

Meeting title:	Public Trust Board					Public Trust Board paper L				
Date of the meeting:	13 July 2023									
Title:	Escalation Report: Audit Committee 23 June 2023									
Report presented by:	Mike Williams, Audit Committee, Non-Executive Director, Chair									
Report written by:	Alison Moss, Corporate and Committee Services Officer									
Action – this paper is for:	Decision/Approval			Assurance		x		Update		
Where this report has been discussed previously	Not applicable									

<b>To your knowledge, does the report provide assurance or mitigate any significant risks? If yes, please detail which</b>
Yes, all.

<b>Impact assessment</b>
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Acronyms used:

## 1. **Purpose of the Report**

- 1.1 To provide assurance to the Trust Board on the work of the Audit Committee and escalate any issues as required.

## 2. **Recommendation**

- 2.1 To note there is one item from Audit Committee requiring Trust Board approval (which is presented as a stand-alone report on the Trust Board Agenda).

## 3. **Summary**

- 3.1 The Audit Committee met on 23 June 2023. The meeting was quorate and considered the following reports.

## 4. **Recommended Items**

### 4.1 **NHS Provider Licence conditions G6 and FT4 – 2022/23 Self Certification**

The Committee received assurance that the Trust was compliant with the requirements of the NHS Provider Licence.

*The self-certification against the NHS Provider Licence conditions G6 and FT4 –2022/23 is endorsed by Audit Committee for approval by the Trust Board.*

## **5. Discussion Items**

### **5.1 Reconfiguration Risk Management Strategy**

The Reconfiguration Programme Risk Management Strategy was received, and the Committee assured that the approach to managing risks associated with the Programme was robust and aligned to the UHL Risk Management Process.

*The Committee's discussion is highlighted to the Trust Board for information.*

### **5.2 Financial Improvement Plan**

Significant progress in relation to the Financial Improvement Plan was noted. There is an action to verify the assets; 50% had been physically verified and an external partner had been engaged to tag medical equipment of high value. The target date for completing the action was September 2023. However, this would not be in time for the audit of the annual accounts for 2022/23. It was anticipated that it would lead to a Qualified Opinion.

*The Committee's discussion is highlighted to the Trust Board for information.*

### **5.3 2022/23 Valuation of Land and Property**

Valuation of property, plant and equipment is required as part of the audit of the annual accounts and represents a key risk due to its materiality. The Committee was assured regarding the methodology, the decisions taken by the Finance team, and impact on the annual accounts.

*The Committee's discussion is highlighted to the Trust Board for information.*

### **5.4 Losses and Special Payments**

The Committee gave its approval to write off debt of £0.64m. The debts related to overseas patients' debt and salary overpayments. There would not be a material impact on the income and expenditure account as there had been provision made for bad debts. Most of the special payments related to the loss of personal effects and injury claims. The Committee requested the policy be reviewed, and to receive data regarding other trusts and the quantum of claims.

*The Committee's discussion is highlighted to the Trust Board for information.*

### **5.5 Progress on the Management Response to Statutory Recommendations**

It was reported that the outstanding actions were close to completion. It was agreed that most actions could be classed as business as usual. Consideration would be given to evidencing how the improvements would be sustained.

### **5.6 Board Assurance Framework and Significant Risk Report**

The Audit Committee received an update on the Board Assurance Framework and Risk Register, noting that it would be reported separately to the Trust Board.

### **5.7 Draft 2022/23 Annual Report and Annual Governance Statement**

The latest reiteration of the Annual Report and Annual Governance Statement was presented and the further work required noted.

## **5.8 New Code of Governance for NHS Trusts - self-assessment**

The Trust's self-assessment against the new code of governance was received. The self-assessment would be annual on the basis of 'comply or explain' and incorporated into the Annual Governance Statement. Whilst the Trust could demonstrate compliance there were elements that could be strengthened.

## **5.9 Discretionary Procurement Actions**

Procurement waivers approved between April 2023 and June 2023 were noted.

## **5.10 Audit Committee Objectives 2023/24**

The Committee agreed the following objectives for 2023/24:

- Good governance – review terms of reference, work plans, meeting frequency and complete annual report
- Oversight of internal control issues from committees – initiate a formal reporting mechanism from Board committees through to Audit Committee to alert to any internal control issues
- Reintroduce private pre meeting with Audit membership, external and internal auditors
- Review of the policy for non-audit work
- Receive the 2022/23 clinical audit annual report and receive the clinical audit plan for 2023/24
- Assess the performance of external audit
- Continue to assess the independence of the internal and external auditors.

*The Committee's discussion is highlighted to the Trust Board for information.*

## **5.11 Internal Audit Report Key Financial Systems (2223/UHL/14)**

The Committee considered the Internal Audit Report for 'Key Financial Systems which had focussed on treasury and cash management and the overview of the accounts receivable system. The finding had been 'limited assurance' having identified weakness in key controls in both treasury and cash management and the arrangements for debt management. Twelve actions had been agreed: ten medium and two low risks. Six actions had been actioned.

## **5.12 Internal Audit – Overdue Recommendations**

The first follow-up implementation rate for actions was noted as 56% which equated to 'limited assurance'. It was reported that the Executive Team had greater oversight and would seek to improve the implementation rate.

## **5.13 Head of Internal Audit Opinion / Annual Report**

The Head of Internal Audit Opinion was 'limited assurance'. This had been based on: the BAF had not been operational for the full year; three out of five Internal Audit reports had provided limited assurance; the implementation rate for actions arising from internal reviews was 55% for 2022/23; and the CQC rating was 'requires improvement'.

## **5.14 Internal Audit Progress Report**

The report noted that two reports had been issued: Key Financial Systems and Patient Experience – Friends and Family Test. Both provided limited assurance. With respect to the Plan for 2023/34,

terms of reference had been agreed for reviews for Clinical Management Groups – Risk Management and Policy Management Framework.

#### **5.15 Counter Fraud Annual Report and Progress Report**

The Committee noted that the focus for 2022/23 had been on processes to ensure compliance with the NHS Standards. This had been achieved. The current focus was on delivering a service that added more value, including proactive investigations.

#### **5.16 Report from the External Auditor (Progress Report)**

The External Auditor updated the Committee on the audit of the annual accounts for 2022/23. The plan was to present the findings to the next scheduled meeting on 14 August 2023. It was considered likely that there would be a qualified opinion given the issue referenced earlier in the meeting regarding asset verification. The Committee was assured that the narrative in the Audit Report would set the finding in context of the progress made.

#### **5.17 Items for Noting**

The Audit Committee noted :

- Escalation Reports of Risk Committee 21 April and 26 May 2023.
- Minutes of
- Operations and Performance Committee 22 February and 26 April 2023.
  - Finance and Investment Committee 23 March, 31 March and 2 May 2023.
  - People and Culture Committee 30 March 2023.
  - Quality Committee 30 March and 27 April 2023.2
  - Reconfiguration and Transformation Committee 15 February 2023.
  - Charitable Funds Committee 17 February and 14 April 2023.