

**TRUST BOARD – 29 November 2022**

**AUDIT AND ASSURANCE COMMITTEE – 2 September 2022**

**HIGHLIGHT REPORT**

The key headlines/issues and levels of assurance are set out below, and are graded as follows:

Strength of Assurance	Colour to use in 'Strength of Assurance' column below
Low	Red - there are significant gaps in assurance and/or not properly assured as to the adequacy of action plans/controls
Medium	Amber - there is reasonable level of assurance but some issues identified to be addressed.
High	Green – there are no gaps in assurance and there are adequate action plans/controls

Report	Assurance level*	Committee escalation	ORR Risk Ref
<p><b>Internal Audit Progress Report</b></p> <p><b>Review of HFMA Improving NHS Financial Sustainability</b></p> <p><b>Head of Internal Audit Opinion 2022/23</b></p>	<b>High</b>	<p>An update on Internal Audit activity since the last meeting was received, five final reports had been issued, three with significant assurance opinion and two with an advisory opinion. The reports were presented for information and assurance was received that all actions were being addressed within the agreed timescales. Four terms of reference had also been issued since the last meeting.</p> <p>Fifteen actions had been followed up which were all implemented at first follow up and therefore provided 100% significant assurance. Two follow up actions had been due in August which were also implemented within the agreed timescales.</p> <p>All Trusts were required to commission Internal Audit to produce a report for AAC covering the recent HFMA publication as part of the 2022/23 planning round. The Committee approved the movement of days from other Internal Audit reviews to complete the self-assessment.</p> <p>The Committee received the terms of reference for the 2022/23 HoIAO: Annual Work Programme, updates on progress would be received throughout the year so that any issues / actions could be addressed as they arose.</p>	62, 70 71*
<b>External Audit Progress Report</b>	<b>High</b>	The Committee received an update on the work undertaken since the last AAC meeting in June 2022, work to be completed ahead of the meeting in December and the technical update.	62, 70 71*

Report	Assurance level*	Committee escalation	ORR Risk Ref
Counter Fraud Progress Report	High	The Committee received a summary of the work that was underway or had been completed since the last meeting. The key points highlighted were on progress against the Counter Fraud Functional Standard Summary, specifically component 10; <i>undertake detection activity</i> and component 11; <i>access to and completion of training</i> which had been tolerated as amber. The Committee was assured that action was being taken by the CFS to address this matter, an update on progress was expected at the next meeting.	62, 70 71*
Risk Management Update	High	Changes had been made to the scores for six risks. The ORR demonstrated that risks continued to be monitored and updated and it continued to receive full assurance when presented to the level one committees.	62*
Legal Regulatory Issues	High	There were no specific legal and regulatory issues to highlight.	62*
Internal and External Audit Follow up of Actions	High	The Trust percentage implementation rate continued to be 100% for first follow-up and overall follow-ups, no concerns were raised over the process in place. The actions were also monitored each month by the Executive Team.  One external audit action due to be followed up in September was reported to be on track for completion.	62*
Financial Waivers	High	The report covering Q1 of 2022/23 was presented, a total of 20 waivers with a total value of £1,479.078 (excl. VAT) had been raised. The Standing Financial Instructions had been revised from 1 July 2022 to take account of instances where there was only a sole or a local supplier for a service. The Committee noted a number of actions were being taken to reduce the number of waivers.  An emerging issue was highlighted around the Facilities Management transfer from 1 November 2022 when c150 contracts would be moving from UHL to LPT.	62, 70 71*
IFRS 16 Leases	High	An update was received on the implications to the Trust of IFRS 16 Leases, an accounting standard that came into force on 1 April 22. The Committee was fully assured on processes in place.	62, 70 71*
Chairs of QAC / FPC - updates on key issues	High	The Committee received an update on key issues from QAC and FPC chairs from their meetings held on 30 August. Assurance was provided that the issues raised at the previous meetings in June had been addressed, these included safeguarding training and the Mental Health Act Annual Report for QAC and the issue of delivery of subject access requests within agreed timescales and capital programme for FPC.  Discussion had also taken place at both QAC and FPC on the Strategic Workforce Plan, specifically relating to	62, 70 71*

Report	Assurance level*	Committee escalation	ORR Risk Ref
		quality and safety implications of having high vacancy levels (QAC) and how the increased agency spend would be addressed, particularly in DMH (FPC).	
<b>In-depth review of topic – Cyber Security Dynamic Threat Landscape</b>	<b>Medium</b>	<p>LHIS’s IT Assurance Manager attended the meeting and explained how the profile of cyber security had increased dramatically since the Wannacry attack in 2017 which had highlighted a major weakness in how NHS organisations responded to cyber security events.</p> <p>The types of risks and threats LPT routinely managed included hackers, malware, phishing, vulnerable websites and staff behaviours. A number of metrics, standards and governance frameworks were used to manage the risk exposure to cyber security events, the main one being the Annual Data Security and Protection Toolkit return.</p> <p>Concern was raised that a recent phishing simulation exercise highlighted that staff awareness of cyber security threats required improvement, c1000 out of 8000 responses had been received.</p> <p>Assurance was provided that a number of actions were in place to address the issues which included regular updates on cyber security arrangements to the Data Privacy Committee, the updating of ORR risk 79 (<i>cyber threat landscape</i>), the Internal Audit Cyber Governance Review was due to commence in Q2 this year and a review of all services’ business continuity plans was also planned.</p> <p>The Committee was fully assured on the processes in place around cyber security but acknowledged the residual risk could have a significant impact on the Trust and was therefore only partially assured overall.</p>	79

<b>Chair</b>	<b>Hetal Parmar</b>
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\*principal risk(s) shown but will also cover other risk on ORR