

Cover Sheet

Trust Board Meeting in Public: Wednesday 11 March 2026

TB2026.35

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

Status: **For Information**

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

Board Lead: **Committee Chair**

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

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 25 February 2026 and Mr Kenny Kamal had joined the Committee.
- 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

Limited Assurance Reports

- 2.1. The Committee expressed concern about the effectiveness of Delivery Committee as the oversight mechanism for tracking actions and for providing assurance that actions from internal audit reports would be completed in a timely manner. The Delivery Committee report to the Integrated Assurance Committee did not provide sufficient evidence that actions were reviewed and that progress was being made.
- 2.2. The Committee was updated on actions being taken in relation to the three limited assurance internal audit reports and: Stock Control, Divisional Financial Controls, and IT Asset Management. Key areas of discussion included:
 - 2.2.1. Stock Control – assurance was sought on the likely success of the business case; more frequent updates were requested (whether to the monthly NED finance briefing or to Integrated Assurance Committee);
 - 2.2.2. Divisional Financial Controls – assurance was sought on the level of Divisional engagement and timescales and criteria for transitioning finance teams back to Divisions;
 - 2.2.3. IT Asset Management – an interim solution would be in place by April 2026, with the possibility that a longer-term solution could be achieved using existing tools.

Progress Report

- 2.3. The Trust's internal auditors, BDO, presented three summary reports:
 - 2.3.1. E-Rostering (Design: Substantial; Effectiveness: Moderate);
 - 2.3.2. Medical Devices Management (Design: Moderate; Effectiveness: Moderate); and
 - 2.3.3. Key Financial Systems: Accounts Payable and Accounts Receivable (Design: Moderate; Effectiveness: Moderate).
- 2.4. BDO were asked to brief the Committee separately on retrospective purchase orders and non-purchase order payments to provide assurance that the audit findings were proportionate.
- 2.5. It was expected that the 2025/26 Internal Audit plan would be completed ahead of schedule. The final two reports would be presented at the April 2026 meeting of the Committee; this would enable the final Head of Internal Audit Opinion to be issued.
- 2.6. It was noted that the 2026/27 Internal Audit plan would be presented to the Trust Management Executive; the Committee requested that further consideration be given to an extension of the principles of the e-Rostering audit to medical staff.

External Audit

- 2.7. The Trust's External Auditors, EY, presented the 2025/26 audit plan, including key audit risks. Materiality thresholds and value for money obligations remained consistent with prior years.
- 2.8. EY reported no concerns regarding outstanding recommendations.

3. Counter Fraud

- 3.1. The Trust's Counter Fraud Specialist Advisors, TIAA, presented their regular update report.
- 3.2. TIAA provided updates on the fraud risk assessment and staff declarations of interest. The Committee sought assurance as to how conflicts of interest relating to pharmaceutical companies were managed.
- 3.3. It noted positive feedback from the NHS Counter Fraud Authority engagement visit.
- 3.4. The Committee received its regular update on closing counter fraud recommendations.

4. Annual Report and Accounts

- 4.1. The Committee reviewed the timetable and streamlined approach for the Annual Report and Accounts.
- 4.2. Changes to the performance section of the report to align more closely to national indicators and provide more narrative explanation were reviewed and approved.

Accounting Policies, Judgements and Estimates

- 4.3. The Committee reviewed the approach proposed by the Trust in relation to judgements and material estimates.
- 4.4. The Surgical Elective Centre and PFI accounting were areas of focus and the Committee would receive follow-up information outside the meeting.
- 4.5. The need for judgements and estimates to be communicated well in advance of final account review was stressed.

Litigation Exposure Review

- 4.6. The Committee reviewed four categories of litigation exposure, noting reliance on NHS Resolution for clinical negligence and the need for updated year-end figures when available.

Annual Governance Statement

- 4.7. The process for producing the Annual Governance Statement (AGS) was reviewed and the proposal to make the AGS more focused was supported.
- 4.8. Internal audit would be consulted on the impact of enforcement notices on the control environment. The Committee supported greater visibility of these notices across Trust governance.

5. Risk, Assurance, Governance and Regulation

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

- 5.1. The Committee was briefed on planned changes to the BAF for 2026/27. These included the addition of a short section to provide narrative / commentary on progress towards agreed plans and key milestones and the introduction of an overall assurance rating. The Committee warmly endorsed these changes.
- 5.2. The overall presentation of the data was discussed, with follow up activity outside the meeting.
- 5.3. There was a strong sense that Strategic Risk 3.1 should be further disaggregated to ensure both the risks and mitigations for each component were clear. This would be taken back to Risk Committee.

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

Policy Review

- 6.1. The Committee reviewed the following policies (each of which will be presented to the Trust Board under separate cover):
 - 6.1.1. Establishment Control Policy – this had been developed to address an internal audit finding. The Committee commended the policy and the work to develop such a comprehensive framework.
 - 6.1.2. Developing and Managing Policies & Procedural Documents Policy – The Committee reviewed proposed changes to the current policy and recommended those changes to the Trust Board for approval.
 - 6.1.3. Counter Fraud, Bribery and Corruption Policy – the policy had been revised to reflect current legislation and outlined the end-to-end process from reporting to sanctions. The Committee recommended the policy to the Trust Board for approval.

Financial Governance

- 6.2. The Committee received reports that provided a summary of losses and special payments and use of single tender waivers to Q3 of the 2025/26 financial year.

Update on Implementation of Revised Standing Financial Instructions and Scheme of Delegated Authorities

- 6.3. The Committee reviewed the results of first review cycle following the implementation of the revised Standing Financial Instructions (SFIs) and Scheme of Delegated Authorities (SoDA), which came into force in July 2025.
- 6.4. Key proposed changes included adjustments to contract ratification limits to reduce the unforeseen and excessive volume of approvals for TME, revised requisitioning limits for Estates to address operational feasibility, and changes to credit note procedures in response to internal audit findings.
- 6.5. The Committee recommended the revised documents for approval by the Trust Board. These would be presented under separate cover.

7. Recommendations

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