

AUDIT AND RISK COMMITTEE (ARAC) CHAIR'S ASSURANCE REPORT

This report is founded on the Audit and Risk Committee meeting held on 1 September 2022.

Area	Assurance	Items for Board's consideration and/or next steps
Financial Reporting	<i>Substantial Assurance</i>	Final report received from Grant Thornton on 31.3.22 year end. Positive in all respects with only a few minor suggestions in terms of improvement opportunities. The unqualified audit opinion will be signed tomorrow (2.9.22)
Financial Controls	<i>Reasonable Assurance</i>	Ongoing positive assurance regarding losses and special payments, single tender waivers and retrospective requisitions
(1) Internal Controls - Auditors	<i>Reasonable Assurance</i>	<ul style="list-style-type: none"> 1)NHSI requires a mandatory audit of all Trusts' financial governance to be completed by January 2023. This will be undertaken by TIAA and the estimated 15 days found from the existing plan/budget through primarily the cancellation of the Kent Care Record audit 2)Substantial assurance reports received for "Data Security and Protection Toolkit" and "Assurance Framework and Risk Management" 3)Counter-Fraud: green rating for Counter Fraud Functional Standard Return, the same rating as all other Kent Trusts
(2) Internal Controls - Trust	<i>Reasonable Assurance</i>	1) <u>Reports from Corporate Assurance and Risk Management Group and Health and Safety and Security Management</u> - both positive with improving trends and new initiatives. Some issues identified (SIs, data breaches, lone workers, clinical records). ARAC encouraged both groups to also consider how to lower the costs

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		<p>of controls and compliance. This in turn led to a discussion regarding clinical risk appetite which is often the start point for total end to end costs. Future reports also to include trend and benchmarking data</p> <p>2) <u>Cyber Security</u> - positive update received. The Trust's Cyber Security Specialist has recently left the Trust and a replacement is being recruited. Meanwhile, the IT department is back-filling and covering all bases. The recent national "One Advanced" ransomware incident did not affect us. Risks and remediations are being well managed. ICS role in encouraging greater data sharing (while minimising associated cyber risks) to be considered as part of IT deep dive (see "Other" below)</p> <p>3) <u>Legal Report</u> - interesting update considering insights that can be gained from triangulating claims with incidents and complaints. Early days but has potential</p>
Risk Management and Board Assurance Framework (BAF)	<i>Limited Assurance</i>	<p>Several suggestions regarding the BAF in terms of content (Estates utilisation inclusion, Kent County Council (KCC) social care budgets rewording) and process (better narrative describing the risks, alignment with the ICS-BAF)</p> <p>Risk deep-dive undertaken on Estates. Strategic risks not being captured nor evidence provided of their proactive management. Significant resource gaps in the Estates team. Internal Audit not yet concluded their audits on "Estates Compliance" and "Estates Moves and Changes". Board to receive an Estates update at a Part 2 meeting in October or November</p>
Governance	<i>Reasonable Assurance</i>	<p>1) <u>Standards of Business Conduct</u> - assurance is partly dependent upon staff being prompted each year to provide returns. ARAC concerned at the ever increasing demands being placed on staff and the role of IT to provide relief and support rather than yet more work. We will come back to this theme across the various NED assurance committees. Also, Charitable Funds to consider charitable donations in the context of the Trust's Business Conduct policies</p> <p>2) <u>Self certification of NHS Provider Licence</u> - a report was provided showing the sample evidence used in the Trust's self certification</p> <p>3) <u>Use of the Trust Seal</u> - increased usage mainly because of Edenbridge development</p>

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Other		Risk deep dive at next meeting in November - IT enablement. Update on risk appetite work also to be received

Peter Conway, Chair of Audit and Risk Committee
Non-executive director
1 September 2022

