

Cover Sheet

Trust Board Meeting in Public: Wednesday 18 January 2023

TB2023.19

Title: **Audit Committee Chair's Report**

Status: **For Information**

History: **This is a regular report to the Board**

Board Lead: **Committee Chair**

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Confidential: **No**

Key Purpose: **Assurance**

Audit Committee Chair's Report

1. Purpose

- 1.1. As a Committee of the Trust Board, the Audit Committee provides a regular report to the Board on the main issues raised and discussed at its meetings.
- 1.2. Since the last report to the Board held in public, the Audit Committee had met on 3 November 2022.
- 1.3. Under its terms of reference, the Committee is responsible for providing assurance to the Trust Board on the Trust's system of internal control by means of independent and objective review of financial and corporate governance and risk management arrangements, including compliance with law, guidance, and regulations governing the NHS.

2. Audit and Counter Fraud

Internal Audit

- 2.1. The Trust's internal auditors, BDO, presented four reports:
 - 2.1.1. Cyber Security (Design: Moderate Assurance; Effectiveness: Moderate Assurance);
 - 2.1.2. Estates Compliance (Design: Moderate Assurance; Effectiveness: Moderate Assurance);
 - 2.1.3. Board Assurance Framework (Advisory Report);
 - 2.1.4. PFI Contract Management (report undertaken by BDO specialist contract management team; Assessment of Maturity: Developing).
- 2.2. The Committee noted the recommendations associated with each report and sought assurance that actions had appropriate target dates for completion, had been completed by the agreed target dates and were owned at a suitably senior level. In one case, the Committee asked to see a revised action plan at its next meeting.
- 2.3. As part of its monitoring of KPIs, the Committee discussed performance in relation to management responses and asked that the agreed standard be maintained.
- 2.4. It was noted that of the open actions from 2021/22 only three remained in progress.

External Audit

- 2.5. The Trust's new external auditors, EY, summarised proposed areas of focus and activity for the 2022/23 year. This included plans to ensure that a robust

inventory valuation could be completed by the required deadline to inform their opinion.

- 2.6. In preparation for the Audit Committee's review of the annual statutory accounts, the Committee asked EY to clarify its approach to going concern and to confirm that the principles relating to key audit judgements and the scope of any methodologies, models or advice used by the Trust had been agreed by the time of the February 2023 meeting.
- 2.7. The Committee reviewed EY's independence statement and sought assurance that work commissioned by the Integrated Care System had not compromised this position.
- 2.8. EY's draft Engagement Letter was noted.

Counter Fraud

- 2.9. The Trust's Counter Fraud Specialist Advisors, TIAA, summarised activities undertaken across the Trust.
- 2.10. TIAA updated the Committee on the development of a dashboard to present tracking and reporting of recommendations; this would be presented to the Committee at its next meeting.

3. Risk, Assurance, Governance and Regulation

Corporate Risk Register (CRR) and Board Assurance Framework (BAF)

- 3.1. The Committee was briefed on the ongoing development of the BAF and work to embed understanding of risk management across the Trust. This multi-year programme would be one of the factors to be considered by the Trust Board in discussion of risk appetite.

Clinical Audit Plan – six month update

- 3.2. The Committee discussed the Clinical Audit Plan and received assurance that the plan was flexible enough to accommodate issues as they arose.

Standing Financial Instructions

- 3.3. A scoping paper was considered by the Committee, which supported a wider review of the Trust's Standing Financial Instructions and Scheme of Reservation and Delegation.

4. Financial Governance

- 4.1. The Committee received reports that provided analysis of approved single tender waiver applications (inclusive of retrospective waivers) and a summary of losses and special payments.

5. Other Updates on Existing Areas of Focus for the Committee

Preparation for Review of Annual Report and Accounts

- 5.1. The Committee received a new report which provided a mid-year review of judgements and estimates. The updated position provided the Committee with assurance that the position would only improve by year-end.

Use of Costing Data to Inform Internal Decision-making

- 5.2. A verbal update on the results of the survey undertaken was provided to the Committee. Areas of good practice had been identified; this would form the basis of a plan to be presented to the February 2023 meeting.

6. Key Actions Agreed

- 6.1. The Committee agreed to consider a proposal for a Deep Dive session from BDO and TIAA in advance of its February 2023 meeting.
- 6.2. The Committee agreed additional agenda items for its February 2023 meeting:
 - 6.2.1. A paper setting out the approach to be taken in respect of going concern (EY);
 - 6.2.2. A paper setting out the assurance that key audit principles had been agreed (EY);
 - 6.2.3. A plan to use costing data in internal decision-making (Chief Finance Officer).

7. Recommendations

- 7.1. The Trust Board is asked to **note** the contents of this report.