

<b>Meeting Title</b>	<b>Board of Directors</b>		
<b>Date</b>	<b>10 November 2022</b>	<b>Agenda item:</b>	<b>Bo.11.22.25</b>

## AUDIT COMMITTEE REPORT TO BOARD, 10 NOVEMBER 2022

<b>Presented by</b>	Barrie Senior - Non-Executive Director and Audit Committee Chairman				
<b>Author</b>	Barrie Senior – Non-Executive Director and Audit Committee Chairman				
<b>Lead Director</b>	Matthew Horner, Director of Finance				
<b>Purpose of the paper</b>	To provide an update regarding matters covered in and relating to the Audit Committee meetings held on 11 October 2022				
<b>Key control</b>					
<b>Action required</b>	To note				
<b>Previously discussed at/ informed by</b>					
<b>Previously approved at:</b>		<b>Date</b>			
<b>Key Options, Issues and Risks</b>					
See report attached					
<b>Analysis</b>					
See report attached					
<b>Recommendation</b>					
The Board is asked to note and derive assurance from this report					

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Risk assessment						
Strategic Objective	Appetite (G)					
	Avoid	Minimal	Cautious	Open	Seek	Mature
To provide outstanding care for patients			g			
To deliver our financial plan and key performance targets			g			
To be in the top 20% of NHS employers					g	
To be a continually learning organisation				g		
To collaborate effectively with local and regional partners					g	
The level of risk against each objective should be indicated. Where more than one option is available the level of risk of each option against each element should be indicated by numbering each option and showing numbers in the boxes.	Low		Moderate	High	Significant	
	Risk (*)					
Explanation of variance from Board of Directors						
Agreed General risk appetite (G)						

<b>Benchmarking implications (see section 4 for details)</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
Is there Model Hospital data relevant to the content of this paper?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Is there any other national benchmarking data relevant to the content of this paper?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Is the Trust an outlier (positive or negative) for any benchmarking data relevant to the content of this paper?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

<b>Risk Implications (see section 5 for details)</b>	<b>Yes</b>	<b>No</b>
Corporate Risk register and/or Board Assurance Framework Amendments	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Quality implications	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Resource implications	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Legal/regulatory implications	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Diversity and Inclusion implications	<input type="checkbox"/>	<input type="checkbox"/>
Performance Implications	<input type="checkbox"/>	<input type="checkbox"/>

<b>Regulation, Legislation and Compliance relevance</b>
<b>NHS Improvement: (please tick those that are relevant)</b>
<input type="checkbox"/> Risk Assessment Framework <input type="checkbox"/> Quality Governance Framework <input type="checkbox"/> Code of Governance <input type="checkbox"/> Annual Reporting Manual
<b>Care Quality Commission Domain: Well Led</b>
<b>Care Quality Commission Fundamental Standard: Good Governance</b>
<b>NHS Improvement Effective Use of Resources:</b> Choose an item.
<b>Other (please state):</b>

<b>Relevance to other Board of Director's academies: (please select all that apply)</b>			
<b>People</b>	<b>Quality</b>	<b>Finance &amp; Performance</b>	<b>Other (please state)</b>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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## **1 PURPOSE/ AIM**

To provide an update regarding key matters covered in and relating to the Audit Committee meeting on 11 October 2022.

## **2 BACKGROUND/CONTEXT**

The agenda of the meeting held on 11 October was driven by the 2022/23 Audit Committee Annual Workplan.

The key matters discussed, considered and from which, where appropriate, assurance was gained were:

- Annual External Audit performance review
- Internal Audit progress report
- Follow up of Internal Audit recommendations
- Counter Fraud progress report
- Schedules of Losses and Special Payments
- Appropriateness of Single Tender Waivers
- Progress regarding Charitable Funds Annual Report and Accounts 2021/22
- HFMA Financial Sustainability Self -Assessment
- Audit Committee Annual Self -Assessment update
- Progress report: compliance with the policy for development and management of Trust policies
- Clinical Audit High Priority Workplan 2022/23
- Clinical Audit Annual Report 2021/22
- Data quality assurance / Assurance regarding key IT systems
- Conflicts of Interest/Declarations Annual Report 2021/22

## **3 RECOMMENDATIONS**

The Board is asked to note and derive assurance from this report.

## **4 Appendices**

Report included overleaf.

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## Audit Committee Report to the Board, 10 November 2022

### 1. Introduction

The purpose of this paper is to inform the Board of Directors of the key matters discussed and considered, in accordance with the Audit Committee's 2022/23 workplan, during and in relation to the Committee meeting held on 11 October 2022.

### 2. Key Matters discussed

- **External Audit Annual Performance Review**

The Director of Finance reported that internal departments and external audit felt that, despite it being a challenging period, the audit of the Trust's accounts had gone well.

As a result of discussions between the senior finance team, the Accounts Project Group and external audit, opportunities for a number of refinements had been identified which should further streamline the accounts preparation and audit processes.

- **External Auditor's Annual Report 2021/22 & Certificate of Completion**

These documents were presented to the Committee formally to conclude matters, their having been approved by the Committee in virtual meeting in September and then by the Board.

- **Internal Audit progress report**

The Committee considered and approved the deferral of three planned audits covering Scan for Safety; Gateway Review (to Q4 or Q1 23/24), Capital Assets and Charges (to Q4 or Q1 23/24), and Clinical Audit – Assessment of the Delivery Effectiveness and Assurance of Clinical Audit (to Q4).

The Committee approved the cancellation of the planned Income Identification and Control audit in view of the HFMA Financial Sustainability Self -Assessment review now in progress (see below).

Internal Audit reported the results of seven audits specified within the approved 2022/23 Internal Audit Plan completed since the last Committee meeting, all having Significant or High Assurance ratings:

#### **BH/02/2023 Infection Prevention and Control (IPC); Board Assurance Framework – Significant Assurance**

The objective of this audit was to assess whether the IPC Board Assurance Framework provides adequate assurance to Management and the Trust Board that key risks are effectively managed and controlled to maintain quality standards. The audit generated two minor recommendations.

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### **BH/03/2023 Medical Revalidation – *Significant Assurance***

The objective of this audit was to provide assurance regarding the Trust's arrangements for monitoring compliance with revalidation requirements. The audit resulted in one moderate and two minor recommendations.

### **BH/04/2023 Safer Staffing; Board Assurance Framework – *High Assurance***

The objective of this audit was to provide assurance that key Safer Staffing risks are effectively managed and controlled to maintain patient safety standards. No audit recommendations were forthcoming.

### **BH/05/2023 Catering – *Significant Assurance***

The objective of the audit was to provide an opinion on the effectiveness of the systems and processes in place to ensure a safe and quality catering service is provided at all times. The audit found that there is a strong policy and code of practice in place, with some 28 standard operating procedures in use. The audit resulted in four minor recommendations.

### **BH/06/2023 Organisational Governance – Effectiveness of Academies of the Board – *Significant Assurance***

The objective of this audit was to provide assurance that the Trust's Academies and Audit Committee are operating effectively and are aligned appropriately in terms of reporting and provide assurance. The audit generated one moderate recommendation – that the Academies' 2022/23 work plans should be reviewed by the Trust Board.

### **BH/07/2023 Recruitment; Practice and Process – *High Assurance***

The objective of this audit was to provide assurance that the Trust has effective processes in place to ensure that prospective employees are subject to a relevant recruitment process and pre-employment checks including ensuring the validity of documents presented. The audit generated two minor recommendations.

### **BH/08/2023 IT Asset Management/Maintenance; IT Portfolio Management and Maintenance – *Significant Assurance***

The objective of this audit was to provide assurance that effective systems and processes are in place and are being adhered to appropriately to manage the Trust's IT assets. The audit resulted in four moderate and two minor recommendations all of which are scheduled for completion by January 2023.

- **Follow up of Internal Audit recommendations**

The Committee noted the further progress that had been made in clearing overdue actions. It was reassured by the Director of Finance undertaking further to encourage the Executive team to fully populate the progress reporting and to clear the remaining backlog.

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- **Counter Fraud progress report**

The Committee noted the continuing work of the Counter Fraud team in seeking to prevent and deter fraud, and to investigate and pursue any cases of suspected or known fraud.

- **Schedules of Losses and Special Payments**

The Committee noted the latest analysis of losses incurred and special payments made. The Committee encouraged continuing efforts to limit bad debts arising from non-payment by patients from overseas.

- **Appropriateness of Single Tender Waivers**

The Committee examined and was satisfied that all of the latest batch of single tender waiver procurements had been suitably approved and were justified.

- **Progress regarding Charitable Funds Annual Report and Accounts 2021/22**

The Committee noted that, due to staffing pressures within Deloitte, the Fund's external auditor, it was proposed on this occasion to rely upon an Independent Examination rather than a full statutory audit. The Committee heard that the Charitable Funds Committee is content to progress with an Independent Examination and supported this decision.

- **HFMA Financial Sustainability Self -Assessment**

The Director of Finance (DoF) referred to previous information provided to the Committee regarding an assessment of the Trust's financial controls prompted by the financial difficulties identified in Leicester Hospitals NHS Trust. He reported that NHSE has now mandated that every NHS provider organisation should complete the HFMA Financial Sustainability Self -Assessment (HFMA FSSA) to demonstrate that appropriate controls are in place to ensure that finances are managed safely and securely. The DoF presented the HFMA FSSA scores arrived at by Finance across eight specified domains providing a high degree of reassurance. He confirmed that Internal Audit will now independently review and evaluate the scores and provide independent assurance. Internal Audit's report will be presented at the Committee's February meeting.

- **Audit Committee Annual Self -Assessment update**

The Committee reflected upon previous exercises to assess the performance of the Committee. The Committee undertook to complete its latest assessment early in the New Year, once the Trust's revised governance arrangements are fully defined. A meeting to progress this has been scheduled for January 26.

- **Progress report: compliance with the policy for development and management of Trust policies**

The Associate Director of Corporate Governance/Board Secretary presented the results of an exercise to take a random sample of 20 policy and procedure documents from across the Trust and, for each one, to assess compliance with required development, approval, ratification, dissemination and review processes. The majority of the 20 showed compliance of between 80% and 100%, the remaining 7 showed 70%

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compliance. Work will be undertaken both to fill the compliance gaps discovered and to use the results of this review to prompt policy owners across the Trust to consider whether shortfalls identified in this sample may also exist elsewhere. It is intended to repeat this sampling process annually.

- **Clinical Audit High Priority Workplan 2022/23**

The Committee noted the good progress being made in executing the Plan.

- **Clinical Audit Annual Report 2021/22**

The Committee noted the contents of the report, and that the report had yet to be confirmed as providing assurance and approved by the Clinical Outcomes Group and by the Quality & Patient Safety Academy.

- **Data quality assurance / Assurance regarding key IT systems**

The Chief Digital and Information Officer (CD&IO) provided an update on progress to obtain assurance-providing service auditor reports, or equivalents, from the developers/providers of the key IT applications used by the Trust.

The CD&IO also provided an update regarding activity further to improve the quality of key Trust data including the development and implementation of a data quality dashboard for the Electronic Patient Record system, completion of a data clean-up relating to the validation and composition of the patient waiting list, and continuing efforts to recruit additional staff into data quality roles.

- **Conflicts of Interest/Declarations Annual Report 2021/22**

The Committee noted and was assured by the report showing a significant increase in compliance with the Trust's Conflicts of Interest Policy, with the within-time compliance rate for decision-making staff now at 98%, the highest rate of any West Yorkshire hospital trust.

### 3. Other matters

#### 3.1 Matters raised in the meeting to escalate to Corporate Risk Register

None.

#### 3.2 Other matters to escalate to the Board of Directors

None.

### 4. Recommendation

The Board of Directors is asked to note this report and the reassurance and assurance that it provides.

Barrie Senior  
Audit Committee Chairman

5 November 2022