

## Cover Sheet

Trust Board Meeting in Public: Wednesday 13 September 2023

TB2023.94

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

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**Status:**           **For Information**

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

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**Board Lead:**    **Committee Chair**

**Author:**           **Laura Lauer, Deputy Head of Corporate Governance**

**Confidential:**    **No**

**Key Purpose:**   **Assurance**

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## Audit Committee Chair's Report

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### 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 14 and 28 June 2023. In addition, a reading session for the Annual Report and Accounts was held on 30 May 2023.
- 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. Annual Report and Accounts

- 2.1. A key area of focus during this period was to inform the Board and consider the required assurance in relation to year-end reporting for 2022/23. The Annual Report and Accounts 2022/23 were approved by Board on 28 June 2023 and were laid before Parliament on 4 September 2023.
- 2.2. The Council of Governors were briefed at their meeting on 12 July 2023 on the assurance provided by the Audit Committee's scrutiny of the Annual Report and Annual Accounts. The Auditor's Annual Report 2022/23 was presented to the same meeting by Ms Janet Dawson, Partner at EY, the Trust's external auditors.
- 2.3. The committee reviewed the draft statutory accounts prepared for the financial year 2022/23.
- 2.4. The Committee considered specific additional evidence from management on:
  - 2.4.1. The going concern assumption in the accounts;
  - 2.4.2. Key judgements and estimates made by management.
- 2.5. Based on the evidence reviewed, the Committee recommended the accounts as prepared on a going concern basis and supported the key judgements and estimates made by management.
- 2.6. The Committee reviewed the report on the representations from management and those charged with governance to the Trust's external auditors, EY.
- 2.7. A detailed and holistic review of the Annual Report was conducted during a focused reading session and at the June meetings. Following the

Committee's review, a number of amendments were made to the draft Annual Report to provide clarity and ensure readability.

- 2.8. The Committee reviewed the evidence presented in support of income disclosures as required by section 43(2A) of the NHS Act 2006 and endorsed the conclusion that non-NHS income had not resulted in significant interference with the Trust's principal purpose.
- 2.9. The Committee conducted a detailed review of the Annual Governance Statement, with particular consideration of the Executive's assessment of the control issues that had been identified and the key areas which impacted on the governance procedures and systems during the year.

### **3. Audit and Counter Fraud**

#### **Internal Audit**

- 3.1. The Committee considered the Internal Audit Annual Report and Head of Internal Audit Opinion from the Trust's internal auditors, BDO. The Committee noted that for 2022/23, the Head of Internal Audit Opinion provided the Trust with a rating of Moderate assurance that there was a sound system of internal control, designed to meet the Trust's objectives and that controls were being applied consistently. This opinion is consistent with the previous year.
- 3.2. Following Executive review, the Committee approved the Internal Audit plan for 2023/24.
- 3.3. The Committee noted that there was one Medium-priority internal audit recommendation overdue. BDO confirmed that management were proactive in addressing internal audit findings and it was expected that the overdue action would be closed.
- 3.4. BDO presented three final internal audit reports:
  - 3.4.1. Data Security and Protection Toolkit (Overall Risk Assessment: Moderate; Overall Confidence Level in DSP Toolkit Submission: High). This report provided the Committee with assurance that the Trust would make a complaint Data Security and Protection Toolkit submission;
  - 3.4.2. Data Quality – Cancer Waits (Design: Moderate Assurance; Effectiveness: Moderate Assurance);
  - 3.4.3. Risk Maturity Follow Up (Unrated Advisory Report).

#### **External Audit**

- 3.5. The Trust's external auditors, EY, presented the Audit Results Report 2022/23. EY confirmed that there were no material findings to report and that

the audit had been conducted with good engagement and appropriate challenge.

- 3.6. The Committee supported the approach to unadjusted misstatements agreed between EY and management on the basis of immateriality.
- 3.7. EY had made control observations regarding record-keeping in the fixed asset register, plant and machinery asset identification, and documentation retention in relation to judgements on complex accounting issues. Management are considering the recommendations.
- 3.8. The Auditor's Annual Report 2022/23, including the Value for Money Assessment was received by the Committee. The report confirmed EY's opinion that no actual significant weaknesses had been identified in relation to the three reporting criteria: Financial sustainability, Governance, or Improving economy, efficiency and effectiveness. No recommendations had been made.
- 3.9. The Committee reviewed the draft Management Representation Letter. A specific representation in relation to unadjusted misstatements was noted. No new general representations were required over and above those required for all of EY's NHS clients.

### **Counter Fraud**

- 3.10. The Trust's Counter Fraud Specialist Advisors, TIAA, issued its Anti-Crime Services Annual Report which concluded that there were no frauds subject to investigation that met the materiality threshold for referral to the Trust's external auditors, and that no significant failures or control weaknesses were identified that impact on the Trust's Annual Governance Statement.
- 3.11. At the Committee's request, BDO and TIAA agreed to align their reporting methodologies to provide a clear picture of the status of recommendations.

## **4. Risk, Assurance, Governance and Regulation**

### **Board Assurance Framework and Corporate Risk Register**

- 4.1. The Board Assurance Framework and Corporate Risk Register for 2023/24 was reviewed by the Committee.

## **5. Financial Governance**

- 5.1. The Committee considered the annual report on single tender waivers and suggested improvements in the presentation of the data to both Audit Committee and Investment Committee. It was noted that work on compliant direct awards would be presented to a future meeting.

## 6. Key Actions Agreed

- 6.1. The Committee recommended that the Trust Board approve the Annual Report and Accounts, including Annual Governance Statement and Management Representation Letter.

## 7. Recommendations

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