



**Moorfields
Eye Hospital**
NHS Foundation Trust



Agenda item 12
Report of the audit committee
Board of directors 2 May 2019

Report title	Report of the audit and risk committee
Report from	Nick Hardie, chairman, audit and risk committee
Prepared by	Helen Essex, company secretary
Previously discussed at	N/A
Attachments	N/A
Link to strategic objectives	We will have an infrastructure and culture that supports innovation We are able to deliver a sustainable financial model

Brief summary of report
Attached is a brief summary of the audit and risk committee meeting that took place on 16 April 2019.

Action Required/Recommendation.
Board is asked to note the report of the audit and risk committee and gain assurance from it.

For Assurance	✓	For decision		For discussion		To note	
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AUDIT AND RISK COMMITTEE SUMMARY REPORT – 16 APRIL 2019

Governance	<ul style="list-style-type: none"> • Quorate – Yes • Attendance (membership) - 66%
Current activity (as at date of meeting)	<p><u>Matters arising</u></p> <ul style="list-style-type: none"> • Consultant job planning – an interview date is set to appoint a clinical lead. The planned HR restructure will support the new job planning process and it will be piloted in the Corneal service. The plan will be submitted to the next meeting. <p><u>Internal audit progress report</u></p> <ul style="list-style-type: none"> • Nine recommendations are overdue (a reduction from the previous meeting). • Aged debt – MEH private aged debt is still a high priority and an update to the ledger/journal entries are required in order for this recommendation to be removed. • ESR – reconciliation of budgets still required. • GDPR – good progress made on ambitious targets and delivery of actions. • Risk maturity (amber/green) – areas for improvement include the use of data and technology in risk management and the continued roll out of the system, as well as reporting and analysis from the data, is the key programme of work needed to enhance the maturity of risk. • DSP Toolkit (green) – two low priority recommendations ensuring all contracts are in place for the destruction of confidential waste and having a contract register in place. • Incident reporting (amber/green) – the embedding of the process in the divisions is more mature and there is a module which forms part of the risk management system that allows better escalation. <p><u>Draft internal audit report and HoIA</u></p> <ul style="list-style-type: none"> • The draft Head of Internal Audit Opinion is one of ‘significant assurance with minor improvements required. Our work has confirmed that there is generally a sound system of internal control which is designed to meet the Trust’s objectives and that controls in place are being consistently applied in all key areas reviewed.’ <p><u>Internal audit plan</u></p> <ul style="list-style-type: none"> • A number of recommendations for the plan were agreed including core financial systems, clinical audit, complaints/legal cases/never events, Ulysses risk management, divisional governance, MEH ventures LLP, access and activity: A&E and procurement. <p><u>Counter fraud progress report</u></p> <ul style="list-style-type: none"> • Three compliance reviews have been undertaken on invoice fraud, procurement and pre-employment checks. There are six ongoing cases. • Invoice fraud – two medium priority recommendations which relate to regular review of supplier information and declarations of interest requirements to be extended to members of the accounts payable department. • Procurement – two medium priority recommendations which relation to the updating of procurement policy and expanding the use of the approved supplier list. <p><u>Procurement supply chain review</u></p> <ul style="list-style-type: none"> • A recent review into the procurement function suggests a low level of maturity

	<p>within the existing service and a need to improve capability within the function.</p> <ul style="list-style-type: none"> • An in-house procurement service is not viable for Moorfields so someone inside the organisation needs to take on the task of managing PPS and their performance. A step up in procurement is required for Oriel as high level purchasing will be required. • There is a structured gateway process in place with relevant escalation processes if required. <p><u>Board assurance framework</u></p> <ul style="list-style-type: none"> • Risk relating to tariff and the CQC have been de-escalated and will now sit on the corporate risk register. The risk on cost improvement targets has been escalated to the BAF to ensure focus from the start of the year. The risk relating to commissioner turbulence has been reduced due to contracts being signed. <p><u>Costing assurance review (2015/16)</u></p> <ul style="list-style-type: none"> • Moorfields achieved an outcome of “moderate assurance” from the audit and EY made several recommendations. There had been no previous tracking of the audit recommendations through the committee and this must be done in future.
Key concerns	<ul style="list-style-type: none"> • The committee asked if the organisation as a whole is unrealistic in setting timeframes for actions, leading to an inability to deliver on time and therefore recommendations becoming overdue. • Level of outstanding recommendations remains high and need focus.
Items for discussion outside of committee	<ul style="list-style-type: none"> • Partnership procurement service leading on third party data management and need to make sure there is a complete list of contracts for this organisation. • Discussion on risk appetite required. • Counter fraud annual report and plan to be signed off by the CFO and audit committee chair by the end of April in time for submission. • Internal discussion required as to the performance management requirements for procurement.
Date of next meeting	<ul style="list-style-type: none"> • 16 July 2019