

Meeting Title	Mid and South Essex Acute Trusts Boards Meeting in Common		
Meeting Date	15 th January 2020	Agenda No	15
Report Title	Report from the Audit Committees in Common held on 29 th November 2019		
Lead Director	Margaret Pratt, Presider, MSE Audit Committees in Common and Chair of the BTUH Audit Committee		
Report Author	James Day – Trust Secretary MEHT		
Action Required	Decision <input type="checkbox"/> Discussion <input type="checkbox"/> Monitoring <input checked="" type="checkbox"/>		
Background / Context	<p>The Audit CIC has a formal role in providing assurance to the Trust Boards in Common on Audit issues across the three Trusts and the FOF programme, covering assurances relating to Business as Usual, Transition and the Transaction</p> <p>This paper provides a headline summary of the Audit Committee in Common meeting on 29th November 2019.</p>		
Attendance	<p>All three Audit Committees were quorate and the respective chairs were present. The Chief Executive and MSE Chair designate were present along with the internal Auditors (RSM) and external Auditors (BDO). The Executive Board Members were also represented by the Chief Financial Officer, the Chief Information Officer and the Chief Commercial Officer. A number of Group and Site Directors were also in attendance.</p>		
Preliminary Meeting	<p>A preliminary meeting without Officers present confirmed the importance of the appropriate dissemination and action in relation to the audit tracker expectations and reconfirmed the importance of employing technical solutions, particularly in relation to the sharing of additional items of assurance.</p>		
Data Alignment	<p>Arising from consideration of the previous meeting action log and a separate power point presentation on Data Quality Initiatives and Improvements by the Group Director of Planning and Performance, the risk of lack of integrated data capture and alignment in transition to the new Trust was identified. Priorities to mitigate this risk had been assigned and progress and would be reported upon in the February meeting. Data Alignment would also impact upon the necessary and expected harmonised approach to clinical audit.</p>		
Declarations and Conflicts of Interest	<p>The position with regard to the collection of declaration of interests and conflicts of interest data across the three Trusts was reported upon. The benefit of a single system of data collection was recognised. The Southend automated system pilot was in its early stages and was welcomed. The need for consistent decision making on the submitted data by senior officers was recognised as an integral element, and progress would continue to be</p>		

	reported.
Terms of Reference and Standing Financial Instructions	The Terms of reference for the Audit Committees in Common were approved, as were a revised set of Standing Financial Instructions, subject to typographical amendments.
Internal Audit Progress Report and Counter Fraud Report	<p>RSM reported upon the work underway in conjunction with the Chief Finance Officer to address anticipated data transfer issues in the run up to merger. Also, separately, the Audit Planning schedule for 2020 and the arrangements in place to address and monitor the timeliness of the provision of Audit reports were noted. The role of the Chief Finance Officer in a gatekeeping capacity was recognised and reflected concern that a significant number of programmed reports remained overdue in Draft.</p> <p>A reasonable assurance report finding on group CIP planning and a partial assurance report finding on BTUH overseas patient income was noted. RSM indicated the outcomes of draft reports relating to RTT, job planning and quality improvement would likely indicate poor performance.</p> <p>The need for Site management teams and SGF meetings to take responsibility for outstanding and delayed Audit concerns relevant to each site was recognised, and a more robust escalation process was outlined.</p> <p>Requested changes to the audit plan were approved.</p> <p>Individual enforcement and prosecution action in relation to Counter-fraud was noted.</p>
External Audit Completion Reports (MEHT and BTUH Charitable Funds)	BDO presented the independent examination report on the BTUH charitable trust and Audit Completion report for the MEHT charitable trust. Both had been approved by the charitable funds committee previously and were recommended for adoption by the Boards in Common. The equivalent report for the Southend Trust was anticipated to be completed on 31 st January 2020.
Group Board Assurance Framework	The November 2019 BAF was presented and noted. The Audit committee would continue to hold an overview but it was anticipated the relevant committees in common would recommend deep dives into risk areas of particular concern to them.
Principles of Cost Sharing	The Chief Finance Officer put forward a paper setting out a pragmatic approach and solution to cost sharing complexities across the three Trusts which would operate from month 8 forwards. This paper was approved.
Senior Clinical Staff Pilot scheme (Joint Boards Recommendation)	National guidance had now overtaken a Trust pilot scheme introduced by the Remuneration Committees in Common to address tax and pension difficulties impacting on staff availability. The Committee in Common confirmed that the pilot scheme should be brought to a close.

<p>Review of Site Recommendation Trackers</p>	<p>RSM presented the management action tracking status report covering each trust. The importance of those responsible for the actions having timely visibility was emphasised as was the site leadership challenge, and importance of escalation.</p> <p>It was intended that all matters should have been actioned and closed by merger so nothing outstanding was carried forward.</p> <p>Progress would continue to be reported from SGFs to each meeting of the Committee in Common.</p>
<p>Progress towards Policy alignment</p>	<p>The requirement for the new Trust to have a single set of policies and procedures was recognised, and progress towards this was agreed. The programme would need to reflect service harmonisation.</p> <p>Whilst each individual Trust currently had relevant operational policies, progress needed to be made in key areas against a risk assessment of the consequences of not having fully aligned policies. High level alignment of key areas across the new Trust was required which, once captured at an agreed policy level, was needed to inform the resultant integrated operational policies and operating procedures at site level across the new Trust.</p> <p>The approach was likely to need to focus upon common Clinical and workforce expectations initially as being the most urgent, with the resultant joint operational policies following promptly. The procedures and indicative timelines would be produced for the relevant quality and People Committees in Common, and an overall timeline and plan would be considered by the next Audit CiC.</p>
<p>Review of Waivers and Schedule of Write-offs and Compensations</p>	<p>The Chief Commercial Officer and Head of Financial Accounting presented on the Review of Waivers and Write-offs and Compensations respectively. It was agreed that progress on the waiver improvement measures, and a timeline and any resulting improvement would be reported at the next meeting of the Audit CiC.</p> <p>The circumstances behind the required write offs, including those specifically related to the Basildon Trust were noted, and the write-offs were approved.</p>
<p>Merger, Related Governance and Reporting Accountant update</p>	<p>The Chief Commercial Officer reported from the Future Organisational Form Programme Board upon the current background to the Trust merger including the Merger Approval process and the NHSI and Reporting Accountant process. This included the appointment of Ernst and Young (EY) to the Reporting Accountant role on 18th November 2019. This review would commence in January.</p> <p>The position on NED and Chair appointments, the FoF programme and Risk management and Policy alignment was outlined and noted</p>
<p>Internal Control – Basildon Financial</p>	<p>The Chief Finance Officer presented a paper containing the recommendations commissioned from PwC in response to the need for a rapid assessment and</p>

Governance	<p>independent review of the current arrangements at BTUH regarding financial recovery and control.</p> <p>The Audit CiC, (and Basildon Committee in particular), commended the approach taken and supported RSM and the Chief Finance Officer in taking the recommendations to a conclusion.</p>
Timescale for Benefits to be Realised	Ongoing to the 1 st April 2020 transaction date at which point a new single Audit committee will be established for the merged organisation.
Assessment of Implications	
Financial	<p>Does this proposal have <u>revenue</u> (recurrent or non-recurrent) implications for the Trusts? No</p> <p>Does this proposal have <u>capital</u> (recurrent or non-recurrent) implications for the Trusts? No</p> <p>If yes, can these implications be <u>fully</u> covered by existing budgets? N/A</p>
Risk	Operating an effective model of Audit Committees in Common mitigates the risk of inadequate oversight of the systems of internal control, governance and risk management across the Group Trusts in the transition to being a merged organisation.
Equality and Diversity	This proposal has been subject to an equality analysis and there are no implications for groups with protected characteristics
Freedom of Information	<i>No exemptions apply (i.e., information is in the public domain)</i>
Other Implications Identified	<i>None of note</i>
Recommendation	<p>The MSE Audit Committees in Common are invited to:</p> <p>Note the report on key items of discussion at the Audit Committees meeting on 29th November 2019</p>
Appendices	None