

Meeting	8 March 2022	Board of Directors					
Report	Agenda item 15	Audit Committee Chair's Report					
Purpose of the Report	Decision		Ratification		Assurance	x	Information
Author(s)	Ken Gill				Non-Executive Director		
Board Assurance Framework	<i>See report detail</i>						
Strategic Aims	-						
CQC Domains	Well Led						
Previous Considerations	N/A						
Summary	The purpose of this report is to inform Board members of the main priority matters considered and approved by the Audit Committee at its meeting on 15 February 2022; to link these to the Trust's risks/BAF; and to provide assurance on these matters, including any areas of escalation where the committee is not assured, and the next steps.						
Recommendation(s)	The Board is asked to:- <ul style="list-style-type: none"> Note the contents of the report, and consider the areas of escalation 						
Corporate Impact Assessment							
Statutory requirements	The Audit Committee is established as a statutory committee of the Board of Directors						
Quality & Safety							
NHS Constitution	-						
Patient Involvement	-						
Risk	The Audit Committee has in its terms of reference the purpose of providing assurance to the Board that appropriate systems of internal control and risk management are in place for all corporate and clinical areas of the Trust.						
Financial impact	-						
Equality & Diversity	-						
Communication	-						



(a) Main priority items of business considered/agreed, including link to risks and next steps

The Audit Committee met on 24 November 2021 and considered the following main items:

	BAF ref	Priority items of business and assurance provided	Decision(s) and any next steps agreed
1.	E7	Cyber: this continues to be a theme and issue that exercises the Audit Committee’s focus and concern. Progress has been made to partly secure executive capacity to staff the activity. Much remains to be done to embed best practice in the education/training, protection and testing of the COCH systems and data to mitigate the impact of cyber-attacks.	NED members of Audit Committee will engage with the Executive Director for Digital to seek assurance on progress. The Chair of Audit will work with the Chair of Finance Committee to ensure that duplication is avoided in this area. The Internal Audit Plan 22/23 will as part of an internal audit assurance on IT Infrastructure consider cyber security. Lastly the counter fraud work plan for 22/23 focusses in part, on this topic.
2.	P1 & 2	Recruitment and Retention: an Internal Audit Assurance report was received that was rated LIMITED ASSURANCE with 4 recommendations made (2 High risk) and accepted by the Executive Director for HR & OD. The high-risk recommendations relate to establishing qualifications of prospective employees and training for any member of staff involved in recruitment. There were several areas of good practice identified and acknowledgement by the internal auditors of progress made on developing the new People Strategy.	The Executive Director for HR & OD attended Audit Committee and gave assurance through a commitment to action the recommendations in an appropriately timeous way. In addition, in the Internal Audit Plan for 22/23 there will be assurance reports on retention, education and training and staff engagement.
3.	E1 & 2	Payroll and ESR: SUBSTANTIAL ASSURANCE. It is pleasing to note the outcome of this Internal Audit Report and that the control environment in a critically important area of total spend for the COCH received this rating.	The Executive Director HR & OD was complemented on this report and assurance was given that commitment to secure the quality of this service would continue and that outstanding recommendation from a review in 2021 would be actioned at soonest.
4.	Q1,3 & 5	Ward Accreditation: an Internal Audit non-assurance report was received that showed that there is a need for further immediate and urgent work to be undertaken to get this	This report has been accepted by the Executive Director of Nursing and Midwifery and in a meeting with the Chair of Audit

		area on track. The report identified basic ward assessment processes were in place but there were gaps in the Care Assurance Framework (CAF).	gave assurance on the rapid progress planned. The report has been shared with the Chair of Quality and safety. An assurance focused internal audit report is planned in this area in 22/23.
5.	Q1,3,4,5, & 6 E1,4,5, 7, 10, & 11 C1 G7	Cerner/Electronic Patient Records: an internal audit report assurance report was received that was rated LIMITED ASSURANCE . The Director for Quality and Informatics attended the Committee. This report is linked to two other review reports relating to Cerner (one from NHS EI and another from independent review commissioned by COCH from St. Vincent). The scope of this report was on post implementation. Significant issues for learning came from this detailed, complex report that was not easy to distill into key actions. The Executive lead for Digital and Information has committed to or already enacted delivery of the recommendations. Success will depend on securing of the capacity and capability to populate the structure and to make capital investment in the legacy infrastructure	There is a need to integrate the three reports findings into a holistic set of actions and to avoid overburdening the functional area that is already overstretched. The principle areas for action relate to: legacy IT infrastructure; Data Quality; lack of capacity and capability in the functional area to deal with implementation queries and related communication challenges with users; challenges related to the complexity of the governance of the programme; significant inter system operability challenges; and a benefits realisation plan. This transformational programme affects the whole trust as can be seen from it touching on every area of the BAF. The Internal Audit plan for 22/23 has provision to examine the IT infrastructure. The Board should seek assurance that the fundamental aspects highlighted in this report are being progressed and that appropriate levels of capital and revenue investment are being made to secure the benefits of the investment in this Cerner driven EPR.
6.	G1	Internal Audit Tracker and 22/23 Internal Audit Draft Plan: it is pleasing to note the improved level of engagement and progress being made to secure legacy internal report recommendations by the executive team. The tenacity and commitment of both the Governance team and our internal auditors are to be commended. The internal audit	It was agreed that the Audit Committee needed to consider whether the level of investment in internal audit was at an appropriate level and whether key areas of risk were together with contingency provision capable of being delivered in the

		draft plan for 22/23 was further considered after a special meeting of Audit Committee in January to initiate this and engage with the executive team thereafter.	22/23 plan. This will be reported upon and decided at the April Audit Committee meeting.
7.	E7 G1	Anti-Fraud: the Anti-Fraud work programme for 22/23 was approved and the satisfactory progress for 21/22 and low level of referrals were noted. A review of the Fraud and Bribery Policy will be required before the current year end.	Review Fraud and Bribery Policy by 31 March 2022.
8.	G1	Business Assurance Framework (BAF): the latest BAF was considered. Several suggestions for development were made in relation to the BAF: risk definition, risk scores, development of a risk management framework, link to corporate strategy, need to develop a risk appetite.	As stated, before an integrated risk management framework within which Board appetite to risk needs development. In addition, there needs to be a linkage from the BAF to the COCH Corporate Strategy. Audit Committee will consider a report on the approach to an integrated risk management framework at the next meeting in April. Discussions have started with Committee Chairs in the first instance to consider how risk is integrated. Board needs to consider rescheduling its session on risk appetite and also how the Corporate Strategy is linked to the BAF.
9.	G1	Bad debt write off: a report was considered and approved for the write off of bad debts in 21/22 of £93k (above 20/21 level with appropriate and acceptable explanations provided and in compliance with SFI's).	Ensure that COCH is ready for any freedom of information enquiries in this area.
10.	G1	TOR and Audit Committee Review 21/22: a preliminary review of the terms of reference was started and will be completed in time to make recommendations to Board together with the annual report for 21/23.	Report to board in May 2022 with recommendations on TOR modification and outcome of the review of the Committee's work in 21/22.

(b) Items for escalation to Board, including where the Committee is not assured, and why, and any other matters to bring to the Board's attention

- **Cyber:** Board should seek further assurance that there is the capacity and capability to deliver a credible cyber security service and that the activities that contribute to being well prepared for a cyber attack are either in place or being planned.
- **Cerner:** Board should seek to be assured that the learning of the three reviews of Cerner are being integrated into a holistic approach. In addition, that the investment required in the structure in this area is making appropriate progress to realise the potential significant benefits of the investment in Cerner to deliver the COCH electronic patient records. Finally, that the risks and lessons learned associated with the implementation and deployment are being dealt with effectively and that the next phases of the programme are progressing successfully through appropriate governance and using engagement and communications effectively.
- **Business Assurance Framework (BAF):** Board needs to be assured that an integrated risk management framework and approach is being developed in line with best practice and as part of this risk appetite is agreed together with a refresh of the BAF.

(c) Recommendation(s)

- The Board is asked to note the contents of this report and consider the areas of escalation.