



## Audit Committee Chair's Report

**Public Board**  
**26 May 2022**

<b>Presented for:</b>	Information and Assurance
<b>Presented by:</b>	Suzanne Clark, Chair of Audit Committee
<b>Author:</b>	Jo Bray, Company Secretary
<b>List of meeting dates:</b>	5 May 2022

<b>Trust Goals</b>	
The best for patient safety, quality and experience	✓
The best place to work	✓
A centre for excellence for research, education and innovation	✓
Seamless integrated care across organisational boundaries	✓
Financial sustainability	✓

<b>Trust Risks (Type &amp; Category)</b>				
<b>Level 1 Risk</b>		<b>Level 2 Risks</b>	<b>(Risk Appetite Scale)</b>	<b>Risk</b>
Workforce Risk			Choose an item	Choose an item.
Operational Risk			Choose an item	Choose an item.
Clinical Risk				
Financial Risk		<b>Counter Fraud</b> We will adopt a zero-tolerance approach to workforce fraud through the maintenance of an anti-fraud culture, investigating all reported instances of fraud and following disciplinary and criminal proceedings	Averse	↔ (same)
Financial Risk		<b>Financial Reporting Risk</b> We will deliver sound financial management and reporting for the Trust with no material misstatements or variances to forecast	Minimal	↔ (same)
External Risk		<b>Legal &amp; Governance</b> We will operate the Trust in compliance with the law and UK Corporate Governance Code, where applicable	Averse	↔ (same)

<b>Key points</b>	
This summary provides an overview of significant issues of interest to the Board, highlights key risks discussed, key decisions taken, and key actions agreed.	For information and assurance

**ISSUES OF INTEREST TO THE BOARD FROM 5 MAY 2022 COMMITTEE MEETING**

*Prior to the formal Committee meeting taking place, it has been practice to hold a pre meeting for training and development, but in light of operational pressures and deferral of items from the March meeting, the time was used to work through a larger than normal agenda.*

*The Non-Executives held an informal meeting with Mazars, External Auditors prior to the formal meeting.*

**Matters Arising from the last meeting**

None.

**Annual Declaration of Independence from the Non- Executive Directors**

The Committee received a report which included an extract from the Register of Interests which had been reviewed by the Chief Executive and Company Secretary and reported assurance of independence to the Non-Executive Directors.

**Strategic Risks and Governance**

The level 1&2 risk categories, as set out in the Committee’s work plan, to be reviewed for a deep dive by the Committee were;

**Information – Governance, Security and Technology Risks**

- *Information Governance Risk – We will appropriately manage information management risk through the collection, storage, management and maintenance of information. As a minimum, we will meet data protection and healthcare information governance requirements.*
- *Information Security Risk – We will ensure the confidentiality, integrity and availability of information, and its appropriate and legitimate use.*
- *Information Technology – We will develop and maintain stable and resilient services, operating to consistently high levels of performance.*

The report described the various review and escalation levels established in DIT for governance, risk identification and risk management purposes. It summarised the priorities over the previous two years with processes and controls in place for improvement, with oversight and assurance to the DIT Committee, governance underpinned from the use of the Project Delivery Life Cycle (PDLC) and Information Governance controls and assurance from the Data Security & Protection Toolkit, noting this was also subject to annual internal audit.

The Committee noted the challenges of information security and cyber, and the additional tools and technologies that been applied, however the maturing IT estate also presented issues. This was explored further by the Committee recognising the planned investment against the DIT Strategy with some progress but ongoing investment required.

The Data Security & Protection Tool Kit Submission was received for information.

**Workforce - (Supply, Deployment, Retention & Performance Risks)**

- *Workforce Supply Risk – We will deliver safe and effective patient care through having adequate systems and processes in place to ensure the Trust has access to appropriate levels of workforce supply.*
- *Workforce Deployment Risk – We will deliver safe and effective patient care through the deployment of resources with the right mix of skills and capacity to do what is required.*
- *Workforce Retention Risk – We will deliver safe and effective patient care, through supporting the training, development and health and wellbeing of our staff to retain the appropriate level of resource to continue to meet the patient demands for our clinical services.*
- *Workforce Performance Risk – We will deliver safe and effective patient care through having the right systems and processes in place to manage performance of our workforce.*

The report summarised the processes and mechanisms in place for the management of workforce risks, noting that three risk were included in the Corporate Risk Register. The Workforce Committee provided assurance of the progression of the People Priorities with its supporting Committee structure, with data reported to Board through the IQPR. Further internal and external controls were explained.

**Capacity Planning and Business Continuity Risk**

- *Capacity Planning Risk – We will ensure that capacity is planned to meet the demand for elective and non-elective (acute) admissions to our hospitals, managing risk to provide safe treatment and care to our patients.*
- *Business Continuity Risk – We will develop and maintain stable and resilient services, operating to consistently high levels of performance.*

The report set out the risk assessments and controls process along with monitoring and assurance processes for; business continuity planning, emergency continuity planning, capacity and demand modelling undertaken at CSU level, seasonal planning, surgical prioritisation and Covid-19 modelling. Reference where applicable we made to supporting national guidance and evidence of application.

**Change Risk – We will deliver change aligned to the Trust’s strategy on time and to budget with benefits achieved and no significant adverse impacts**

The Committee noted the previous report relating to change risk which had focused on specific aspects relating to portfolio of the Director of Finance. This prompted a wider discussion on the many aspects of change risk and clarity to the definition, which was interpreted in different ways. It was agreed that this would be included in the autumn reviewed of the risk appetite statements by the Board.

**External Risks – Legal & Governance, and Regulatory Risk**

- *Legal & Governance Risk – We will operate the Trust in compliance with the Law and UK Corporate Governance Code, where applicable*
- *Regulatory Risk – We will comply with or exceed all regulations, retain its CQC registration and always operate within the Law.*

The report set out the assurances, in place noting the criteria of the Annual Governance Statement (AGS) set by NHSE/I, the requirements of the CQC against the Well-led and the external review carried out over the summer by AQUA, the security of internal and external audit. It was noted that the Board had also received a training and development session in year on the legal duties of directors and the Board.

**BAF and CRR Update**

The Committee received Corporate Risk Register (CRR) and Board Assurance Framework (BAF) as Blue Box information.

### **External Audit Update**

The Committee received an update on the work taking place in the preparing the yearend accounts to be presented to the next Committee meeting and recommendation to the Board at the extra ordinary meeting planned for 16 June 2022. Good progress had been made to date, and it was noted that Non-Executives were to hold an informal internal meeting for informal review.

### **Internal Audit Updates**

The Committee received and reviewed the PwC Publication Managing Risk in the NHS 2022 and were assured that the Trust was in keeping with others in the number and themes of risks held on Corporate Risk Registers and Board Assurance Frameworks.

The Committee received an update on the progress report of the Internal Audit Plan for 2021/22. The following final reports had been issued and an update was provided;

- Wellsky Pharmacy System
- Mortality Framework
- CSU Compliance Phase 1
- Contracts Review
- Finance the Leeds Way
- Assurance Framework and Risk Management

It was reported that the fieldwork had been carried out and draft reports were due to be issued for the following;

- Cyber Security
- Workforce – Induction Mandatory Training

Final terms of reference had been issued and commenced field work for;

- NHS Digital DSP toolkit
- Patient Satisfaction of Feedback – Complaints Process

There were three overdue actions within TrAction; The Committee supported the extensions to deadlines.

- Theatre Utilisation - One low risk action, noting the extension from December Audit Committee meeting to the end of January and was extended to 31 March 2022 as the external party was unable to complete the work due to pressure of Omicron. And was granted a further extension to May 2022.
- Never Events – two medium risk actions, were due by 31 March 2022 and were extended to 31 May 2002.

The Committee noted the full year of internal audit activities would support the Head of Internal Audit Opinion Statement that would be included in the AGS and reported to the yearend Audit Committee meeting and flow to Board.

The Committee received a report from Andrew Allred, Clinical Director /Chief Pharmacist Medicine Management and Pharmacy Services for assurance of the agreed actions in response to the internal audit on the Management of Controlled Drugs.

The Committee approved the final draft Internal Audit Strategic and Annual Plans for 2022-23.

### **Counter Fraud - Progress Report**

The Committee received the Annual Report for 2021/22 of activities and progress to delivery against the Counter Fraud Work Plan for 2021/22. The Trust was required to sign a declaration to an annual statement of assurance, which was underpinned by the content of the Annual Report and Self Review Tool. The Committee reviewed the self-assessment noting 10 out of 12 of the criteria were RAG rated as green with further evidence required to support two which were rated as amber requirement 6 (reports outcome base metrics) and 10 (undertake detection activity), with the Committee fully aware of the change in criteria of the standards in year and ability to sufficiently evidence against the requirements. The Committee noted that some cases were carried forward from previous years with a variety of mitigating circumstances underpinning closure.

The Committee reviewed and agreed the Counter Fraud Work Plan for 2022/23 with minor amendments.

## **Corporate Governance Reports**

### **Annual Governance Statement**

Julian Hartley, Chief Executive, in his capacity as the Accountable Officer of the organisation attended the Committee to provide assurance of the draft Annual Governance Statement (AGS) which is prepared as the statement of internal control, and forms part of the yearend documentation to be published within the Annual Report and submitted to NHSE/I. The Committee were assured of the processes behind the collation of information and its contents.

### **Review of Policies**

The Committee were assured of the process in place to review and maintain a current suite of policies and procedures, noting the report covered the period from September 2021.

### **Losses and Special Payments**

The Committee received assurance from the report summarising the payments made from 1 April 2021 to 31 March 2022, with the number of cases and value lower than the previous year. The Committee also recognised the importance of safely caring for patients' property.

### **Single Tender Actions**

The Committee were assured of the reporting period 20<sup>th</sup> November 2021 through to 11<sup>th</sup> April 2022 and noted the on-going work of the Procurement Team with all service areas and the underpinning governance that any Single Tender had been approved by the Director or Associate Director, Commercial & Procurement.

### **Review of Annual Reports from each of the Committees of the Board**

The Committee Chairs attended the meeting to present the Annual Report of their respective Committee, which provided assurance that they had delivered their work plans for 2021/22, they had reviewed their Terms of Reference (noting any changes are set out in a separate report to the Board at agenda item 14.3). Each provided a summary of their activities during the year. There was a useful discussion to the alignment of the objectives of each Committee for the coming year, both across Committees and to the Corporate Objectives. These objectives will be consolidated as considered collectively by the Board.

The Audit Committee can provide assurance to the Board that the Committees of the Board are working effectively (as set out within its own Annual Report).

The Committee Annual Reports are received in the Public Board meeting as Blue Box items (agenda items 10.5a-f) noting that the Building Development Committee and the Innovation District Committee contain commercially sensitive information and are withheld from the public domain.

### **Review of the Audit Committee Draft Annual Report**

The Audit Committee reviewed its own draft Annual Report, and objectives for the coming year prior to submission to the Board, which is to be received for assurance at agenda item 10.5(ii).

**Work Plan and Calendar of Key Events for 2022/23**

The work plan was received and noted by the Committee.

**Blue Box Item – Record of the Use of the Seal**

The Committee received the report for assurance, which set out the details of the application of the seal. Noting that not all documentation requiring the application of the seal was associated with a contract value, that some cases related to legal variations.

**Standing Agenda Items**

There were no new issues to escalate to the CRR, no issues required legal advice, or escalated to NHS England/Improvement, CQC or to the Board.

The information received within the meeting reported the Trust remained within its defined risk appetite.

**Suzanne Clark, Chair Audit Committee  
May 2022**