completed and there were two further reports in draft form. He reported overall good progress against implementing management actions, and added that in the area of job planning there was variation in terms of how much progress had been made across the divisions in implementing agreed actions. The Committee noted that job planning was discussed at every Divisional Accountability meeting, and that this was the forum where Divisions were held to account for their job planning performance. Overall current job planning compliance was 85%.	Assurance
Internal Audit Management Action Status Report	Mr Jones provided an overview of the report, highlighting that 30 actions had been closed since the last meeting. This was positive progress as further progress had been made despite the fact that 6 more actions had been added. In response to an inquiry about the workforce planning policy the Committee agreed that the Director of People & Organisational Development would provide an update on this offline.	Assurance
Draft Internal Audit Plan 2024/25	Mr Jones presented the plan, highlighting that this was an early version of the plan with four sections. The nine audits in the second section were highlighted this time last year as appropriate for inclusion in 24/25. Section 3 had three audits listed which reflected Executive suggestions for what the plan should include. Section 4 was a look at the Board Assurance Framework and in particular what further could be included in the BAF. A fully costed plan would be presented at the next Audit Committee meeting. Mr Marr highlighted that the plan had been well received by the Executives, who had suggested that Business Continuity Planning should be included in the Divisional Governance audit as a means of assessing Divisional readiness to respond to serious incidents. There was a suggestion to consult other Board Committees as the scope of some of the audit assignments due to be held touched on the remit of QPS and other Committees, and Mr Marr stated that the intention was to approve the plan in March and in the interim the Trust would seek to consult Board Committees as suggested if there was an opportunity to do so. In response to a query from the Committee Chair about the timing of the EPR Governance and Medical Staffing in ED audits, Mr Meers stated	Assurance

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	that medical rota planning was ongoing and led by dedicated coordinators. EPR Governance had been discussed by the Executive Team at their meeting held on 15 th January and was due to go to the Board for discussion prior to being implemented by the end of the 23/24 financial year.	
LCFS Progress Report	Mr Kidd presented this report, highlighting that during the reporting period there were further referrals received. Fraud Awareness week had been marked with several sessions which had been well attended by ESNEFT staff, who had participated in these more actively than their colleagues in other Trusts. There was some variation in attendance between sessions that were mandatory and those that were optional. Ms Tillett stated that clinical leads had an interest in this area, and the Trust was including this work in their induction programme.	Information
External Audit Completion Report 2022/23 <ul style="list-style-type: none"> • Main Audit • Value for Money 	Mr David Eagles introduced this report, acknowledging the fact that there had been undue delays in getting to approval point. Mr Pryke presented the report in full, highlighting that materiality risks identified had remained unchanged since November 2023. The 22 unadjusted misstatements in the report had an impact on the current year's Income and Expenditure, with an overall impact would be to reduce net expenditure by £9.5m, resulting in a surplus of £3.8m. Some of the aforementioned were judgemental, some projected and some factual. Out of the total 22 unadjusted errors, seven related to prior years and had been carried forward automatically, therefore the total errors for the reporting period were 15. Mr Pryke highlighted the property valuation misstatements, this reflected some difficulty in obtaining information from the Trust's valuers, and the auditors worked with their own valuation experts on this. Mr Pryke noted that there were a range of judgements and assumptions on the part of valuers which affected the underlying position on property valuations. Mr Hulme stated that the valuers used by the Trust were widely used across the sector, and enquired whether there was a way of avoiding this issue from reoccurring in the future. Mr Eagles stated that the methodology used had been approved by the National Audit Office some time ago, but had not received recent approval. Mr Marr agreed that the Trust would need to consider its contractual arrangements in this area going forward. The next category highlighted by Mr Pryke was that of projected misstatements. A sample had been tested by the auditors and the auditors then applied any projections to the entire population covered by the Trust to arrive at the total unadjusted figure. In terms of this extrapolation towards the wider population used by the auditors to arrive at that £9.5m figure, Mr Marr enquired whether the actual errors could be included in the report as well as the extrapolated error. The Committee noted that, as the actual error was detailed alongside the projected value to equate to the £9.5m unadjusted errors total, no further action was required on the part of Mr Pryke. Mr Hulme enquired whether the auditors could confirm that the significant delays in completing the annual report were not a reflection of the Trust's preparedness and engagement, and commended Mr Marr and his team on their positive engagement and patience. Mr Spencer enquired whether the unadjusted figure reported by the auditors met the agreed materiality threshold and it was noted that the materiality threshold was not met. Mr Eagles confirmed that there were no errors of significant weakness identified, that the Annual Governance Statement was compliant with regulatory requirements and that the overall audit opinion issued was unqualified.	Assurance

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Draft Annual Report 2022/23	The Committee approved the Annual Report 2022/2023 as presented, and agreed to recommend it to the Board for final approval.	Assurance
Draft Final Annual Accounts 2022/23	The Committee approved the Annual Accounts 2022/2023 as presented, and agreed to recommend them to the Board for final approval.	Assurance
Letter of Representation	The Committee reviewed the draft Letter of Representation and the Chair invited members to confirm whether they were content that this to be approved. The Committee confirmed it had no concerns and noted that there was a requirement for the Chief Executive to formally sign the letter on behalf of the Trust.	Assurance
Board Assurance Framework	Mr Chalkias presented the latest version of the Board Assurance Framework, highlighting that since the last meeting of the Committee the approved deep dive process had been used by the Performance and Finance Committee to hold an Estates BAF deep dive in November 2023. Further deep dives were being scheduled and the regular reviews between BAF risk owners and the risk team continued to be held. Following a risk workshop held with the Board on 7 th December which covered the redesign of the BAF, the introduction of the Committee deep dive process, the refresh of risk appetite and risk tolerance terminology, the application of risk appetite to the risk escalation process and the monitoring of tolerated risks, a first iteration of the proposal on risk tolerance/appetite was on the agenda for discussion today, with a final paper to follow in March 2024. In terms of the BAF, the Committee noted and approved the current version which included a risk trend indicator, the reintroduced BAF6B Cancer performance risk, and other iterative changes. Positive assurance was also recognised for example the staff survey performance, the delivery of the CNST plan, the Trust approval of the EPR Business Case and the approval of the 23-29 Clinical Strategy.	Assurance
Risk Appetite/Tolerance Proposal	Mr Chalkias presented this interim update, ahead of a final paper to be submitted to the March 2024 meeting for full discussion. He invited the Committee to note the proposed implementation of risk appetite, consider and agree the proposed risk appetite values and the frequency of monitoring tolerated risks and note and approve next steps. The Committee noted and agreed these subject to the outcome of ongoing work being reported at the March Audit Committee.	Information
Cyber Security and controls	Mr Meers stated that the expanded team leading on Cyber Security were making progress on closing down the outstanding actions, ensuring that there was added robustness and that the investment that the Trust had made in this area were embedded. The Trust had not been impacted by cyber attacks which had affected other organisations in the region, and testing was being carried out on receipt of alerts issued by NHS Digital. Mr Meers added that the Trust was also working to ensure that all its users regularly had their software updated as a means of protecting against emerging risks. Mr Meers reported that his team were working to close down outstanding actions by the end of April 2024, and the Windows upgrade was also progressing well and was due to be completed in 2025.	Information
Declarations of Interest Six monthly report	The Committee noted this report which outlined the process of implementing the provisions of the Standards of Business Conduct policy relating to the declaration of interests by the Board, Council and Key Decision Making Staff. The Committee noted that the Trust had improved its level of compliance with NHS Counter Fraud Authority Standards, resulting in its assessment reducing from Red to Amber. There was work	Information

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	ongoing to make further improvements and to request declarations from Key Decision Making Staff as part of the annual declaration round.	
Standard of Business Conduct Policy	The Committee approved the revised Standards of Business Conduct policy as presented.	Information
Tender Waiver Report Q3	The Committee noted the Tender Waiver Report for Quarter 3 as presented.	Information
Any Other Business	None was noted.	Information

*Key:		Approval	Positive action required regarding an item of business or support for a decision
Escalation	Support/decision required by reporting committee to resolve an issue within its remit	Alert	Proactive notification of subject matter/risk that reporting committee is currently dealing with or mitigating which may require future action/decision
Assurance	Evidence or information to demonstrate that appropriate action is being taken within a reporting committee's remit	Information	No action required. Reporting to update on discussion within a reporting committee's remit