



TRUST BOARD – 31 January 2023

AUDIT AND ASSURANCE COMMITTEE – 9 December 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
Internal Audit Progress Report	High	Three final reports had been issued since the previous meeting, one with limited assurance, one with significant assurance and the Review of HFMA Improving NHS Financial Sustainability Checklist which was an advisory review so no opinion was provided. The HoIAO stage one work had recently been completed and no issues were raised, stage two work was ongoing.	62, 70 71*
Review of HFMA Improving NHS Financial Sustainability Checklist		AAC agreed the cancellation of the Patient Safety Incident Response Framework review for this year due to slippage of the timeframes for introduction and rollout of the framework and the Trust still having a significant amount of work to do to align to it. An update on LPT’s self assessment against the 72 questions in the HFMA checklist was received. LPT had rated itself as a 5 (<i>little or no improvement required</i>) in 16 areas and as a 4 (<i>well performing but improvements could be made</i>) in 34 areas. Only 7 areas were seen as potentially needing significant improvement. An action plan had been developed for those areas scored between 1 and 3. 360 Assurance had reviewed the Trust’s self-assessment for 12 NHSE specified questions, 8 questions had scored 4 or 5 and 4 questions had scored 3. An update on progress of the actions would be provided to future meetings.	
External Audit Progress Report	High	AAC received an update on the work undertaken since the last meeting. Revised International Standard on Auditing 315 had been introduced to achieve a more rigorous risk identification and assessment process and the impact of this was that KPMG had more work to do at the risk assessment and planning stage.	62, 70 71*

Report	Assurance level*	Committee escalation	ORR Risk Ref
Counter Fraud Progress Report	High	<p>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 Standards and progress on reactive work relating to potential expenses fraud and allegations of staff working elsewhere whilst absent from their Trust post through declared sickness.</p> <p>Discussion focused on how to engage staff in counter fraud awareness training as it was not currently mandatory.</p>	62, 70 71*
Risk Management Update	High	<p>An update was received on changes made to arrangements since the last meeting. The main changes to the high risk profile related to provision of FM services now that they had been brought in-house, cyber threat and CMHT capacity.</p> <p>The committee was fully assured on the systems and processes in place to secure an effective risk management and assurance framework.</p>	62*
Legal Regulatory Issues	High	<p>The key issues to note were;</p> <ul style="list-style-type: none"> • Module 3 of the COVID-19 inquiry had opened which would look at the impact of the pandemic on healthcare. • A report on the independent investigation into East Kent maternity and neonatal services would be presented to the December meeting of QAC. • A Board development session on the CQC's new Single Assessment Framework was to be set up with NHFT and the CQC. 	62*
Internal and External Audit Follow up of Actions	High	<p>The Trust percentage implementation rate for internal audit actions was 94% for first follow-up and overall follow-ups. There were three actions due to be completed by the end of December 2022.</p> <p>One external audit action had been reviewed internally and determined as closed.</p>	62*
Revised Committee Highlight Report	High	<p>AAC approved the revised report which had split the assurance level column to enable rating of two different components; where the Trust was currently; and on the plans in place. The change had been made as a result of feedback received through the committee annual review process.</p>	
Policy for the Governance of Policies	High	<p>An update on the new approach to managing policies was received. AAC approved adoption of the revised policy and recommended it be presented to Trust Board for approval.</p>	
Treasury Management Policy	High	<p>The Committee approved the policy and bank mandate following its annual review, only minor changes had been made.</p>	

Report	Assurance level*	Committee escalation	ORR Risk Ref
Financial Waivers	High	<p>The report covering quarter 2 of 2022/23 was presented, a total of 23 waivers with a value of c£677k (excl. VAT) had been raised. Eleven of the waivers at a value of c£409k directly related to the insourcing of the estates and facilities function and the contracts associated with delivering this service.</p> <p>AAC agreed a high level of assurance specifically because the number of waivers were trending back to pre-pandemic levels if estates/facilities waivers were excluded and half of the waivers attributed to 'insufficient timescale' related to the transfer of FM services from UHL to LPT.</p>	62, 70 71*
Annual Financial Accounts Timetable	High	An overview of the 2022/23 annual accounts process and timetable was presented for information, there were no specific concerns to highlight. An update report would be provided to the next meeting.	62, 70 71*
NHSE EPRR Core Standards Self-Assessment Assurance Review 2022/23	Medium	<p>Of the 55 standards that LPT reported against, 46 were reviewed as fully compliant (green) with 4 partially compliant (amber). On review of the position, NHSE had agreed the 4 partially compliant standards in the LPT submission but advised that a further 5 standards be downgraded from fully compliant to partially compliant. A plan was being developed to respond to the nine areas.</p> <p>AAC was only partially assured because;</p> <ul style="list-style-type: none"> • LPT management understanding of assurance criteria differed to NHSE's; • There were now more partial compliance areas due to the downgrade by NHSE; • The action plan to drive up compliance to the NHS EPRR Core Standards 2023/24 was not yet available. 	
Chairs of QAC / FPC - updates on key issues	High	<p>Specific pieces of work that would continue into future QAC meetings included the quality and safety review of LPT's MH, LD, autism, CAMHS and OPMH services which had been undertaken in conjunction with NHFT as a response to the letter from the National Director of Mental Health and the concerns raised by the BBC documentary; LPT's alignment with the Patient Safety Incident Response Framework; and the development of a quality dashboard and metrics associated with it.</p> <p>Discussion at FPC had focused on the transfer of FM services from UHL which had taken place on 1 November, financial pressures, performance across the board and strategic workforce.</p> <p>The Committee agreed there was a high level of assurance that QAC and FPC were operating in line with their objectives within LPT's governance.</p>	62, 70 71*

Report	Assurance level*	Committee escalation	ORR Risk Ref
Highlight reports	High	AAC received the highlight reports for the Quality Assurance, Finance and Performance, Charitable Funds, Remuneration and Policy Committees and agreed there was a high level of assurance as all issues highlighted by committee chairs were being addressed.	
Freedom to Speak Up Update	No rating given	<p>The annual assurance review of the freedom to speak up process was presented.</p> <p>AAC agreed the lack of adequate information the report provided, lack of trend data and the FTSUG's inability to sufficiently address the questions raised at the Committee, being new in his role, made it difficult for a level of assurance to be given. Follow-up work on FTSU would be prioritised for January 2023 and a report presented to the next meeting in March. The Deputy Director of Governance and Risk would work with the FTSU team on the clarity of purpose of the report.</p> <p>In response to queries on how issues of detriment were being addressed, the chair emphasised that FTSU was an important aspect for the Trust, and the Committee and Trust Board were fully committed to encouraging staff to speak up and to the principles of FTSU.</p>	

Chair	Hetal Parmar
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*principal risk(s) shown but will also cover other risk on ORR