

Extraordinary Audit & Assurance Committee Chair’s Highlight Report to Council of Governors

Subject:	Audit & Assurance Committee (AAC) Report	Date: 8 th November 2022
Prepared By:	Graham Ward – AAC Chair	
Approved By:	Richard Mills – Chief Financial Officer	
Presented By:	Graham Ward – AAC Chair	
Purpose		
This paper summarises the key discussions of the Audit and Assurance Committee meeting held on 22 nd September 2022.		Assurance Sufficient

Matters of Concern or Key Risks to Escalate	Major Actions Commissioned / Work Underway
<ul style="list-style-type: none"> ▪ <u>Internal Audit</u> – Implementation of internal audit recommendations continues to be an issue – currently at 57% implemented by due date (needs to be >75% for Head of Internal Audit Opinion to be significant assurance) ▪ <u>Internal Audit</u> – Period of time taken to agree Terms of Reference should be no longer than 10 working days – to date this year only 2 out of 6 have achieved this target! 	<ul style="list-style-type: none"> ▪ <u>HFMA Sustainability Audit</u> – this consists of 72 self-assessed questions. 12 of these are subject to audit and therefore feedback and assurance on these will come from the internal auditors. For the remaining 60 a report summarising the self-assessment, together with actions to be implemented to increase any ratings below the full assured 5 will be presented to the Committee. ▪ <u>Overseas Patients</u> – Further analysis of processes (including looking at other trusts) to be made to reduce the bad debt percentage arising. ▪ <u>BAF</u> – Senior executives and committees to be asked to challenge the outcome of ‘inconclusive’ to either remove or explain. Also, Board in approving the BAF to ask each sub-committee chair that they are happy with the BAF elements for their areas.

Positive Assurances to Provide	Decisions Made
<ul style="list-style-type: none"> ▪ Internal Audit – All internal audit reports will in future highlight what evidence will be required to enable a recommendation implementation to be signed off. ▪ <u>External Audit</u> – KPMG gave a verbal update on a change in audit process to include increased walk throughs of SFH’s processes. This will increase their resource requirement but will give extra assurance on our financial processes and reduce the year end workload – more detail to be presented in November. ▪ <u>Procurement</u> – the Strategic Head of Procurement presented the single tender waivers with detailed explanations on each – the process is now mature and working well to give strong assurance that single tender waivers are used appropriately and value for money has been properly assessed. ▪ <u>BAF</u> – the BAF was presented and shown how the BAF approval process through committees to board continues to work well. Further improvement suggestions were made (see Major Actions Commissioned) 	<ul style="list-style-type: none"> ▪ <u>HFMA Sustainability Audit</u> – agreed to reallocate internal audit days to meet the requirement for this audit (20 days). This included agreement not to undertake the general ledger audit (10 days) and the budgeting and control work (15 days). This meets the requirement and adds 5 days to a contingency reserve, which already includes 15 days following the cancellation of the patient safety work agreed in the June AAC (due to a delay in the rollout of the Patient Safety Incident Response Framework). The use of this 20 days to be discussed at the next Committee Meeting. ▪ <u>Internal Control Issues</u> – agreed that other committees should have a specific agenda item of ‘Internal Control Issues to Report to Audit and Assurance Committee’ to ensure that any relevant points are captured.
<p>Comments on Effectiveness of the Meeting</p>	
<ul style="list-style-type: none"> ▪ All papers were of a high quality and clear which helped the meeting run smoothly. 	