

Cover Sheet

Trust Board Meeting in Public: Wednesday 12 November 2025

TB2025.105

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

Status: **For Decision**

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 29 October 2025.
- 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 five reports. Two were presented in summary form:
 - 2.1.1. Directorate Risk Management (Design: Moderate; Effectiveness: Moderate); and
 - 2.1.2. Waiting List Management (Design: Substantial; Effectiveness: Moderate).
- 2.2. The Committee received assurance about the Trust's quality assurance gateway reviews to identify gaps in risk mitigation and the introduction of KPIs to direct support appropriately.
- 2.3. The use of digital tools to enhance and align waiting list management across specialities was noted.
- 2.4. Three reports were presented in full:
 - 2.4.1. IT Asset Management (Design: Limited; Effectiveness: Moderate);
 - 2.4.2. Stock Control (Design: Moderate; Effectiveness: Limited); and
 - 2.4.3. Divisional Financial Controls (Design: Moderate; Effectiveness: Limited).
- 2.5. The recommendations in these reports had been accepted by Management and all actions had owners and timelines for completion. The Committee expressed particular concern at receiving three reports with limited assurance, though it was noted that BDO had been directed to areas of perceived weakness.

- 2.6. The Committee was briefed by the Chief Digital and Information Officer on the identification and remediation of vulnerabilities.
- 2.7. The Chief Finance Officer updated the Committee on the rollout of a central stock control system which would provide good management information. A full change programme was in development and would be circulated to the Committee once it had been agreed. Subsequent monitoring of the programme would be through by the Trust's Delivery Committee.
- 2.8. Members were concerned that the variability and inconsistency in divisional financial teams and practices had not been disclosed earlier. This was in part due to the relaxation of financial controls during the pandemic, but it was also noted that some signs had been present in divisional reporting on progress against plan.
- 2.9. To address the issues identified in the divisional financial controls report, divisional finance teams would be managed centrally for a fixed period, before being returned to divisional oversight.
- 2.10. The completion and closure of internal audit recommendations was an area for concern for the Committee. It was agreed that these actions would also be monitored by the Trust's Delivery Committee, with increased focus on limited assurance audits.

External Audit

- 2.11. A review of lessons learned from the 2024/25 audit was undertaken. This was a joint piece of work between the Trust's finance team and external auditors, EY, and pointed to a mature and collegial working relationship.
- 2.12. Collaborative working between the teams was also in evidence when the Committee considered progress made on closing control recommendations from previous audits.

Counter Fraud

- 2.13. The Trust's Counter Fraud Specialist Advisors, TIAA, presented their regular update report.
- 2.14. In advance of the Failure to Prevent Fraud Offence coming into effect, TIAA had completed a Fraud Check gap analysis. Four medium-priority recommendations had been made and were nearly complete.
- 2.15. The Committee was briefed on the status of the Fraud Risk Assessment and payroll-to-payroll matching exercise, both of which would be presented to the February 2026 meeting.
- 2.16. Following an investigation, a former member of staff had been convicted of fraud and would be required to repay the monies obtained to the Trust.

- 2.17. The Committee received its regular update on closing counter fraud recommendations and agreed that these would be monitored by the Trust's Delivery Committee.

3. Annual Accounts

- 3.1. The Committee had early sight of key accounting judgements, estimates and changes in accounting standards.
- 3.2. External auditors, EY, confirmed their intention to discuss these in depth with management before the commencement of the interim audit to ensure alignment in key areas.

4. Risk, Assurance, Governance and Regulation

Trust Insurance Arrangements

- 4.1. The Committee considered the recommendations from a review of Trust insurance arrangements. These were primarily met through NHS Resolution cover, but the Trust could be underinsured in some areas, in particular in relation to property, intangible assets and leased space and equipment.
- 4.2. The Trust Board is responsible for determining whether the Trust should insure through NHS Resolution or to ensure risks using a commercial provider (Standing Financial Instructions, 22.2).
- 4.3. Audit Committee recommends to the Trust Board that it adopt the approach proposed by the Trust Management Executive: retain NHS Resolution cover, explore top-up property insurance for claims above £1m but below the threshold for central intervention, and to consolidate ad hoc insurance policies under a single broker for better oversight and value.

Overpayments

- 4.4. A report on the effectiveness of actions to reduce salary overpayments. An initial increase in the number of overpayments identified was due to improved controls and a recent amnesty to encourage submission of overdue forms and updates to job plans and rotas.
- 4.5. The new leavers process was shown to be working effectively, reducing the number of overpayments in this area.
- 4.6. There was clear Executive oversight and monitoring of progress. To enhance Non-Executive oversight, it was agreed that data on overpayments would be included in the Integrated Performance Report.
- 4.7. It was agreed that further reporting to the Audit Committee was not required and the Committee recorded its appreciation of the work done by Management to address the issue.

Clinical Effectiveness Report

- 4.8. The Committee reviewed the Annual Clinical Effectiveness Report 2024/25, which had also been discussed at Integrated Assurance Committee.
- 4.9. Members were briefed on actions taken to ensure open audits were closed and noted the governance and escalation routes.

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

- 4.10. The CRR and BAF was reviewed; this included the mid-year review of assurance reporting to demonstrate the three levels of assurance: Management, Committee and Independent.
- 4.11. Plans for a Board seminar on risk were in development. In advance of this, a full review of the effectiveness of controls in the Corporate Risk Register (CRR) would be considered by Risk Committee.

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

Financial Governance

- 5.1. The Committee received reports that provided a summary of losses and special payments and use of single tender waivers in Q1 and Q2
- 5.2. The Committee reviewed the post-submission report following the 2024/25 National Cost Collection exercise.

6. Key Actions Agreed

- 6.1. Local Counter Fraud and Internal Audit recommendations, with a particular focus on areas of limited assurance, would also be monitored by the Trust's Delivery Committee.
- 6.2. Delivery Committee would monitor the Stock Control change programme, with the Audit Committee receiving a copy of the programme once finalised.
- 6.3. Data on overpayments would be added to the Integrated Performance Report.

7. Recommendations

- 7.1. The Trust Board is asked to **note** the contents of this report.
- 7.2. The Trust Board is asked to **approve** the recommendation that the Trust retain NHS Resolution cover, explore top-up property insurance for claims above £1m but below the threshold for central intervention, and to consolidate ad hoc insurance policies under a single broker for better oversight and value.