

Cover Sheet

Trust Board Meeting in Public: Wednesday 13 March 2024

TB2024.28

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 28 February 2024.
- 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. Annual Accounts

- 2.1. The Committee began its preparations for review of the Trust's Annual Accounts by considering:
 - 2.1.1. The Trust's internal timetable for assembling the information required for the Annual Report and Annual Accounts;
 - 2.1.2. The accounting policies and practice, judgements and material estimates for the 2023/24 annual accounts; and
 - 2.1.3. The process for producing the Annual Governance Statement.
- 2.2. The Committee commissioned a mapping exercise between the performance indicators in the Annual Report and those in the Integrated Performance Report (IPR). This would be considered at the Reading Session in May 2024.
- 2.3. The impact of IFRS16 to PFI liabilities and a change in the Managed Equivalent Asset (MEA) accounting methodology were discussed in detail. The Trust's external auditors, EY, outlined how they would test the assumptions behind each of these items.
- 2.4. The Committee sought additional assurance on the MEA methodology and requested that the Trust's finance team and EY agree a timetable to demonstrate how they intended to reach agreement on any MEA issues.

3. Audit and Counter Fraud

Internal Audit

- 3.1. The Trust's internal auditors, BDO, summarised their recent unrated Advisory Report on Outpatient Management.

- 3.2. The Committee noted unexpected delays in the internal audit programme; assurance was received that BDO expected to issue the Head of Internal Audit Opinion on time.
- 3.3. It was agreed to optimise the scheduling of the internal audit programme in 2024/25; the Committee requested that firm deadlines linked to Audit Committee meetings be set for each internal audit.
- 3.4. The Committee reviewed the action tracker and had a verbal update on an overdue action in relation to medical devices. Members heard that the initial risk had been mitigated and the Trust was trialling a system to provide long-term mitigation.

External Audit

- 3.5. The Trust's external auditors, EY, presented progress to date and updated the Committee on key areas of audit risk.
- 3.6. A change to the Audit Committee year-end meeting schedule was agreed. The Committee sought and received assurance that the Trust and EY had capacity to deliver the agreed timetable.
- 3.7. It was agreed that the Committee would receive an update at its next meeting on progress against EY's control recommendations from the 2022/23 audit.

Counter Fraud

- 3.8. The Trust's Counter Fraud Specialist Advisors, TIAA, summarised activities undertaken across the Trust.

4. Risk, Assurance, Governance and Regulation

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

- 4.1. The CRR and BAF were reviewed, and the Committee was briefed on the process for capturing and validating risks.
- 4.2. Additional details of assurance reviews and meetings was requested to provide greater assurance on lines of defence and risk review.

Annual Review of Accreditation and Regulation

- 4.3. The Committee was briefed on the process for the collation and review of accreditation data. It was agreed that an independent review by the Chief Medical Officer should be incorporated into the process.

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

Use of Costing Data

- 6.1. The Committee received a progress update on the project and agreed that an optional briefing session would be scheduled.

7. Key Actions Agreed

- 7.1. The Committee would pay particular attention to MEA to ensure that EY and the finance team reached agreement on its treatment in good time.
- 7.2. The Committee would review mapping exercise between the performance indicators in the Annual Report and those in the Integrated Performance Report (IPR) as part of its Reading Session in May.

8. Recommendations

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