

Audit Committee Chair's Report

Public Board
30 January 2025

Presented for:	Information and Assurance
Presented by:	Gillian Taylor, Chair of Audit Committee
Author:	Jo Bray, Company Secretary

Our Annual Commitments for 2024/25 are:	
Reduce wait for patients	✓
Reduce Healthcare Acquired Infections by 15%	✓
Reduce our carbon footprint through greener care	✓
Use our existing digital systems to their full potential	✓
Strengthen participation and growth in research and innovation	✓
Deliver the financial plan	✓
Be in the top 25% performing Trusts for staff retention	✓

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 17 JANUARY 2025 COMMITTEE MEETING

From the September Committee meeting and the review of the HFMA Audit Committee Handbook, setting out best practice, it was agreed that once a year the Committee would hold an informal meeting with the Counter Fraud Team. This took place as an informal meeting before the Committee with no significant issues for escalation.

Prior to the Committee meeting, Non-Executive Directors held a routine informal private meeting with External Audit with no significant issues for escalation.

Matters Arising from the last meeting

As the Chair of the Committee, I updated members on the engagement within the wider region with fellow Audit Committee Chairs noting the guidance in the HFMA publication relating to system risk.

The Committee formally thanked Karen Finlayson, Partner PwC for her work to support the Internal Audit function and wished her well in her retirement and welcomed Susan McNair as the new Partner.

Strategic Risks and Governance

At the Board Timeout meeting in October, all Committees were asked to review the risk categories align to each Board Committees to review the risk appetite statements and tolerances. The Committee reviewed the Counter Fraud and Financial reporting risks with one minor amendment which will flow to March Board in the collective feedback from all Committees.

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 safe and effective care to 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 reporting structure through to the Chief Nurse and Corporate Nursing Teams were described. Executive oversight, escalation processes and the review of significant patient safety incidents (in line with the Patient Safety Incident Response Plan PSIRP), and triangulation with complaints and safeguarding referrals. 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.

Clinical Risk - 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.

External Risk – Partnership Working

- *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.

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.

The Committee were assured by the report.

External Risk – Strategic Planning

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

The report summarised the strategic planning processes 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) information as a Blue Box Item.

External Audit Update

The Committee received an update on the preparation and plans towards the yearend audit cycle.

Internal Audit Updates

- **Progress Report Against Internal Audit Plan**

The Committee received an update on the progress report of the Internal Audit Plan for 2024/25. The following final reports had been issued during the period since the last meeting and an update was provided;

- Fit and Proper Duty (satisfactory)

- Accounts Payable (satisfactory)
- National Pathology Imaging Co-operative (advisory)

The Committee noted there were a number of delays to the progress against the 2024/25 Plan with assurance provided that these would be completed by the yearend to provide sufficient evidence to underpin the Head of Internal Audit's Opinion Statement.

It was reported that there were eight open actions with 17 overdue and all were seeking extensions to be granted by the Committee. This was explored in greater detail by the Committee, noting the revised Trust procedure for Implementation and follow up of Internal Audit Recommendations which re-clarified the process and quarterly report to respective Executive Directors and six-month update reporting to the Executive Team meeting, that was approved by the Committee with supporting communication to cascade to relevant managers. It was agreed that the extensions would be granted, with close follow up and re-evaluation by Internal Audit which would be reported to the next meeting.

Counter Fraud Progress Update

The report set out an overview of the work undertaken by the Counter Fraud Team and progress to towards the Government Standard 013 (Functional Standard) from April to December 2024, reporting green of compliance against all standards.

The Committee noted and commended the compliance with the annual Fraud Awareness Survey for 2023/24 with 1582 responses received noting this was the highest response rate in two years and may remain as one of the largest Fraud Awareness surveys undertaken by an NHS organisation.

The Committee noted the overall growth in referrals with many relating to work outside the Trust whilst on sick leave, noting that staff can only receive payment for employment once. The Director of Finance agreed to review Trust wide understanding and communication of this.

Corporate Governance Reports

- **Losses and Special Payments – 1 April to 31 October 2024**

The report summarised the total loss for the period, noting the report to the September Board where write off was approved. The number of cases is 28% higher than previous years with the value more than doubled. This was largely due to increase in debts relating to overseas patients (89% with four high value cases totalling £306k). The number of personal injury claims was 60% lower than previous years due to the severity of cases claimed last year. The number of lost or damaged personal effectives was similar to previous years. The report was supplemented with comprehensive data, including benchmarking with peers which was explored by the Committee to seek the assurances gained.

Matters for the Audit Committee

- **2024/25 Accounts Completion - Update**

The Committee received and noted the update report and approved the re-adoption of existing accounting policies on the basis that editorial changes only will be applied. The accounts would be prepared based on a 'going concern' basis.

- **Single Site Valuation**

The Committee reviewed and supported the assessment criteria and associated evidence regarding the Single Site Valuation that is a form report to the Board at agenda item 12.3(ii) seeking approval.

- **Tender Waiver Report**

The report set out the summary and analysis of the use of tender wavers from 24 April 2024 to 8 January 2025 as the reporting period, with 70 wavers approved at a value of £5,515,568.91. This was an increase, with details of the rationale and assurance processes set out in the report. The Committee were assured of the oversight and management of the tender waver process and agreed to increase frequency and oversight of this report to the Committee.

Blue Box Item – Work Plan and Calendar of Key Events for 2024/25

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.

**Gillian Taylor, Chair Audit Committee
January 2025**