

Report to:	Trust Board (public)	Agenda item:	SFT 4081
Date of Meeting:	2 August 2018		

Report from: (Committee Name)	Audit Committee		Committee Meeting Date:	19 July 2018
Status:	Information	Discussion	Assurance	Approval
	X		X	
Prepared by:	Paul Kemp, Non-Executive Director & Chair of committee			
Board Sponsor (presenting):	Paul Kemp, Non-Executive Director & Chair of Committee			

Recommendation
<p>The Board note the points below</p> <p><u>Executive Summary</u></p> <p>The SUS/SLAM reconciliation failure has been designated as requiring a Serious Incident Investigation. A number of significant management process and control weaknesses were highlighted by the management report presented to the Committee</p> <p>A number of limited assurance internal audit reports were reviewed. Management representation was strong and demonstrated an improvement in responses to internal audit outputs, but there is still some further improvement needed in this area.</p>

Items for Escalation

The major item reviewed was a report from management detailing the recently discovered failure in reconciliation between the SUS and SLAM revenue reporting systems, which has lead to a contract breach notice from one of our main commissioners. The report raised a number of issues regarding both underlying management control and operational processes. Management stated that the nature and potential impact of the incident was such that the CEO has commissioned a Serious Incident Investigation, to be led by the Deputy CEO. This will report by the end of August. The committee also asked for some immediate actions, including a search to determine whether there were other external data provisions for which there was no management quality review.

The Committee also reviewed 5 internal audit reports from the end of the 2017/18 programme, all of which had received a “limited assurance” rating. These covered the following areas;

- Network Security – management presented a credible programme for resolution of the outstanding points raised, but this will not be completed until October 2018. The committee asked for an update at the December meeting to confirm completion.
- Corporate Records – A number of the points raised by the audit were not fully closed out by the management action plans and further detail was requested on how assurance would be provided.
- Sustainability Strategy – Initial urgent actions to re-establish management infrastructure had been done, although there were some challenges to the completeness of these actions. As with Corporate Records, how some of the other recommendations did not yet have a clear path to closure and further information was requested.
- Training and Development Policy – A number of recommendations did not have clear plans to deliver closure and further information was requested.
- Overseas Visitor Income – Management are considering an organisational change to allow appropriate resource to be assigned to deal with these issues, but this has not yet been fully developed and detailed proposals are scheduled to be presented to Finance and Performance Committee in August. Until this has been developed further, the Audit Committee were not able to form a judgement on assurance on the audit points raised. The team were asked to return at an appropriate time.

The committee received an update on the alleged fraud incidents perpetrated by agency staff from the Local Counter Fraud Officer. In the major case, a file has been sent to the Criminal Prosecution Service to consider criminal charges. In the other case, a formal caution has been recommended and again paperwork has been sent to the authorities for consideration.