**Audit Committee**

**Minutes of the meeting held on**

**22 April 2020 at 09:30   
virtual meeting via Microsoft Teams**

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| **Present[[1]](#footnote-1):** |  |
| Lucy Weston | Non-Executive Director (the **Chair/LW**) |
| Chris Hurst | Non-Executive Director (**CH**)  **BOD 38/2020**  (Agenda item: 17(c)(i)) |
| Aroop Mozumder | Non-Executive Director (**AM**) |
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| **In attendance:** | |
| *External Audit – Grant Thornton UK LLP:* | |
| Laurelin Griffiths | External Audit – Manager, Grant Thornton (**LG**) |
| Iain Murray | External Audit – Engagement Lead, Grant Thornton (**IM**) – *part meeting* |
| *Internal Audit – PwC LLP:* | |
| Sasha Lewis | Internal Audit – Director and Engagement Lead, PwC (**SL**) |
| *Counter Fraud – TIAA:* | |
| Victoria Dutton | Counter Fraud –Counter Fraud Specialist, TIAA (**VD**) – *part meeting* |
| David Foley | Counter Fraud – Regional Managing Director, TIAA (**DF**) – *part meeting* |
| *Oxford Health NHS FT:* | |
| Stuart Bell | Chief Executive (the **CEO/SB**) |
| Dan Bruce | Senior Accountant (**DB**) |
| Paul Dodd | Deputy Director of Finance (the **Deputy DoF/PD**) |
| Mike McEnaney | Director of Finance (the **DoF/MME**) |
| Kerry Rogers | Director of Corporate Affairs & Company Secretary (the **DoCA/CoSec/KR**) |
| David Walker | Trust Chair (**DW**) |
| Martyn Ward | Director of Strategy & Chief Information Officer (the **DoS/CIO/MWd**) - *part meeting* |
| Surangi Weerawarnakula Corporate & Claims Officer | |
| Michael Williams | Financial Controller (**MWs**) |
| Hannah Smith | Assistant Trust Secretary (the **ATS/HS**) (Minutes) |

The meeting followed a private pre-meeting between the Committee members, Internal and External Auditors and Counter Fraud.

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| **1.**  a  b | **Welcome and Apologies for Absence**  No apologies for absence were received.  The Chair welcomed Aroop Mozumder to the Audit Committee and thanked John Allison for his work and contribution as a member of the Committee. |  |
| **2.**  a | **Confirmation of items for Any Other Business**  No items were expected in Any Other Business except as set out on the agenda (consideration as to whether to schedule a meeting in June 2020). |  |
| **3.**  a  b  c  d  e  f | **Minutes of the Meeting held on 05 February 2020 and Matters Arising**  The Minutes of the meeting at Paper AC 14/2020 were approved as a true and accurate record.  ***Matters Arising***  **Item 3(d) Budget setting – Directorate involvement**  The DoF reported that budgets were still in the process of being put together, as COVID-19 work had overtaken the focus of directorates and contracts had also not yet been finalised. He explained that working assumptions on contracts and contract revenue needed to be confirmed as part of being able to set detailed budgets. Therefore, finalising budgets with directorate involvement was still to be completed and the action remained.  **Item 9(g) Potential impact on the Trust’s capital projects of the reverse charge on VAT**  The DoF reported briefly that this had been considered and it would not impact upon the Trust’s capital projects but that more detailed assurance about this could be brought back to a future Audit Committee meeting.  **Item 4 (d),(i),(g)&(h) from 03 December 2019 relating to Clinical Audit**  The Chair asked when the Clinical Audit actions could be completed and reporting brought back to the Audit Committee. The Assistant Trust Secretary replied that this was dependent upon the Medical Director, who was currently engaged in the response to COVID-19, and the new joiner to the Clinical Audit team. Aroop Mozumder added that although urgent clinical audits were continuing, most had been suspended whilst focus was upon COVID-19.  The Committee noted that the following actions were on hold and scheduled for later completion or were to be progressed:  *From 05 February 2020*   * 3(g) Fire Safety reporting; * 4(d) Data Quality Strategy amendments; * 7(b) overdue/outstanding Internal Audit actions – managers to be invited to attend meetings; * 15(b) Single Action Tender Waivers – suggested developments to reporting;   *From 03 December 2019*   * 4(d)&(i) earlier Clinical Audit annual reporting; * 4(g) Clinical Audit processes to be discussed with the Quality Committee Chair; and * 4(h) Clinical Audit action plan, pending new joiner in post in the Clinical Audit team.   The Committee confirmed the following actions had been completed or were on the agenda:   * 3(i) Audit Committee Terms of Reference; * 6(c) final Internal Audit report on Information Governance; * 9(b) Counter Fraud draft annual Self Review Tool; * 9(e) Counter Fraud – the Deputy Director of Finance had been noted as the Fraud Champion and an update had been provided in the Counter Fraud annual report on the National Fraud initiative; * 10(a) Counter Fraud Plan 2020/21; * 14(b) amended Losses & Special Payments report appended to the Summary of Actions; and * 2(b) from 19 February 2019 - joint membership of the Audit Committee and Quality Committee. |  |
| **DRAFT ACCOUNTS AND SUPPORTING DOCUMENTS** | | |
| **4.**  a  b  c  d  e  f  g  h  i  j  k  l  m | **Draft Financial Statements and Accounts**  The DoF and the Financial Controller presented: (i) the Draft Annual Statutory Accounts – Year Ending 31 March 2020; and (ii) a high level analytical review of the Primary Financial Statements from the draft 2019/20 Annual Accounts illustrating variance compared to the 2018/19 Annual Accounts ((i) and(ii) together forming Paper AC 15/2020).  The DoF referred to the high level review and highlighted the following in relation to Income and Expenditure during FY20 compared to FY19:  *Statement of Comprehensive Income*   1. there was a £1.133 million surplus but this was largely down to the contribution from New Models of Care and the benefit of agreed savings (and these could not have been accrued for earlier whilst the prior year position was being confirmed), without these the deficit position could have been £5-6 million; 2. the forecast variance from the control total also took into account challenges which had been prudently accounted for in relation to agreeing contract values with NHS England (particularly in relation to specialist commissioning and funding for the Evenlode medium secure unit), annual leave provision, dilapidation provision, pension adjustments (especially for staff transferred from Buckinghamshire County Council), an increase in injury benefit provision, a provision for a dispute in relation to Oxford Pharmacy Store (**OPS**) and operational performance; 3. profit on the sale of property at Hilltop Road;   *Analytical review of Operating Income*   1. the impact of tariff uplifts was noted throughout; 2. improvement in cost and volume contract income further to the release of a provision related to FY19 underperformance on the NHS England contract and improved performance on the Eating Disorders contract with NHS England during FY20; and 3. increased block contract income, especially in relation to increased income from New Care Models and Mental Health Investment Standard funding; 4. a late adjustment for additional pension contributions from central funding; 5. new Research & Development (**R&D**) grant income, albeit partially offset by a decrease in Biomedical Research Centre income as the team involved in the CRIS (Clinical Records Interactive Search) system were now part of a separate company; 6. all PSF/FRF (Provider Sustainability Funding/Financial Recovery Funding) had been achieved;   *Analytical Review of Expenditure*   1. the positive impact of reducing costs from Out of Area Transfers/Placements (**OATs/OAPs**)upon also reducing costs on purchase of non-NHS healthcare. He emphasised the hard work which had taken place during the year on reducing OATs/OAPs; 2. the increase in staffing costs, especially in relation to pay inflation and additional pensions contributions. Agency costs had however decreased, whilst staff bank costs had increased – which was positive; 3. increased costs of clinical supplies and services including gain share payments for the Secure Services New Care Model, social care packages and children’s continuing healthcare; 4. increased drugs costs (drugs inventory consumed and purchase of non-inventory drugs); 5. increased establishment costs which also included the cost of some of the new laptops acquired for the COVID-19 response; 6. a modest reduction in premises’ maintenance costs; 7. a reduction in legal fees (relating to spend on the Learning Disabilities’ Low Secure project); and 8. increase in the cost of other services such as R&D project costs, payments to the university and the increase in injury benefit provision referred to at item 4(b)(ii) above.   Chris Hurst referred to line 27 and asked why Insurance expenditure had decreased. The Financial Controller to follow-up and report back.  The DoF and the Financial Controller highlighted the following in relation to the balance sheet/Statement of Financial Position:  *Statement of Financial Position*   1. decrease in inventories due to sale of stock from a short-term OPS contract with NHS England to provide new stock lines; 2. the healthy cash position and the benefit of work from the Financial Controller and his team in managing working capital and fine-tuning the cash profile. The healthy cash position would also help to underpin the Going Concern Statement; 3. provisions that had been made under:    * current liabilities for a dispute in relation to OPS, as referred to at item 4(b)(ii) above. Chris Hurst commented that this had not yet been discussed at the Finance & Investment Committee. The DoF replied that this was a matter which had fairly recently emerged and that even more recently it had been considered prudent to make a formal provision against;    * non-current liabilities relating to the increase in injury benefit provision, as also referred to at item 4(b)(ii) above; and   *Trade receivables and trade and other payables*   1. increase in receivables and increase in payables, especially in relation to accruals for payment to partners in the New Care Models.   Chris Hurst commented that the pattern with payables was similar to the previous year and should be kept under review for cashflow forecasting. The Chair asked whether a 28% increase in trade payables from FY19 was indicative of issues. The Financial Controller replied that it was not indicative of issues and that the increase was down to the timing of payments.  Aroop Mozumder asked whether the Trust was receiving additional funding to support increased costs in responding to COVID-19 and whether these costs would be clustered under a separate cost line. The Deputy DoF replied that the Trust had been requested to make separate submissions to NHS England/ Improvement (**NHSE/I**)on the additional costs to support COVID-19 work; NHSE/I had confirmed receipt of the recent submission.  The Chair thanked the Finance Team for the useful analytical review and noted that whilst this had pre-empted most questions, the question which remained was how to break down and present the results clearly, especially as the Trust had been forecasting a deficit. The DoF replied that it would be key to set out clearly which areas had benefitted, especially from New Care Models, and which had been in deficit or had been subject to increased costs. Without the additional revenue which had been negotiated with Oxfordshire CCG and the benefit of Mental Health Investment transformation funding, the Trust would have struggled to deliver to the national requirements but with this additional funding it should be able to deliver the services required. He explained that the financial position should not be interpreted as a simple surplus but as an investment plan to support the Trust to deliver targets.    The Chair asked whether there were plans to reinvest profits back into New Care Models and develop these further. The DoF confirmed that investment plans were already in place for FY20 and that the New Care Models had demonstrated the efficacy of putting clinicians in charge of making best use of resources; part of the rationale for investment was that further savings from New Care Models would be generated. The risks and the benefits were also now being shared with partner organisations.  The Financial Controller summarised the process and timeline for preparation of the draft 2019/20 Annual Accounts, noting that the accounting ledger had been closed on 09 April 2020 after the financial position had been finalised. Subject to comments by the Committee, the draft 2019/20 Annual Accounts would be submitted to NHS Improvement next week on 27 April 2020 (the Trust was not planning to take the option of the extended submission deadline of 11 May). The External Audit was scheduled to commence on 27 April, with audited 2019/20 Annual Accounts now due for submission on 25 June 2020.  The Financial Controller highlighted the following notes in the draft Accounts:   1. note 3.1 (operating income from patient care activities) and explained that the approximately £1.4 million of ‘other clinical income’ for all services related to reimbursement of COVID-19 expenditure; 2. note 32 (changes in the defined benefit obligation and fair value of plan assets) and explained that this related to the pension liability with Buckinghamshire County Council and noted that the fall in investment values in March 2020 had created a gap which would need to be plugged; and 3. note 7 (impairment of assets) as there was an error in the figure presented for impairments charged to the revaluation reserve, this figure should be £5 million (not £8 million); the error had come about when a figure had been input into the wrong line on the fixed asset note. The error would be corrected and no other balances were affected.   Chris Hurst referred to note 3.1 (operating income from patient care activities) and suggested including a further sentence to explain that the increased pension contribution would also impact upon aggregate staff costs (especially as the Accounts over the years would demonstrate increasing staff costs).  The Chair asked how COVID-19 would be referenced in the Accounts and whether additional disclosure would be provided as a post-balance-sheet event or whether this would be included in a separate note in the Accounts. The DoF explained that the financial impact of COVID-19 had mainly been from 15 March 2020 therefore the impact on the financial statements to the year end of 31 March 2020 was minimal. Chris Hurst suggested that given the wider socio-economic impact of COVID-19, it may be appropriate to refer to it as a post-balance-sheet event and it would be expected to impact upon the operations of the business and to drive some additional costs, even if only the start of it could be seen in the FY20 Accounts. The DoF agreed that a post-balance-sheet note of the impact of COVID-19 could be provided but this would be better written in May 2020 when more information about the impact would be available. Iain Murray supported this position and noted that although the financial impact of COVID-19 may not be significant upon the draft 2019/20 Annual Accounts, given the wider impact (which may increase uncertainties generally) it may be sensible to anticipate more disclosure later and to consider this in the context of Going Concern.  **The Committee RECEIVED AND APPROVED the Draft Annual Statutory Accounts and the high level analytical review of the 2019/20 Annual Accounts Primary Financial Statements (Paper AC 15/2020) and, subject to the comments above, AGREED that these should be submitted to NHS Improvement.** | **MWs/ MMcE**  **MWs/ MMcE**  **MMcE** |
| **5.**  a  b  c  d  e  f  g  h | **Preparation of Statutory Accounts on a Going Concern basis**  The Deputy DoF presented the report AC 16/2020, the draft Going Concern Statement which included, at Appendix 1, a review of key issues and risks to support the going concern basis for preparation of the Accounts (including COVID-19, at reference point 27). The Committee was being asked to take a view of the ‘foreseeable future’ including, but not limited to, the next three financial years, and certainly no less than one year from the date of signing the statement i.e. from the end of May/June 2020 and until May/June 2021. The available options were: going concern with no uncertainties; going concern with some uncertainties which would need to be disclosed in the Accounts; or not a going concern.  The Chair commented that the draft Going Concern Statement was reassuring but that the final reference point 27 (in relation to COVID-19 and the potential impact upon financial pressures or uncertainty regarding financial assumptions or forecasts) may be the most critical. She asked whether this was a working document which could continue to evolve. The Deputy DoF confirmed that it could, subject to comments, although its focus tended to be upon matters of cash, income and working capital.  The Chair asked whether there was any mismatch between the Trust’s view of its Going Concern Status and that of External Audit and whether Iain Murray had any concerns. Iain Murray replied that this did not appear to be the case and that External Audit was not so far suggesting that the Trust should be preparing its Accounts on anything other than a going concern basis, subject to receiving adequate disclosure on the year-end position and the outcome of the External Audit work to take place. He noted that the cash balance and financial position presented in the draft Accounts was encouraging. He commented upon the financial impact of COVID-19 and noted that whilst it may not change the going concern basis for preparation of the Accounts, it could change/impact upon a number of assumptions which might ordinarily be made at this time of the year.  The Deputy DoF agreed that the financial impact of COVID-19 should be included, which is why it was covered at reference point 27; he assured the Committee that it had been given proper consideration. The DoF noted that NHS Improvement may need to consider a central statement on the impact of COVID-19 for trusts generally, especially as CCG funding on a block basis was determined by NHS Improvement’s assessment.  The DoF highlighted that the negotiation of an improved contract for mental health services with Oxfordshire CCG, combined with ongoing recurrent savings from New Care Models, helped to demonstrate the Trust’s long-term Going Concern Status. He noted that the detail supporting this would be discussed with External Audit.  The Trust Chair noted that the current economic position was putting pressure on some auditing companies and asked about External Audit’s position. Iain Murray replied that Grant Thornton had prepared its accounts to a December year-end and on a going concern basis for no less than one year from that, with a significant amount of modelling work having taken place to satisfy the audit it had been subject to.  Chris Hurst noted that the Board may need to consider more widely what the impact of COVID-19 may be upon its partners, especially those in the voluntary/charity sector and how this could impact upon the Trust’s operations. The Chair noted that this could be discussed prior to finalising the Internal Audit Plan as it may be necessary to have a more detailed discussion about COVID-19.  **The Committee noted the report and preparation of the draft 2019/20 Annual Accounts on a going concern basis.** |  |
| **6.**  a  b  c  d  e | **Draft Annual Report including draft Annual Governance Statement**  The DoCA/CoSec presented the report at Paper AC 17/2020 which set out the draft Annual Report including the Annual Governance Statement (**AGS**) on the system of internal control. The draft AGS set out that there had been no significant control weaknesses during FY20. The Committee was invited to review the AGS in detail and recommend any changes so that it could be confident that the AGS was an accurate representation of the Trust’s work in assuring the effectiveness of controls and managing risk. The report also set out relevant factors for consideration as to whether an internal control issue may be significant, or not. The DoCA/CoSec highlighted the Committee’s role in considering the Trust’s control environment and reviewing the AGS which would be signed-off by the CEO in his capacity as Accounting Officer.  The DoCA/CoSec summarised the process and timeline for preparation of the draft Annual Report, noting that there had been some relaxation in submission deadlines (as referred to at item 4(i) above) and requirements for the Annual Report, as a more streamlined performance report was now expected. A further revised version of the Annual Report would be shared with External Audit by the end of April; although audited submission deadlines had been relaxed to June, work was still taking place to meet the original deadlines in May, as far as reasonably possible, and the Annual Report would also be updated to refer to the impact of COVID-19 in the final month of FY20. A near final version of the Annual Report was therefore anticipated to be brought back to the next Audit Committee meeting in May prior to recommendation to the Board; comments from the Committee were, therefore, requested prior to the next meeting and preferably before the end of April.  Aroop Mozumder asked how the AGS may evolve to cover the impact of COVID-19. The DoCA/CoSec replied that the AGS may include references to the adapted governance arrangements but still with a robust focus on quality which the Trust had been operating under, whilst other parts of the Annual Report may acknowledge the operational impact of COVID-19. Aroop Mozumder commented that routine clinical audits had been put into abeyance whilst focus was upon responding to COVID-19 and that the focus of oversight had changed.  The Chair acknowledged the work of teams in preparing the year-end documents whilst working remotely with the Trust responding to COVID-19. The DoF emphasised that the Finance Team had delivered a set of draft accounts to a very high standard, whilst working out how to work remotely.  **The Committee noted the report, supported the direction of the narrative and noted that further comments on the AGS in particular should be provided to the DoCA/CoSec by the end of the month.** |  |
| **AUDIT AND COUNTER FRAUD REPORTS** | | |
| **7.**  a  b  c | **External Audit progress report and addendum to plan 2019/20**  Laurelin Griffiths and Iain Murray presented the report at Paper AC 18/2020. Laurelin Griffiths confirmed that the External Audit work was broadly on track and that interim work, including testing on 9-10 months of transactions, had been completed before lockdown in response to COVID-19; since then the External Audit team had been in regular contact with the Finance Team. Although External Audit remained hopeful on progress, she noted that unforeseen challenges at this time could crop up and that it may be more difficult to obtain some of the evidence/assurance that would normally be provided face to face and through close working with the Finance Team.  Iain Murray presented the addendum to the External Audit Plan FY20 and the significant risk and unprecedented uncertainty for all organisations which COVID-19 presented. He highlighted impact which such uncertainty could have upon accounts in relation to asset valuations, annual leave accruals and expected credit losses.  **The Committee noted the report**.  *Iain Murray left the meeting*. |  |
| **8.**  a  b  c  d  e  f  g  h  i | **Internal Audit progress report 2019/20, action tracker FY18-20 and recently finalised reports**  Sasha Lewis presented the Papers AC 19-20/2020 and, further to the progress report FY20, confirmed that the two final Internal Audit review reports for FY20 had now been issued (in relation to the Community Services Directorate and the Follow-Up review). These may be available for presentation in final form to the next meeting unless delayed due to constraints on Trust management’s time as a result of COVID-19.  The Chair reminded the DoF that the action tracker FY18-20 should remain an area of focus, although some delays may be expected whilst the Trust was engaged in the initial response to COVID-19. Action 7(b) from 05 February 2020 (overdue/outstanding Internal Audit actions – managers to be invited to attend meetings) remained to be progressed on the Summary of Actions.  The Chair asked when the Committee could expect the two final Internal Audit review reports for FY20 to be finalised with management responses and presented. The DoF replied that this was still unclear given the amount of activity currently required on COVID-19, although he noted that it was positive that after an initial period spent in creating new ways of working, people had adapted and were reaching a more stable, steady state. The Chair noted that Directorate reviews were, however, to a certain extent time-limited therefore it would be useful to receive the Community Services Directorate one sooner. Sasha Lewis provided an update that whilst the Community Services Directorate review had an overall ‘medium risk’ rating, there had been no individual ‘high risk’ findings; she noted that if this review had not been finalised by the next meeting then it could also impact upon delivery of the Head of Internal Audit Opinion.  *Information Governance report*  The Committee received the final Information Governance report and noted that this had already been considered in some detail in draft at the previous meeting on 05 February 2020 when the preliminary findings and management responses had been presented in person by the Head of Information Governance.  *Data Quality and Demand Capacity and Planning report*  The DoS/CIO joined the meeting. Sasha Lewis highlighted that a significant amount of Trust work had taken place across 3 core projects over the last 12 months in relation to: Data Quality Improvement; Demand and Capacity Planning; and the Trust Online Business Intelligence (**TOBI**) project. The findings had been overall ‘low risk’ and tended to relate to the newness of some elements of the projects which needed to bed down. The DoS/CIO noted that he had been reassured by the report and that whilst Data Quality had been a challenge for some time, the report helped to reinforce the changes which had been made and to highlight that TOBI may be the future of performance reporting.  The Chair praised the report but noted that it did not entirely correspond with concerns heard at the Board in relation to Data Quality. She asked whether significant progress had been made in the interim to improve Data Quality, or whether the Internal Audit review had not asked the right questions. Sasha Lewis replied that the focus of the review had not been on the quality of the data but upon the work of the Data Quality Improvement Group and whether its projects had been appropriately set up and were focusing on the right areas; the Internal Audit was not responsible for the outcome of improvement in Data Quality. The DoS/CIO added that the Data Quality Strategy was also being revised, further to comments at the last meeting, and he acknowledged that looking back on past practice there had been some gap in previous data management but staff had been using the best systems then available to them and applying manual workaround when they had to. He anticipated that in 6-12 months, further use of the TOBI system should have improved Data Quality and provided for controls and checks to be built into the system to target anomalies.  Aroop Mozumder noted that the report underplayed the significant advances which had been made over the last 18 months in improving the confidence of the Board in the quality of the data which it was being presented with, the overview of performance which was now available and the granularity of the data available to support it. He congratulated the DoS/CIO on the progress which had been made. The Chair acknowledged that the direction of travel towards improvement in Data Quality was noted and appreciated.  *The DoS/CIO left the meeting*.  *Corporate Governance and Risk Management report*  Sasha Lewis presented the report, noting the overall ‘low risk’ rating but also the medium-rated finding on consistency in risk reporting in the Community Services Directorate. The Chair commented that this was a reassuring and clean report.  **The Committee noted the reports.** |  |
| **9.**  a  b  c  d  e  f  g | **Impact of COVID-19 discussion**  The Chair led a discussion on the role of the Committee in addressing COVID-19 risks and changes in Trust practices and procedures. The Chair suggested that the Committee could receive a log of decisions made by the Executive in response to COVID-19, especially where there had been changes to risk exposure and deviations from accepted policy and practice. The Trust Chair noted that a range of the Trust’s business could be impacted by COVID-19 and it was not yet clear whether this should be reviewed by specific COVID-19 mechanisms or through the Audit Committee. However, he noted that the organisation needed to be aware of not just the immediate actions which were being taken in response to COVID-19 but also to be planning for the future. The Chair agreed and noted that this may merit further discussion outside of this meeting on the extent to which such oversight should be through the Audit Committee or through the Board as a whole to be kept abreast of matters.  Chris Hurst added that the Board should consider: the extent to which existing arrangements provided complete coverage and oversight of the position; and what the priorities and focus of the existing committees/meetings should be. In relation to the Finance & Investment Committee, he noted that its core business was oversight of financial management and, in the current context, the way in which the budget-setting process had been impacted by COVID-19 and would need to be brought back in due course.  The Trust Chair noted that oversight of COVID-19 and learning from managing COVID-19 could be discussed at the Board Seminar later on 22 April 2020. Chris Hurst noted that Executives should still have the agility to respond promptly and flexibly to COVID-19; however, he noted that the Board could reflect upon the way in which it operated and whether some new supporting arrangements could be put in place, alongside the more traditional ways of Non-Executive Directors working with Executives.  The CEO added that the Executive had responded rapidly to COVID-19 and had been meeting daily for the past month, with a daily record kept of its meetings and decisions. The role of the Board and Non-Executive Directors in this could perhaps be considered. Aroop Mozumder added that, as part of the response and the changes, he had become a part of the Ethics Group which provided him with a useful and different perspective on the decisions being made (compared to what he would experience through Board meetings). He recommended that if there were similar groups/meetings then Non-Executives could be invited to participate. The CEO agreed and noted that examples like this could help the Board to provide support at the time that difficult decisions needed to be made and provide reassurance back to the Board without duplicating an unwieldy assurance industry and slow-moving bureaucracy. He suggested that Board discussion should consider how to preserve the advantages and greater flexibility demonstrated in current ways of working to respond to a crisis within the organisation but also within the wider system; he cited recent examples of the Trust having donated Personal Protective Equipment to neighbouring trusts in order to support the wider system.  The Trust Chair noted that it still may be useful to maintain a catalogue of Executive decisions made in response to COVID-19 so that spending decisions made could be accounted for and supported when the FY21 accounts were reviewed. The CEO noted that this may not be available for May 2020. The DoF added that where financial changes had been made, these were not considered to be permanent and former processes would be reverted back to; finance and procurement changes would be set out for the upcoming Board and Finance & Investment Committee meetings.  The DoCA/CoSec added that there would also be an opportunity for Non-Executive Directors to be part of the Governance Recovery workstream which was being put in place. She agreed that in a year’s time, Non-Executives and the Audit Committee should have had an overview of what may have changed as a result of COVID-19, from service and delivery models to policy and practice, and been subject to appropriate controls and evaluation. She agreed that a picture needed to be built from the start of FY21 on the system of internal control, given the impact of COVID-19, so that by year-end the Committee would be in a position to comprehensively reflect back on the Trust’s control environment.  **The Chair noted that the proposals above may be a sensible way to proceed. The Committee agreed and noted the discussion.** | **MMcE**  **KR** |
| **10.**  a  b | **Internal Audit plan 2020/21**  Further to the discussion above at item 9, the Chair noted that the Committee may not be in a position to give final sign-off to the proposed use of Internal Audit resources for FY21 as it may be necessary to use some Internal Audit resource to review new ways of working and governance arrangements. The DoF added that certain core items should however be included within the Internal Audit Plan. Sasha Lewis presented the report at Paper AC 21/2020 and set out that the core reviews mandated for each year related to Finance, IT, Risk Management and Information Governance. The Specialised Services (Forensics) Directorate had also been proposed for the next Directorate review. The DoF agreed to discuss the development of the Internal Audit plan FY21 further with PwC and present a revised version to the next Audit Committee meeting in May 2020.  **The Committee noted that a revised version of the Internal Audit plan FY21 would be presented to the next meeting in May 2020.** | **SL/ MMcE** |
| **11.**  a  b  c | **Counter Fraud annual report 2019/20 and plan 2020/21**  The Committee discussed the Counter Fraud annual report FY20 and plan FY21 at Paper AC 22/2020. The Committee reviewed the annual Self Review Tool in Appendix B. The DoF confirmed that he was satisfied with the two areas which had been rated as amber, in relation to: (i) the evaluation of the success of policies and other measures in reducing fraud; and (ii) fraud prevention and detection processes in procurement. He noted that regular checks could be tightened up and that as procurement could be a challenging area it could be useful to have greater attention on it.  Victoria Dutton and David Foley joined the meeting and presented the Counter Fraud plan FY21, noting that the allocated budget remained the same and that the plan was flexible and subject to 6-monthly review for relevance and fitness for purpose. David Foley emphasised the importance of regular review of the plan given the impact of COVID-19 and the heightened risk this could present of possible exploitation by fraudsters. He also drew attention to the inclusion of Section 12 Mental Health Assessments, noting that national risks existed around these assessment payments although no specific risks had been identified at the Trust. The DoF also highlighted the inclusion of cybercrime in the plan, noting this as a fast-paced area of risk.  **The Committee noted the Counter Fraud annual report but expressed caution about finally approving the Counter Fraud plan 2020/21 during the current COVID-19 circumstances, instead the Committee approved the proposed Counter Fraud budget for FY21 and directed that the Counter Fraud plan FY21 could be finalised between the DoF and Counter Fraud.** |  |
| **12.**  a | **Any Other Business**  The Committee decided not to schedule a meeting for June 2020 and to wait and see if the original Annual Report & Accounts deadlines for May 2020 could be met. |  |
|  | **Meeting Close: 11:50** |  |
|  | Date of next meeting: 19 May 2020, 09:30-12:00 |  |

1. The quorum is 3 members (all Non-Executive Directors) and may include deputies. [↑](#footnote-ref-1)