

Cover report to the Trust Board meeting to be held on 4 November 2021

Trust Board paper R	
Report Title:	Audit Committee – Committee Chair’s Report (formal Minutes will be presented to the next Trust Board meeting)
Author:	Kate Rayns – Corporate and Committee Services Officer
Reporting Committee:	Audit Committee
Chaired by:	Mike Williams – Non-Executive Director
Lead Executive Director(s):	Simon Lazarus – Interim Chief Financial Officer
Date of meeting:	8 October 2021
Account of key public matters considered by the Committee and any related decisions made:	
<p>This report provides a summary of the key public issues considered at the Audit Committee on 8 October 2021:</p> <ul style="list-style-type: none"> • Update on the Management Response to the draft Audit Findings Report 2019/20 – the Deputy Financial Improvement Director introduced paper E, summarising the corrective actions underway to address the 17 control weaknesses that had been highlighted by the External Auditors. Appendix A detailed the completed actions and appendix B set out the status of the remaining actions and particular discussion took place regarding the implementation of a new fixed asset register and the workstreams being delivered by the ‘Purchase to Pay’ Group. Appendix C provided the status of follow-up work arising from prior-year recommendations. The Audit Committee agreed to include this as a standing item on the Audit Committee agenda going forwards, noting that future updates would be reported against the refreshed version of the Audit Findings Report; • Statutory Recommendations Progress update – the Deputy Financial Improvement Director introduced paper F, detailing the status of the Statutory Recommendations relating to Financial Reporting, Governance and Financial Sustainability (as at 29 September 2021). He drew members’ attention to key aspects of the table provided in appendix 1, including progress of the Board Development Programme, the development of the Annual Governance Statement, changes in UHL’s Board and Committee governance structure, the arrangements for strengthening the resources within the Finance Directorate, the Internal Audit review of financial systems and the development of a draft Medium Term Financial Plan which was due to be finalised and signed-off by the Trust Board in January 2022; • Internal Audit Progress report – paper J provided a summary of progress against the 2021/22 Internal Audit Plan, advising that the final report had been issued in respect of the ‘Salary Maxing’ Employ Benefits Review. Fieldwork was underway for the reviews of Data Quality and Staff Health and Wellbeing. Terms of reference had been issued for the Financial Systems Review and the Estates Review and scoping meetings had been held to prepare for the review of the E-Hospital Programme. In respect of the Estates Review, it was proposed that the Procurement element be deferred to 2022/23 but the work on Car Parking Income would continue as planned. Members queried the rationale for deferring the Procurement element and it was agreed that the relevant Executive Directors would seek a view from the incoming Chief Executive on this proposal. There were 14 overdue and outstanding actions from previous Internal Audit Reviews. Of these, one required some further evidence to close it down, four were the subject of requested date extensions, but no progress updates had been provided for the remaining nine. Internal Audit suggested that if these recommendations were not being addressed as previously agreed, then it would be helpful if the action owners could explain how the risks were being mitigated in the interim period. The Interim Director of Corporate and Legal Affairs advised that he had met with Internal Audit and he was developing proposals to improve the level of proactive engagement by the lead officers. Finally, Internal Audit advised that they were hoping to bring forwards their work on the Maternity Services Review which was previously scheduled to be undertaken in quarter 4; • Bi-Monthly Counter Fraud Progress Report 2021/22 – Ms C Webster, Local Counter Fraud Specialist introduced paper L, providing a summary of progress against plan, detailing the referrals received and communications material shared with the Trust. She particularly highlighted some concerns regarding progress of the Fraud Risk Assessment, noting that there were some delays in convening the Fraud Risk Group meetings. The Deputy Director of Finance (Financial Services) advised that he was the designated UHL Counter Fraud 	

Champion and he provided his assurance that the Fraud Risk Group membership and meeting dates would be arranged in the very near future. In response to a question from the Audit Committee Non-Executive Director Chair, it was noted that a meeting to progress case reference 1906 had been postponed on several occasions and the Local Counter Fraud Specialist agreed to feedback the Audit Committee's concerns in this respect to the People Services Directorate;

- **Discretionary procurement actions** – paper M listed 26 instances in which regular procurement processes had been waived during the months of August and September 2021. As usual, the Audit Committee Non-Executive Director Chair confirmed that he would be selecting one or two of these waivers for a 'deep dive' of the supporting documentation (outside the meeting).

Items for noting:

- **Quality Committee Minutes 29 July and 26 August 2021** – received and noted as papers N and N1. The Quality Committee Non-Executive Director Chair highlighted an opportunity to streamline the governance arrangements surrounding Estates and Facilities reporting;
- **People and Culture Committee Minutes 26 August 2021** – received and noted as paper N2;
- **Finance and Investment Committee Minutes 29 July and 26 August 2021** – received and noted as papers N3 and N4, and
- **Charitable Funds Committee Minutes 6 August 2021** – received and noted as paper N5.

Public matters requiring Trust Board consideration and/or approval:

Recommendations for approval:-

- None

Public items highlighted to the Trust Board from this meeting:-

- Update on the Management Response to the draft Audit Findings Report 2019/20, and
- Internal Audit Progress Report

Public matters referred to other Committees:

- None

Date of next meeting:

8 October 2021