

Audit Committee Chair's Report

Public Board

25 September 2025

Presented for:	Information and Assurance
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List of meeting dates:	4 September 2025

Our Annual Commitments for 2025/26 are:	
Recognise and act upon moments that matter to our patients	✓
Support our patients to get home a day sooner	✓
Be in the top 25% for patient experience and efficiency in outpatients	✓
Support each other to act with kindness and compassion	✓
Reduce our carbon footprint by creating greener patient pathways	✓
Support our staff to manage every £ wisely	✓
Make best use of our estate, equipment and digital assets	✓

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 We will deliver sound financial management and reporting for the Trust, aiming to at least break even, with no material variances to forecast	Cautious	↔ (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 4 SEPTEMBER 2025 COMMITTEE MEETING

As part of the Committee's annual training and development plan for the year, the Committee (with open invitation to other Board members and finance colleagues) received a training session on the Economic Crime Act.

Prior to the formal Committee meeting, the Non-Executive Directors held their routine informal private session with Internal Audit.

Matters Arising

As flagged at the June Audit Committee in relation to a contract approval issue in Pharmacy, governance checks had identified the need for a targeted review within the Medicines and Pharmacy CSU, with a focus on similar contracts, particularly those awarded via framework agreements dating back to 2022.

The matter had also been presented to the Finance & Performance (F&P) Committee. Further to the verbal update given in June, the Committee undertook a deep dive into Pharmacy contract approvals. The review identified five additional contracts where approval had not been obtained from the F&P Committee prior to award. In each case, the contracts had been let via a national framework under a direct award. The Committee noted that a revised process had now been agreed and would be subject to Internal Audit review during September and October, with a final report scheduled for presentation at the next Audit Committee.

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;

Financial Risks – were taken in one report

- **Counter-Fraud Risk** – We will adopt a zero-tolerance approach to fraud through the maintenance of an anti-fraud culture, investigating all reported instances of fraud and following disciplinary and criminal proceedings
- **Financial Management & Waste Reduction Risk** – We will deliver sound financial management and reporting for the Trust with no material misstatements or variances to forecast
- **Financial Reporting Risk** – We will deliver sound financial management and reporting for the Trust with no material misstatements or variances to forecast
- **Revenue Funding & Cash Management** – We will retain a minimum balance consistent with delivering against the Trust's key objectives, with regard to the reputational risk of cash shortages
- **Supply Chain Risk** – We will manage suppliers in a manner that protects the Trust's interests and service to our patients

Each of the reports provided assurance to the Committee, highlighting the assurance structure operating at an operational level, Committee level, and through external scrutiny. The Committee noted the processes and mechanisms in place for the management of financial risks, underpinned by the Standing Orders, Standing Financial Instructions, and Scheme of Delegation, which together form the overarching Financial Governance Framework. These documents are reviewed annually, with updates considered by the Audit Committee and approved by the Board. In addition, the Annual Governance Statement and the Value for Money Self-Assessment, which set out the control measures in place within the Trust, are scrutinised annually by the external auditors and formally reported on. An in-depth risk assessment had also been undertaken with managers across the Finance CSU to strengthen risk and governance structures, supported by a recent review of controls and updates to key governance documents.

The Committee acknowledged that the financial position in 2025/26 is testing the Trust's defined cautious risk appetite, but were assured of the oversight and processes in place to support the effective management of financial risks.

Clinical Risk

- **Infection Prevention & Control** - We will manage the risks related to infection prevention and control to reduce the transmission of infection in our hospitals

The Committee received a report summarising the controls in place in relation to Infection Prevention and Control (IPC), including reference to the Chief Medical Officer Corporate Risk Register, CRRC 1: Risk of exposure to Healthcare Associated Infection (HCAI). It was noted that Clinical Service Units (CSUs) routinely reviewed assurance against compliance on a quarterly basis and in response to any significant events. Where gaps were identified, CSUs were required to develop actions and processes to deliver compliance within agreed timescales, with progress monitored through CSU governance meetings.

The Committee was assured of the oversight and processes in place for managing clinical risks, and of the mechanisms established to identify, review, and address risks as they arose.

CRR Update

The Committee received Corporate Risk Register (CRR) as a Blue Box item.

External Audit Update

The Committee received the External Auditors' Completion Report (ISA 260) for 2024/25, together with an update on preparations and plans for the year-end audit cycle.

Internal Audit Update

- **Progress Report Against Internal Audit Plan**

The Committee received an update on the progress report of the Internal Audit Plan for 2025/26. The following final reports had been issued during the period since the last meeting and an update was provided;

- Mortuary Security – Limited
- Estates and Facilities Risk Management – Moderate

In delivering progress of recommendations from previous Internal Audits, it was reported that since the June Audit Committee meeting, ten deadline extension requests had been raised requiring Committee approval. Eight of these actions were overdue, with management providing rationale for each request. In addition, nine actions had been marked as complete by management but required further evidence or clarification before closure.

The Committee explored the position on *Sickness Absence*, noting that two previous extensions had been granted, the first of which had been a year ago. Internal Audit confirmed that this was now near completion. The Committee agreed that the requested extensions would be approved, with close follow-up to ensure timely resolution.

The Director of Estates & Facilities attended the meeting to discuss in more detail the overall rating of 'limited' assurance of the Internal Audit of Mortuary Security, with one medium and two high recommendations. The discussion enabled further exploration that was within the report, and assurances, noting that actions were in progression and would be closed prior to the next Audit Committee meeting.

Matters for the Audit Committee

- **Tender Waiver**

The Committee received a report summarising the use of tender waivers between 24 April 2025 and 17 August 2025. During this period, a total of 19 waivers were approved with a combined value of £1,107,924.66. The Committee noted that while the number of waivers had reduced by 11 compared to the previous reporting period, the current period covered 16 weeks as opposed to eight weeks previously. This represented a slight increase in the average number of waivers sought, though not a significant change.

The Committee further noted that this period marked the first increase in the average value of waivers in five reporting periods. The average waiver value stood at £58k, an increase of £7k compared to the last period, although this remained well below historic levels.

- **PSDS Phase 3a Grant**

The Committee received the Public Sector Decarbonisation Scheme (PSDS) Phase 3a grant post-completion of the audit as a Blue Box item.

- **Assessment of Internal and External Audit Performance**

The Committee received information and assurance regarding the performance of Internal and External Auditors.

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
September 2025