

## Cover Sheet

Trust Board Meeting in Public: Wednesday 27 May 2026

TB2026.51

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

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**Status:**         **For Decision**

**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 29 April 2026.
- 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

##### Update on Internal Audit Reports

- 2.1. BDO, the Trust's internal auditors, presented two reports:
  - 2.1.1. DM01 Data Quality (Design: Substantial; Effectiveness: Substantial). No recommendations; and
  - 2.1.2. Data Security and Protection Toolkit (DSPT) (Overall Risk Assessment: Low; Confidence Level: High). There were two low-priority recommendations.
- 2.2. The Committee noted good progress in the closure of internal audit recommendations, with one historic recommendation to be followed up outside the meeting.
- 2.3. Three internal audit reports had previously been noted as providing limited assurance. The Committee was updated on progress in completing the recommendations raised on each report and any action plans arising. Good progress was noted and the Committee was assured in relation to the mitigation in place on CMDB integration.

##### Internal Audit Plan 2026/27

- 2.4. BDO presented the proposed internal audit plan for the 2026/27 financial year.
- 2.5. Noting the Committee's focus on timely completion of the internal audit programme, BDO confirmed that scoping meetings for the three Q1 audits were already in place.

- 2.6. The Committee would see any significant findings from the financial forecasting (Q1) and budget setting (Q2) internal audits outside the regular committee cycle.
- 2.7. Members heard that improvements were being made in Estates systems and that an internal audit at this time could be premature. The Committee asked that Executive Directors consider whether the routine estates maintenance audit would be better timetabled to review the effectiveness of systems once these had been implemented.
- 2.8. An audit on medical variable pay was proposed as part of the plan; clarification was sought on how this audit would interface with other work on medical productivity. BDO agreed to share the terms of reference of the audit with Committee members once these were finalised.
- 2.9. The Committee approved the Internal Audit plan for 2026/27, subject to clarification regarding two audits, and noted the Internal Audit Charter.

#### Head of Internal Audit Opinion

- 2.10. The Committee considered the draft Internal Audit Report and Head of Internal Audit Opinion, noting that final versions would be presented to the June meeting of the Committee.

#### **External Audit**

- 2.11. The Trust's external auditors, EY, reported on progress of the early stages of the external audit.
- 2.12. The materiality threshold had been adjusted to £38m, noting that the audit differences were reported to the Committee at a much lower level.
- 2.13. The Committee noted that the letter from the Chair of Audit committee to EY setting out how the Committee gains assurance from management had been sent to EY.

#### **Counter Fraud**

- 2.14. The Trust's Counter Fraud Specialist Advisors, TIAA, presented their regular update report and workplan for 2026/27.
- 2.15. Fraud awareness across the organisation was discussed, with Executive Directors to consider a more robust communications strategy to raise awareness of the consequences of committing fraud.

### **3. Annual Accounts**

- 3.1. The Committee continued its preparations for final review of the Trust's Annual Accounts by considering:
  - 3.1.1. The Trust's Draft Annual Accounts 2025/26;
  - 3.1.2. An analytical review of the Trust's 2025/26 financial position;

- 3.1.3. A draft of the Annual Governance Statement 2025/26, with a focus on the Trust's assessment of potential gaps in control; and
  - 3.1.4. Register of Interests, Gifts, Hospitality and Sponsorship for members of the Trust Board.
- 3.2. Management presented updates to key areas of judgement for the 2025/26 annual accounts. The Committee tested the assumptions and supporting external advice for each judgement, which would be further reviewed by EY as part of the external audit.

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

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

- 4.1. The Committee reviewed a summary of the 2025/26 BAF and CRR, noting that each control now received an assurance rating.
- 4.2. The Committee supported the enhancements to the document but requested that the Trust Board be consulted about the level of detail required to provide assurance.

##### **Board Scheme of Reservation and Delegation**

- 4.3. To align more closely with the Standing Financial Instructions and Scheme of Delegated Authorities, revisions to the Board Scheme of Reservation and Delegation had been made. This document has been placed in the Reading Room for reference. The Committee reviewed the revisions and requested that the delegation regarding responsibility for appointing the internal auditors be reviewed.
- 4.4. Subject to that review, the Committee recommended that the Trust Board approve the Board Scheme of Reservation and Delegation.

#### **5. Financial Governance**

- 5.1. The Committee reviewed the plan for the production of costing data and agreed to recommend the Trust Board that the Director of Finance be given delegated authority to submit the costing submission during the week commencing 29 June 2026.
- 5.2. Members observed that the costing data was a potentially rich dataset and requested that management develop a plan for using this data.
- 5.3. The Committee received a report that provided a summary of losses and special payments.

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

### Digital/Information Governance

- 6.1. The Information Governance Annual Review was presented. This report demonstrated the assurance mechanisms which supported the Information Governance section of the Annual Governance Statement.
- 6.2. The Chief Digital and Information Officer briefed the Committee on three reportable incidents. These had been reported to the Information Commissioner's Office and reported to the Trust Board via the Integrated Performance Report.

## 7. Key Actions Agreed

- 7.1. Two areas of the internal audit plan for 2026/27 would be reviewed: Executive Directors would consider the timing of the routine estates maintenance audit, and the Committee would provide feedback on the scope of the medical variable pay audit.
- 7.2. Executive Directors would consider enhancing communication to staff regarding fraud.
- 7.3. The Trust Board should be consulted regarding proposed assurance ratings in the BAF/CRR.
- 7.4. The delegation regarding the appointment of internal auditors would be reviewed.
- 7.5. Management would develop a plan for utilising costing data.

## 8. Recommendations

- 8.1. The Trust Board is asked to **note** the contents of this report.
- 8.2. The Trust Board is asked to **approve**:
  - the Audit Committee's recommendation that the Trust Board delegate authority to the Director of Finance to submit the costing submission during the week commencing 29 June 2026; and
  - the revised Board Scheme of Reservation and Delegation.