

## **Cover Sheet**

**Trust Board Meeting in Public: Wednesday 14 May 2025**

**TB2025.49**

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

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**Status:**           **For Decision**

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

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**Board Lead:**    **Committee Chair**

**Author:**           **Laura Lauer, Deputy Head of Corporate Governance**

**Confidential:**   **No**

**Key Purpose:**   **Assurance**

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## Audit Committee Chair's Report

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### 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 30 April 2025.
- 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 approved the Internal Audit plan for 2025/26 and noted the Internal Audit Charter. Executive Directors present provided assurance that scoping work for the 2025/26 plan was well underway.
- 2.2. The planned audit on stock control was discussed and clarity sought on its scope. The inclusion or exclusion of Pharmacy stock controls had not been agreed. This would be considered as the scope was finalised. The Committee heard that there were mitigations in place for the current Pharmacy system and the Committee requested that the Trust Board receive assurance that controls and mitigations were operating effectively.
- 2.3. BDO presented one final internal audit report on the DSP Toolkit submission. This was done using the methodology prescribed by the Cyber Assessment Framework-aligned DSPT Independent Assessment Framework and Guidance published by NHS England. The audit returned a result of: Overall Risk Assessment: Moderate; Overall confidence level in DSP Toolkit Submission: High.
- 2.4. The two outstanding internal audit reports – UEC Datasets: Data Quality and Establishment Controls – would be presented to the next meeting of the Committee. The Committee had particular interest in the Establishment Controls audit in the context of the 2025/26 plan. It was agreed that a separate session would be arranged for the Senior Independent Director and Audit Committee Chair to be briefed by BDO and relevant Trust staff.
- 2.5. BDO confirmed that sufficient progress had been made on these audits to enable them to provide a draft Head of Internal Audit Opinion.

- 2.6. The Committee considered the draft Internal Audit Report and Head of Internal Audit Opinion, noting that final versions would be presented to the June meeting of the Committee.

### **External Audit**

- 2.7. The Trust's external auditors, EY, reported on progress of the early stages of the external audit.
- 2.8. The Committee noted that the letter from the Chair of Audit committee to EY setting out how the Committee gains assurance from management had been agreed by electronic circulation and sent to EY.

### **Counter Fraud**

- 2.9. The Trust's Counter Fraud Specialist Advisors, TIAA, presented their regular update report.
- 2.10. Initial outcomes from the National Fraud Initiative were presented and the timeline and format for reporting these to the Committee was agreed.

## **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 2024/25;
  - 3.1.2. A draft of the Annual Governance Statement 2024/25, with a focus on the Trust's assessment of potential gaps in control; and
  - 3.1.3. Register of Interests, Gifts, Hospitality and Sponsorship for members of the Trust Board.
- 3.2. Management presented updates to five key areas judgements for the 2024/25 annual accounts. The Committee tested the assumptions and supporting external advice for each judgement, which would be further reviewed by EY as part of the external audit.

## **4. Risk, Assurance, Governance and Regulation**

### **Clinical Audit Plan**

- 4.1. The Committee discussed the Clinical Audit Plan for 2025/26 and noted that future reporting would focus on providing assurance regarding the completion of the plan.
- 4.2. It was agreed that the Integrated Performance Report include positive assurance that no escalations had been raised through regular clinical audit plan monitoring.

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

- 4.3. The Committee reviewed a summary of the 2024/25 BAF and CRR and was satisfied that risk management processes were working appropriately.

**5. Financial Governance**

- 5.1. A briefing on the National Cost Collection submission was received. The Committee received assurance that any gaps in coverage were acceptable.
- 5.2. The Committee reviewed the plan for the production of costing data (in the Reading Room) and agreed to recommend the Trust Board that the Director of Finance be given delegated authority to submit the costing submission during the week commencing 30 June 2025.
- 5.3. The Committee considered revisions to the Standing Financial Instructions and Limits of Delegation Policy. The revised documents have been placed in the Reading Room; key changes are outlined in the Appendix. The Committee supported the proposed increase of the TME approval limit from £1m to £3m. These documents were the result of a comprehensive review process to streamline, simplify and clarify financial authorisation limits and processes.
- 5.4. The changes were welcomed and the Committee recommended the revisions to the Trust Board for approval.
- 5.5. Discussion focused on how the changes would be communicated to ensure wide understanding of financial limits and approval pathways. Implementation is proposed from 1 June 2025.
- 5.6. The Committee received a report that provided a summary of losses and special payments.

**6. Other Updates on Existing Areas of Focus for the Committee****Digital/Information Governance**

- 6.1. The Information Governance Annual Review was presented. This report demonstrated the assurance mechanisms which supported the Information Governance section of the Annual Governance Statement.
- 6.2. The Chief Digital and Information Officer briefed the Committee on two data breaches which had been reported to the Information Commissioner's Office and reported to the Trust Board via the Integrated Performance Report.

**7. Key Actions Agreed**

- 7.1. The scope of the stock control internal audit would be agreed.

- 7.2. The Acting Chief Executive Officer would prepare a briefing for the Trust Board on the current Pharmacy stock controls and risk mitigations.
- 7.3. The Audit Committee Chair and Senior Independent Director would be briefed on the Establishment Controls internal audit.
- 7.4. A suite of guidance documents/flowcharts would be developed following Trust Board approval of the Standing Financial Instructions and Scheme of Delegated Authorities.

## 8. Recommendations

- 8.1. The Trust Board is asked to **note** the contents of this report.
- 8.2. The Trust Board is asked to **approve**:
  - the Audit Committee's recommendation that the Trust Board delegate authority to the Director of Finance to submit the costing submission during the week commencing 30 June 2025; and
  - the revised Standing Financial Instructions and Scheme of Delegated Authorities.

## Appendix – Summary of changes

SFI section	SFI section title	Summary of key changes from prior version	Summary of impacts on limits of delegation	Key material financial authorisation limit changes relevant to Board agenda
1	Introduction	<ul style="list-style-type: none"> <li>Additional section on suspension of SFIs and SoDAs in exceptional circumstances included (SFI1.4)</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
2	Audit, Fraud and Corruption	<ul style="list-style-type: none"> <li>Sections on Internal Audit (SFI2.3) and Counter Fraud (SFI2.5) substantially redrafted to make more explicit the Trust's and individual stakeholders' obligations in these areas</li> </ul>	<ul style="list-style-type: none"> <li>New delegated limit on sign off of counter fraud investigation days included (FL1)</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
3	Allocations, Planning, Budgets, Budgetary Control and Monitoring and Independent Regulation	<ul style="list-style-type: none"> <li>A comprehensive redraft combining content previously split between LoDs and SFIs.</li> <li>Explicit guidance on budget setting, management, virement, and authority delegated to Divisions – to be supplemented by standalone policies on budget setting and budgetary control.</li> </ul>	<ul style="list-style-type: none"> <li>More restrictive and prescriptive guidance on budget virements (FL2)</li> <li>Marginal changes to requisitioning within budget limits (FL3a)</li> <li>Approvals of business cases amended significantly to remove individual delegations, but with new limit for the BPG and increased limits for TME and Trust Board (FL4)</li> </ul>	<p>FL4 Business Case approvals (now a single set of limits for capital and revenue):</p> <ul style="list-style-type: none"> <li>Trust Board limit increase from <b>over £1m to over £3m</b></li> <li>TME limit increase from <b>up to £1m to up to £3m</b></li> <li>BPG new limit introduced at <b>up to £1m</b></li> </ul> <p><b>All lower limits removed.</b></p>
4	Annual Accounts and Reports	<ul style="list-style-type: none"> <li>Very minor drafting changes throughout</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
5	Bank and Government Banking Service (GBS) Accounts	<ul style="list-style-type: none"> <li>Very minor drafting changes throughout</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>

SFI section	SFI section title	Summary of key changes from prior version	Summary of impacts on limits of delegation	Key material financial authorisation limit changes relevant to Board agenda
6	Income, Fees and Charges and Security of Cash, Cheques and Other Negotiable Instruments	<ul style="list-style-type: none"> <li>Minor changes to reflect specific provisions for setting charges for private and overseas patients (SFI6.2)</li> <li>Minor changes to narrative on overpayments' management to reflect increased focus on differing provisions between Commercial and Finance teams (SFI6.3)</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
7	Tendering and Contracting Procedures	<ul style="list-style-type: none"> <li>A comprehensive redraft to reflect changes in legislation, remove references to paper-based processes and clarify previous areas of ambiguity (e.g. differences between a direct award and a single tender waiver, ratification of capital contracts included in capital plan and others)</li> </ul>	<ul style="list-style-type: none"> <li>Individual sets of procurement limits consolidated into procurement routes depending on the area and value of spend (FL6a)</li> <li>More prescriptive approval routes for contract variations</li> <li>Non-PO spend approvals replaced by a list of exceptions to No PO, No Pay process, with all spend not on the exceptions list to require a PO.</li> </ul>	<p>FL6a Authorisation framework for procurement and tendering of expenditure:</p> <ul style="list-style-type: none"> <li>Contract value limit for requiring more than one written quotation raised from <b>£5,000 to £15,000</b></li> <li>TME, Investment Committee and Trust Board now required to ratify all goods and services contracts <b>over £0.5m</b> and building and engineering contracts <b>over £UK regulatory limit (£5.3m</b> at the time of this paper) – revision from current flat limit of <b>£1m</b>.</li> </ul>

SFI section	SFI section title	Summary of key changes from prior version	Summary of impacts on limits of delegation	Key material financial authorisation limit changes relevant to Board agenda
8	Contracts for the Provision of Services	<ul style="list-style-type: none"> <li>A partial redraft to separate provisions for commissioner and non-commissioner healthcare contracts</li> <li>Amendments also included for the sponsorship and concession agreement section to reflect increased role of the Commercial team</li> </ul>	<ul style="list-style-type: none"> <li>Commercial director provided with delegated authority in respect of sponsorship agreements (FL7) and authorising private patients' credit notes (FL8b)</li> <li>Limits for tendering for a service or divesting of a service consolidated (FL9)</li> </ul>	<p>FL9: Authorise tendering for services where OUH is a competing body or divestment of a service (including not re-tendering for services the Trust currently providers):</p> <ul style="list-style-type: none"> <li>Trust Board increase from <b>over £1m to over £3m</b></li> <li>TME increase from <b>up to £1m to up to £3m</b></li> <li>Chief Executive Officer increase to <b>up to £2m from up to £50k</b></li> <li>Chief Finance Officer increase to <b>up to £1m from up to £0.1m</b></li> </ul>
9	Terms of Service and Payment of Directors and Employees	<ul style="list-style-type: none"> <li>A comprehensive redraft to set out a framework for grip on establishment control and premium pay costs, including aligning, as much as possible, to relevant HR policies</li> </ul>	<ul style="list-style-type: none"> <li>A new, more prescriptive set of limits (FL10a-d) added to guide decision-making on establishment control and premium pay</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
10	Non-pay expenditure	<ul style="list-style-type: none"> <li>Structure remains in line with previous version, narrative expanded slightly to provide a more prescriptive framework for non-pay controls</li> </ul>	<ul style="list-style-type: none"> <li>Disposal authorisation limits increased (FL11), as previous were out of line with benchmarks</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>



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11	External Borrowing	<ul style="list-style-type: none"> <li>Minor changes throughout, a separate section has been added to reflect cash drawdown authorisations through Provider Revenue Support</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
12	Capital Investment, Private Financing, Fixed Asset Registers and Security of Assets	<ul style="list-style-type: none"> <li>Moderate changes in 12.1 and 12.2 to better describe the capital investment framework in place at the Trust</li> <li>Sections 12.3 and 12.4 reflect national policy on new PFI funding no longer being available, but have been redrafted to provide more prescriptive narrative on managing existing PFI contracts</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
13	Inventory and Receipt of Goods	<ul style="list-style-type: none"> <li>Very minor drafting changes throughout</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
14	Disposals, Condemnations, Losses and Special Payments	<ul style="list-style-type: none"> <li>Minor changes throughout</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
15.	Intellectual Property	<ul style="list-style-type: none"> <li>New section</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
16	Information Technology	<ul style="list-style-type: none"> <li>Changes throughout to reflect the role of the Chief Digital and Information Officer</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
17	Patients Property	<ul style="list-style-type: none"> <li>Minor drafting and structural changes throughout to simplify the section</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
18	Charitable Funds Held on Trust	<ul style="list-style-type: none"> <li>No change from current version</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>

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19	Standards of Business Conduct	<ul style="list-style-type: none"> <li>No change from current version</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
20	Research and Development	<ul style="list-style-type: none"> <li>Narrative combined from the LoD policy and the previous SFI version, with minor drafting changes throughout</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
21	Retention of Records	<ul style="list-style-type: none"> <li>Very minor drafting changes throughout</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
22	Governance, risk management and insurance	<ul style="list-style-type: none"> <li>A section on insurance provisions updated and expanded substantially</li> <li>Minor drafting changes elsewhere</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
23	Litigation payments	<ul style="list-style-type: none"> <li>New section</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
24	Shareholdings, Hosted Bodies, Partnerships and Collaborations	<ul style="list-style-type: none"> <li>New section</li> </ul>	<ul style="list-style-type: none"> <li>Commercial Director authority added to authorising equity investment structure (FL13)</li> <li>Exercising shareholder responsibility added as new delegated limit (FL14)</li> <li>Limits raised for set up of a subsidiary or JV (FL15)</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>