

Audit Committee Chair's Report

Public Board
25 January 2024

Presented for:	Information and Assurance
Presented by:	Suzanne Clark, Chair of Audit Committee
Author:	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	✓	Counter Fraud 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	✓	Financial Reporting Risk We will deliver sound financial management and reporting for the Trust with no material misstatements or variances to forecast	Minimal	↔ (same)
External Risk	✓	Legal & Governance We will operate the Trust in compliance with the law and UK Corporate Governance Code, where applicable	Averse	↔ (same)

Key points	
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 13 DECEMBER 2023 COMMITTEE MEETING

An informal training session was held prior to the Committee meeting, with an open invitation to finance colleagues and the wider Committee. This was provided by External Audit (Mazars) on the reporting requirements to assess value for money within the review and commentary for the yearend opinion by External Audit.

Prior to the formal Committee meeting taking place, Non-Executive Directors held an informal private meeting with External Audit with no significant issues of escalation raised.

Matters Arising from the last meeting

- Review of Committee Objectives - Report on Scrutiny of Productivity Across the Trust

At the September meeting the Committee's Objectives were reviewed and it was agreed that an overview of the work and reporting on productivity would be shared with the Committee for wider understanding and assurance.

A presentation summarised the national data collection and current reporting of productivity for all trusts within the NHS, with the common theme that post Covid all trusts were recorded as less productive. Details were explained to the recording of activity driven by Payment by Results, noting that across WY ICS a different payment mechanism was being piloted for 2023/24. Assurance was reported of the two reports that had been received during the year and scrutinised within the Finance & Performance Committee, which were based on measures for output of activity versus cost. The second report was more developed as the model hospital data had not been available nationally to underpin the first report.

The Committee noted the engagement work by Leeds Teaching Hospitals NHS Trust with NHS England (NHSE) to review and improve productivity coding and recording more widely. An example of coding activity relating to patients attending Same Day Emergency Care (SDEC) was used, where this currently was coded at detriment to the Trust's productivity but stressed that this was the right thing for patients.

- Major Local Audits, Quality Inspection report (December 2023) by the Financial Reporting Council [Major Local Audits \(frc.org.uk\)](https://www.frc.org.uk)

This report was shared for triangulation of the work of External Auditors.

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;

Clinical Risk

- *Patient Safety & Outcomes Risk – We will provide high quality services to patients and manage risks that could limit the ability to achieve and effect care for our patients.*

The report set out the controls, internal and external in place to manage patient safety and outcomes risk. This described the assurances and processes in place by CSU Management for oversight and the governance framework at CSU and speciality level and reporting to the

Quality Assurance (Governance) Group, along with specific risks described within local CSU risk registers with CSU twice yearly reporting to Risk Management Committee. The perfect ward framework and reporting structure through to the Chief Nurse and Corporate Nursing Teams were described. Executive oversight, escalation processes and the Integrated Accountability Meeting (IAM) and the programme of Quality and Safety Assurance reviews by independent teams were described and triangulated to the reporting requirements of the CQC inspection framework and on-going engagement. The flow of assurance from the sub Committees reporting to the Quality Assurance Committee and on to Board were described in detail.

The Audit Committee were assured of the processes in place for the oversight and management of patient safety and outcomes to maintain the risk tolerance of minimal defined by the Board.

- Research, Innovation & Development Risk – We will deliver agreed minimal research and innovation priorities with health, social care, voluntary, education and private sectors

This report was withdrawn and will be presented to the March Audit Committee meeting.

Operational Risk

- *Health & Safety Risk – We will protect the health and wellbeing of our patients and workforce by delivering services in line with or in excess of minimal health & safety laws and guidelines.*

The report described the Health & Safety Controls Assurance processes across the Trust overseen by the Health & Safety Team, with the co-ordination of the self-assessment framework of safety metrics used to monitor staff health, safety and wellbeing based on HSG65 model. This would be subject to an Internal Audit review during April 2024. Responsibility and management was by CSU and Speciality teams, reporting into the Quality Assurance (Governance) Group, along with specific risks described within local CSU risk registers with CSU twice yearly reporting to Risk Management Committee. Further assurances of the process of reporting assurance to the Health and Safety Consultation Committee (HSCC) and close collaboration with staff side were described.

Executive oversight and escalation was described with compliance reporting to Quality and Safety Assurance Group (QSAG). The report set out the requirements against the CQC and the Health and Safety Executive (HSE), the Health and Safety at Work Act 1974 and associated regulations.

The Audit Committee were assured of the processes in place for the oversight and management of Health & Safety risk to maintain the risk tolerance of minimal defined by the Board.

Financial Risk

- *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, focusing on the delivery of large-scale capital developments and waste reduction programmes, overseen by Building the Leeds Way Board and the Programme Management Office.*

The report summarised the identified controls in place, the defined governance processes to be adhered to where assurance was reported. A summary of internal audits was provided, to support the controls in place, in addition to noting examples of additional external assurance. Oversight to the management of the risk appetite was set out with recognition that there was no single oversight of change programmes across the Trust.

There was a further discussion reflecting on approaches to change management used across the NHS. More details were shared as an example of the new hospital build in the Midlands and insight gained from recent engagement to support and delivery such a huge scale of change as a result of this project. A member of the Committee offered more detailed reflections from delivering change within the private sector that would be shared with the Executive Team.

The Audit Committee were assured of the processes in place for the oversight and management of change risk to maintain the risk tolerance of minimal defined by the Board and requested that this report be brought back to the Committee in May, with a wider reflection of change risk reported by the Chief Executive.

External Risk

- *Partnership Working Risk – We will maintain well-established stakeholder partnerships which will mitigate the threats to the achievement of the organisation's strategic goals.*

The report set out the controls in place for the management oversight and assurances in relation to the partnership working of the Trust. Examples were reported from national, regional, and local with governance processes and accountability of reporting to ensure the Trust receives assurance of engagement in partnership decisions and protection of our strategic interests. Assurance was provided by internal audit by review of stakeholder engagement, relationship with the WYICB and their recommendation of SMART objectives which have been adopted and that WYAAT have received national commendation of partnership working noting the Trusts contribution.

The Audit Committee were assured of the processes in place for the oversight and management of partnership working to maintain the risk tolerance of open defined by the Board.

- *Strategic Planning Risk – We will deliver Our Vision 'to be the best for specialist and integrated care' though the delivery of a set of Strategic Goals and operating in line with Our Values.*

The report summarised the strategic planning process which were underpinned by the national requirements of the annual planning guidance, the five year planning processes internally, the review of the strategic goals and the Board's defined Board Assurance Framework (BAF) and its review during the year at Board Timeout meetings. Assurance was underpinned by the Internal Audit review of the five year plan in 2021, the formal annual planning submissions review by NHSE and the award of a rating via the Single Oversight Framework, currently at segment 2, alongside requirements of CQC Well-led and the review of AQUA in 2021 where good practice was identified.

The Audit Committee were assured of the processes in place for the oversight and management of strategic planning risk to maintain the risk tolerance of cautious defined by the Board.

BAF and CRR Update

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

External Audit Update

The Committee received and noted the progress report for the year ending 31 March 2024 with the associate timetable for the planned work against the submission requirements of NHSE.

Internal Audit Updates

• Progress Report Against Internal Audit Plan

The Committee received an update on the progress report of the Internal Audit Plan for 2023/24. The following final reports had been issued and an update was provided;

- Cost Base Review (satisfactory)
- Business Case Process (moderate)
- Patient Voice (Satisfaction/Feedback) (moderate)
- Internal Nursing Staff Bank (satisfactory)
- Capital Projects: Medical Sciences and Engineering (MSE) (satisfactory)
- Private Finance Initiatives (PFI) satisfactory
- Hospitals of the Future Project – Strategic Fit PID (moderate)

The following reports have been issued in draft, Perfect Ward, Sickness Absence & Management, Recruitment of Overseas Medical Staff. Field work has commenced on reviews for Business Continuity Management and CSU compliance.

The Committee noted the two medium risks within the internal nursing staff bank audit regarding documentation of suspensions from Nursing and Midwifery Council (NMC) with no process in place to identify and action any suspensions and documentation gaps within the sample of 25 records within DATIX to incomplete closure dates and safeguarding forms (and requested assurance by the Workforce Committee).

The report noted that there were 11 open actions to be completed however these had not reached their delivery date and there were six actions overdue where extension to delivery dates were requested from the Committee.

- Two low risk actions relating to research funding were about updating policies and procedures with an extension request from end of September to 31 March 2024.
- Key financial controls had one low risk action outstanding relating to version control of policies and procedures with an extension requested from 31 October to 31 December 2023.
- Student experience actions, one was a medium risk relating to designing a fresh set of KPIs for the Board to replace the existing measures in the IQPR (requested assurance from the Workforce Committee). This was due by 30 November and the extension has been requested for 31 May 2024. The second was a low risk action related to creation of a staff survey. This was due by 30 November and the extension requested for 31 January 2024 (requested assurance from the Workforce Committee).
- Roaster Management had one high risk action, relating to enhancing mechanisms in place around rostering. This was due on 30 September and an extension has been requested until 31 December 2023 (requested assurance from the Workforce Committee).

The Committee escalated further assurance from the Workforce Committee as indicated and supported the extensions.

• CSU Compliance Summary Report

Following the CQC inspection in 2018, the annual Internal Audit plan included governance reviews of three of four of the CSUs each year. These had assessed compliance with devolved CSU controls incorporating, Financial Management, HR, Quality Governance and Risk Management. The report presented to the September Committee meeting setting out the overall summary for the 18 CSUs audited to date was shared with the Committee once again. Following a discussion, it was agreed that Internal Audit would discuss further with the Director of Finance and the Executive Team, to propose a future reporting tool for a thematic review of CSUs.

Counter Fraud

The progress report set out the work that had taken place from 1 September to 30 November 2023 against the Counter Fraud Work Plan.

It was noted against the 13 Counter Fraud Functional Standards the Trust was reporting green against 12 with one rated amber. The Committee were updated on the actions taking place towards component 10 relating to undertaking detection activity. Assurance was provided, as the Team were now fully staffed, of the activities planned and in due course would provide sufficient evidence as an audit trail to rate green compliance against this standard.

The Committee noted the recent visit by the NHS Counter Fraud Authority's Hub as part of their stakeholder engagement work, and that LTHT had been only one of three Trusts selected for a visit recognising the counter fraud efforts and positive praise for effective practice and outcomes. The report summarised awareness activities that had taken place during the reporting period and included details of referrals and an update of actions on case results from the work of the Counter Fraud Team.

Corporate Governance Reports

• Losses and Special Payments (1 April to 31 October 2023)

The Committee received a report summarising a total of £340k of losses had been written off during the seven month period, compared to £292k for the same period last year. The number of cases were lower than last year and were largely due to four private patient cases, which were explored by the Committee for further assurance. Personal injury claims and patient belongings were lower than previous years. The Benchmarking data was set out in the report to provide assurance against other Trusts.

Annual Reports, Annual Accounts and Quality Account

• Single Site Evaluation

The Committee reviewed the assessment criteria and evidence to support the single site valuation methodology for the Trusts annual valuation in line with accounting standard IFRS 13 and supported the proposed recommendation to the Board at the January meeting.

• 2023/24 Accounts Completion – Update

The Committee were updated on the accounts planning process and planned work with External Audit and were advised on the outcome of the review of the accounting policies and recommended adoption of minor revisions that were supported by the Committee.

• Environmental, Social and Governance Reporting (ESG)

The Committee reviewed the requirements of the Department of Health and Social Care (DHSC), set out in the Group Accounting Manual (GAM) with regard to ESG aspects within the Annual Report, noting that this varied from the requirements of the private sector. The Committee reflected on many aspects of good practice already taking place across the Trust, noting one good example of the recent report to Board on our work as an Anchor Institution. The Committee supported the adherence to the guidance set out by DHSC within the GAM however would want to explore with the Board the central collation of the work taking place under the umbrella of ESG within a dedicated section of the Trust website as an exemplar Trust to promote and raise awareness of the excellent working taking place across the organisation.

Matters for the Audit Committee

• Tender Waiver Report

The report set out the Single Tender Waivers for the period of 25 April to 4 December 2023, with 30 tenders approved at a value of £4,307,604.74. Noting the reporting period was slightly longer including two months additional reporting. Thus, the average was 0.8 waivers higher per month and was not perceived to be a significant increase. Assurance was provided on the

review and scrutiny placed on these orders by the Procurement Team. The Committee request future reports to include tender and re-tender dates to cite historic context.

Assessment of the Audit Committee Effectiveness

Committee members, and those in regular attendance, had completed a survey monkey feedback which were shared with the Committee, with overall feedback was very satisfied or satisfied supported.

Blue Box Item – Work Plan and Calendar of Key Events for 2023/24

The work plan was received and noted.

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
January 2024