

## Audit Committee Chair's Report

Public Board  
25 May 2023

<b>Presented for:</b>	Information and Assurance
<b>Presented by:</b>	Suzanne Clark, Chair of Audit Committee
<b>Author:</b>	Jo Bray, Company Secretary

Our Annual Commitments for 2023/24 are:	
Effectively develop and deploy new assets (buildings, equipment, IT)	✓
Reduce healthcare associated infections	
Improve staff retention	
Deliver the financial plan	
Reduce average length of stay by 0.5 days per patient	
Achieve the Access Targets for Patients	
Support a culture of research	

Trust Risks (Type & Category)				
Level 1 Risk	(✓)	Level 2 Risks	(Risk Appetite Scale)	Risk
Workforce Risk				
Operational Risk				
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 4 MAY 2023 COMMITTEE MEETING**

Prior to the formal Committee meeting taking place, Non-Executive Directors held an informal meeting with External Audit.

There was no formal training and development prior to the meeting, in order to accommodate the lengthy agenda for this meeting. The Committee reviewed and agreed the forward training and development plan for 2023/24 with the following themes; what does assurance look like, PFI accounting, ESG accounting developments, driving higher productivity and value for money.

### **Matters Arising from the last meeting**

As follow up and assurance to the request for the extension to an overdue audit action relating to DIT, the Committee had requested an update on the 11 outstanding audit actions, noting two related to internal audit actions. Five of the 11 were aligned to the roll out of the End User Compute (EUC) programme, with five having subsequently been closed and a final action on track to be completed as planned. The Committee discussed in detail the progress of the EUC programme with anticipated delivery of 95% of the project in July. It was noted that the EUC upgrade needed to be in place to enact the outstanding audit recommendations and therefore the extension date requested for completion of these actions was November. This was declined as the Committee were concerned about the extensive period of time from the delivery of the EUC roll out in July, to the closure of audit recommendations in November. The Committee noted the scheduling of both the Audit and DIT Committee meetings within a week of each other in September, and therefore delegated further assurance of the delivery of the audit actions and a deep dive to the September DIT Committee, approving an extension for these actions until September.

### **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;

### **Workforce Risks**

- Workforce Supply Risk - *We will deliver safe and effective patient care through having adequate systems and process in place to ensure that 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 & Wellbeing of our staff to retain the appropriate level of resource to continue to meet the patient demand for our 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 mechanisms in place for the management of workforce risks, setting out the controls in place and the assurance framework through various Committee structures and supporting groups, internal and external assurance controls, underpinned by the Trust's Risk Management Framework and Corporate Risk Register (CRR).

The Committee noted the two specific risks held on the CRR; CRRW1 Inadequate nurse staffing levels and CRRW2 Inadequate medical staff to deliver service and received an update on the work in progress for assurance in key gaps in the workforce across all staff groups that could be provided and noted this was a pending proposal to the Risk Management Committee later that day.

The Committee commended the assurances set out in the report and noted the additional assurances of internal audit (requesting this be also noted).

### **Business Continuity and Capacity Planning**

- Business Continuity - *We will develop and maintain stable and resilient services, operating to consistently high levels of performance.*

The report highlighted the number of potential risks identified on the CRR that could be impacted by challenges around business continuity and capacity planning, with the assurances set out for oversight and review, including assurance via the monthly Finance & Performance Committee reporting to Board.

The assessment and controls underpinning business continuity and adherence to International and British Standards were cited along with the NHS requirements of Emergency Preparedness Resilience and Response (EPRR) and the team in place to ensure compliance. Monitoring and assurances were set out in the report, which included processes and examples of 'testing' that had taken place, noting the recent response to the 'real' incident at St James's site in January.

The Committee commended the comprehensive report and the assurances it provided.

- Capacity Planning - *We will ensure that capacity is planned to meet the demand for elective and non-elective (acute) admissions to our hospitals, managing this risk to provide safe treatment and care to our patients.*

The report highlighted the ongoing impact to the Trust of respiratory infections including COVID 19 and influenza that continued to impact demand. Assurances of bed modelling were described, and the Committee noted the COVID 19 modelling had become more difficult to predict due to data no longer being available. Adherence to the NHS England activity targets as defined in the 2023/24 Planning Cycle were explained, and assurance and benefits were provided on the GooRoo Planner to forecast demand and impact on capacity requirements to support delivery of activity. The impact of industrial action was recognised with responses by the Trust worked through on each occasion whereas seasonal planning was carried out with a strategic approach. Processes for responding to operational pressures and demands were explained. The Committee were reminded of the P categories used to priorities patients waiting for surgery and the automatic reprioritisation of any P4 patient who had waited over 80 weeks for treatment to a P3 patient.

The Committee commended the comprehensive report and the assurances it provided.

### **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, compliance against the Provider Licence, the requirements of the CQC against the Well-led along with the scrutiny of internal and external audit. The report

confirmed there were no significant breaches to the Trust's systems of internal control, and that more details were provided (as required) in the draft Annual Governance Statement received later in the agenda.

The Committee were assured of the controls in place to manage the legal & governance and regulatory risks as defined in the Risk Appetite Framework.

### **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 and noted the work in progress towards the audit of the financial accounts and the yearend reporting requirements. The draft accounts would be presented to the 27 June 2023 Audit Committee meeting with their recommendation to the full Board on 29 June 2023 for submission to NHS England as required by 30 June 2023.

### **Internal Audit Updates**

The Committee received an update on the progress report of the Internal Audit Plan for 2022/23. The following final reports had been issued and an update was provided;

- ICS Working Arrangements (satisfactory)
- Healthcare Acquired Infections Data (limited)
- Risk Management (satisfactory)
- Cleaning Standards/Facilities (satisfactory)
- Employment & UKVI Checks (satisfactory)
- Research Funding (moderate)
- Nursing Documentation Digitisation Project (satisfactory)

The report also confirmed those audits with completed field work where draft reports had been issued, those where reporting was still being drafted, where field work had commenced and those where terms of reference of the reviews were yet to be agreed.

Prior to the Committee meeting information had been received to enable the closure of the action associated with waiting list management audit action which had been extended from 31 December 2022 to 31 March 2023. The remaining DIT request for extension of the delivery of the action was addressed under matters arising, with an extension granted until September where an update report would be presented to the DIT Committee.

The Committee received the full audit report to review, receive and note the findings of the Healthcare Acquire Infection Data and delegated to the QAC to follow up to monitor assurance of the recommendations and actions.

The Committee received the final draft of the Internal Audit Plan for 2023/24. Aspects of this were explored in further detail to provide assurance of supporting information outside the remit of Internal Audit for those areas that would not be subjected to internal audit review during 2023/24 given the 25% reduction of the three year rolling plan compared to 2022/23. The Committee were keen to seek assurance on IT General Controls to triangulate this to the benefits of the roll out of EUC and agreed this would be explored further through the Leeds Improvement Method learning cycle as part of a post implementation review process, to provide assurance in year and would be an Internal Audit in Q1 of 2024.

The Committee received and noted the assurance from the Internal Audit Annual Report of work carried out during 2022/23 which reported that 19 internal audit reviews had been carried out, with seven remaining to be finalised. There were zero findings rated critical, three rated high, 28 medium, 14 low and eight advisory to improve weaknesses in design of controls and/or operating effectiveness. The Committee noted the reports associated with the Building

the Leeds Way Programme where four reviews had been completed out of seven planned for 2022/23, with one currently underway, one review was on hold subject to the building schedule and one deferred to 2023/24.

### **Counter Fraud**

- Annual Report

The Committee received the Annual Report and overview of how the Trust had met the 'Government Functional Standard 013' in relation to counter fraud, bribery and corruption during 2022/23. The report was set out in the required submission template and would be submitted to the NHS Counter Fraud Authority no later than the required deadline of 31 May 2023. The report highlighted;

- £59,017 Fraud losses recovered to NHS budgets
- £27,888 Fraud losses prevented
- 93% of staff who responded to the survey thought the Trust was committed to fighting fraud
- Four fraud sanctions in year
- 1,300 responses to fraud survey

- Work Plan for 2023/24

The Committee received and noted the work plan for 2023/24 and were pleased to reflect that with a longer term vacancy recently filled, for the coming year with this resource there would be an aim to balance proactive promotional activities to reactive investigation work, thus raising the profile of fraud prevention and reporting.

### **Corporate Governance Reports**

#### **Review of Policies**

The Committee were assured of the process in place to review and maintain a current suite of policies and procedures, as at 24 April 2023.

#### **Losses and Special Payments**

The Committee received assurance from the report summarising the payments made from 1 April 2022 to 31 March 2023, with the number of cases and value higher than the previous year. This was attributed to the number of outstanding debts in relation to private patients and significant increase in write-off of debt for overseas visitors. The number and value of personal injury claims has also increased noting the settlement of claims had been slower during the pandemic. The Committee recognised the importance of safely caring for patients' property and were pleased to note this was lower than previous years.

#### **Single Tender Actions**

The Committee were assured of the reporting period 19 November 2022 through to 24 April 2023 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. There was a small increase in two waivers since the last report but a reduction in the overall value.

#### **Yearend Process**

The Committee received assurance of the work taking place for the completion of the reports and associated deadlines for submission for the Annual Report, Quality Account and were updated on the account preparation.

### **Matters for the Audit Committee**

### **Review of Committee Annual Reports**

The Committee Chairs presented the Annual Report of their respective Committee, which provided assurance that they had delivered their work plans for 2022/23, they had reviewed their Terms of Reference, each provided a summary of their activities during the year and set out their proposed objectives aligned to the Trust seven annual commitments. The Audit Committee agreed to review and refine these with each Chair for common language across all and would report to the May Board meeting.

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 noting that the Building Development Committee, DIT and the Innovation District Committee contain commercially sensitive information and are withheld from the public domain.

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

The Audit Committee reviewed its own draft Annual Report, and objectives for the coming year prior to submission to the Board.

### **Work Plan and Calendar of Key Events for 2023/24**

The work plan was received and approved 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, 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 2023**