

Cover Sheet

Trust Board Meeting in Public: Wednesday 25 May 2022

TB2022.044

Title: **Audit Committee Chair's Report**

Status: **For Information**

History: **This is a regular report to the Board**

Board Lead: **Committee Chair**

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Confidential: **No**

Key Purpose: **Assurance**

Audit Committee Chair's Report

1. Purpose

- 1.1. As a Committee of the Trust Board, the Audit Committee provides a regular report to the Board on the main issues raised and discussed at its meetings.
- 1.2. Since the last report to the Board held in public, the Audit Committee had met on 27 April 2022.
- 1.3. Under its terms of reference, the Committee is responsible for providing assurance to the Trust Board on the Trust's system of internal control by means of independent and objective review of financial and corporate governance and risk management arrangements, including compliance with law, guidance, and regulations governing the NHS.

2. Audit and Counter Fraud

Internal Audit

- 2.1. The Committee considered the draft Internal Audit Report and Head of Internal Audit Opinion. The Committee clarified with the internal auditors, BDO, what was required to move a rating from "moderate" to "substantial".
- 2.2. The Committee **approved** the Internal Audit plan for 2022/23 and suggested some minor revisions. The revised plan would be presented to the Committee following Executive review.
- 2.3. BDO presented three final internal audit reports.
 - 2.3.1. Key Financial Systems (Design: Substantial Assurance; Effectiveness: Moderate Assurance)
 - 2.3.2. Technologies Advisory Group (Design: Substantial Assurance; Effectiveness: Moderate Assurance)
 - 2.3.3. Data Security and Protection Toolkit (Overall Risk to Data Security and Protection Environment: Moderate [assessed in line with NHS Digital requirements]; Confidence in Trust's DSP Toolkit Return: High)
- 2.4. In respect of the Technologies Advisory Group, the Committee requested further clarification on the controls applying to clinical devices or technologies which accessed or stored sensitive data or connected to the Trust's network.
- 2.5. The Committee noted that there were no overdue recommendations in relation to internal audit.

External Audit

- 2.6. The Trust's external auditors, Mazars, reported on the progress of the external audit. No issues had been identified to date.
- 2.7. The Committee heard that the external auditors expected to complete the Value for Money Assessment on time.
- 2.8. Mazars informed the Committee that they had not requested any changed or new representations from management as part of the audit.

Counter Fraud

- 2.9. The Trust's Counter Fraud Specialist Advisors, TIAA, summarised work undertaken in 2021/22, which led to a finding that:
 - "There were no frauds subject to investigation that met the materiality threshold for referral to the Trust's external auditors.
 - No significant system failures or control weaknesses were identified that impact on the Trust's Annual Governance Statement."
- 2.10. TIAA confirmed that the Government Counter Fraud Functional Standard Return would be made.
- 2.11. The Committee **approved** the Counter Fraud Annual Plan 2022/23.

3. Annual Accounts

- 3.1. The Committee continued its preparations for review of the Trust's Annual Accounts by considering:
 - 3.1.1. The Trust's Draft Financial Performance 2021/22, including discussion of the capital position and provisions made in the accounts;
 - 3.1.2. Analysis of the Trust as a "Going Concern", which confirmed that conditions had been met and that further work on financial sustainability would be presented to Integrated Assurance Committee;
 - 3.1.3. A draft of the Annual Governance Statement 2021/22, with a focus on consistency and context, especially in linking with internal audit reporting;
 - 3.1.4. Updates to judgements and material estimates for the 2021/22 annual accounts.

4. Risk, Assurance, Governance and Regulation

QIA Policy Assurance

- 4.1. The Committee reviewed management's plan for obtaining assurance that the new QIA policy was being implemented properly.
- 4.2. It was agreed that the new policy should be given time to become established, with an internal audit scheduled for 2023/24.

Clinical Audit Plan

- 4.3. The Committee discussed the Clinical Audit Plan and sought additional information on the escalation process and the monitoring of significant recommendations.

Corporate Risk Register (CRR) and Board Assurance Framework (BAF)

- 4.4. The Committee was briefed on planned developments, which included the expansion of risk assessment to the effectiveness of controls and inclusion of emerging risks.

5. Financial Governance

- 5.1. The Committee received reports that provided analysis of approved single tender waiver applications (inclusive of retrospective waivers) and a summary of losses and special payments.

6. Other Updates on Existing Areas of Focus for the Committee

Digital/Information Governance

- 6.1. The Committee considered a draft of the Information Governance Annual Review and draft DSP Toolkit submission in light of the favourable BDO internal audit report.
- 6.2. The Committee heard that the Trust expected to report full compliance when it submits the DSP Toolkit return in June 2021.

7. Key Actions Agreed

- 7.1. The Committee agreed that a focus for 2022/23 would be on the effectiveness of Trust controls.

8. Recommendations

- 8.1. The Trust Board is asked to **note** the contents of this report.