

**Cover report to the Trust Board meeting to be held on 3 February 2022**

**Trust Board paper K1**

<b>Report Title:</b>	<b>Audit Committee – Committee Chair’s Report</b> (formal Minutes will be presented to the next Trust Board meeting)
<b>Author:</b>	Kate Rayns – Corporate and Committee Services Officer

<b>Reporting Committee:</b>	<b>Audit Committee</b>
<b>Chaired by:</b>	Mike Williams – Non-Executive Director
<b>Lead Executive Director(s):</b>	Rob Cooper – Interim Chief Financial Officer
<b>Date of meeting:</b>	21 January 2022

**Account of key public matters considered by the Committee and any related decisions made:**

This report provides a summary of the key public issues considered at the Audit Committee on 21 January 2022:

- **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 13 January 2022). He drew members’ attention to the main areas of progress relating to the timetable for finalising the 2019/20 and 2020/21 Annual Reports and Accounts, budget management training compliance, recruitment to new posts within the restructured Finance Directorate, journal controls, progress of the External Audit work for 2020/21, confirmation of the External Audit Opinion for 2019/20, and the arrangements for eliminating the underlying financial deficit as part of the Medium Term Financial Plan;
- **Internal Audit Progress report** – paper H provided a summary of progress against the 2021/22 Internal Audit Plan, advising that the final reports had been issued in respect of the Staff Health and Wellbeing Review and the Financial Systems Review (part 1). A review of waiting list management arrangements had been scheduled for quarter 4, but clarity was being sought about whether the Trust would have sufficient staff capacity to support this review in the context of current operational pressures. A delay was also reported with arranging the scoping meeting for the quarter 4 review of Maternity Services, but this was now being escalated to the Acting Chief Nurse. Some progress was reported in relation to 9 of the 12 outstanding actions from previous Internal Audit reviews, but evidence of implementation was awaited before these could be closed down on the TrAction system. The Audit Committee noted the absolute importance of robust waiting list management arrangements and requested that the newly formed Operations and Performance Committee undertook an urgent review of this issue;
- **Internal Audit Review of Staff Health and Wellbeing (low overall risk rating)** – two medium risk findings had been identified in relation to strengthening the governance and oversight of the wellbeing programme and ensuring that ownership of the wellbeing programme was embedded within the culture across the Trust. This latter issue would be raised for the Trust Board’s attention on 3 February 2021;
- **Internal Audit Review of Financial Systems Part 1 (medium overall risk rating)** – two medium risk findings and one low risk finding had been identified with recommendations made in relation to updating the Treasury Policy, writing procedure notes for producing the cash flow forecasts, journal authorisation processes, journal spot checks, and prior review of the cash flow reports prior to consideration by the Cash Committee. The Deputy Financial Improvement Director commented upon the unsustainable nature of current journal controls and the need to ensure that staff training, development and ethics were embedded to increase the level of confidence going forwards enabling the systems to be used more effectively;
- **UHL Risk and Assurance Report (including the Board Assurance Framework)** – the Head of Risk and Assurance and the Director of Quality Governance attended the meeting to present paper L, providing sample highlight reports for Principal Risk 1 (adverse impact on quality of care) and Principal Risk 3 (inability to ensure

adequate staffing capacity, capability and diversity). These sample BAF highlight reports were provided in appendix 2a and 2b and the full BAF was provided in appendix 1. Ms V Bailey, Non-Executive Director commented positively on the new templates, suggesting that it would also be helpful to capture some quantitative data (where possible) or to clearly state the reasons why such data could not be provided. The Audit Committee Non-Executive Director Chair added that it would be useful to monitor the trends between each report, to identify whether the position was improving or deteriorating. Discussion also took place regarding alignment with System working and the potential implementation of a Risk Management Committee in coming months, and

- **Discretionary procurement actions** – paper M listed 11 instances in which regular procurement processes had been waived during the months of November and December 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). A short discussion took place about whether any of the waivers could reasonable be considered to be ‘business as usual’ contract renewals, but it was noted that some renewals did require approval every 2-3 years (eg particular equipment which could only be maintained by a single specialist provider). The Procurement and Contracts Committee was starting to reduce the number of urgent contract awards and the Clinical Support and Imaging CMG had appointed a contracts lead to oversee the high volume of high value contracts going forwards.

**Items for noting:**

- **Quality Committee Minutes 25 November 2021** – received and noted as paper N, and
- **Finance and Investment Committee Minutes 25 November 2021** – received and noted as paper O.

**Public matters requiring Trust Board consideration and/or approval:**

***Recommendations for approval:-***

- None

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

- Internal Audit Review of Staff Health and Wellbeing and the need to ensure that the Wellbeing Programme was embedded in the culture of the Trust, and
- Risk and Assurance Report (incorporating the Board Assurance Framework).

**Public matters referred to other Committees:**

- Waiting List Management Arrangements – referred to the newly formed Operations and Performance Committee.

**Date of next meeting:**

18 February 2022