

Cover report to the Trust Board meeting to be held on 9 June 2022

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Report Title:	Audit Committee – Committee Chair’s Report
Author:	Helen Stokes – Corporate and Committee Services Manager
Reporting Committee:	Audit Committee
Chaired by:	Mike Williams – Non-Executive Director
Lead Executive Director(s):	Lorraine Hooper – Chief Financial Officer
Date of meeting:	9 May 2022
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 9 May 2022 (<i>involving Mr M Williams Audit Committee Non-Executive Director Chair; Ms V Bailey QC Non-Executive Director Chair; Mr S Harris FIC Non-Executive Director Chair; Ms B Cassidy Director of Corporate and Legal Affairs; Ms L Hooper Chief Financial Officer; Mr B Patel PCC Non-Executive Director Chair, and representatives from External Audit, Internal Audit, and Counter-Fraud</i>). Full Minutes will be submitted to the July 2022 Audit Committee.</p>	
Items for discussion	
<ul style="list-style-type: none"> <p>• 2019/20 Statutory Recommendations – the Audit Committee received an update on UHL’s progress against the Statutory Recommendations 2019/20, noting the position against each action. Good progress was being made on the budget-holder and ethics training elements, and the Director of Corporate and Legal Affairs then outlined progress on the Trust Board development programme including a series of bespoke externally-facilitated workshops. A System-level Non-Executive Director had now been appointed (as a UHL Associate Non-Executive Director in the first instance), and the Annual Governance Statement for 2019/20 had been approved and adopted at the 31 March 2022 Trust Board. As part of this agenda item, the Director of Corporate and Legal Affairs updated the Audit Committee on the refresh of UHL’s Scheme of Delegation, Standing Orders, and Standing Financial Instructions – the updating of the Standing Financial Instructions had slipped slightly and would now be presented to the Audit Committee in July 2022 (and Trust Board thereafter), following a refresh of the Audit Committee terms of reference. The Audit Committee Non-Executive Director Chair welcomed and took assurance from the progress against the 2019/20 Statutory Recommendations. He noted, however, continued concern regarding the longer term planning approach.</p> <p><i>UHL’s progress against the 2019/20 Statutory Recommendations is highlighted to the Trust Board for information.</i></p> <p>• 360 Assurance - draft Internal Audit plan 2022/23, and Internal Audit Charter – the Audit Committee discussed and approved the 2022/23 Internal Audit plan presented by 360 Assurance. Internal Audit provided assurance that a robust consultation and planning process had been used to develop the plan, which set out a proposed 280-day Internal Audit programme (10 days allocated as a contingency). The plan covered a combination of core areas and key risk-based work reflecting the BAF priorities. Internal Audit confirmed that the plan met the Trust’s assurance needs, was fully compliant with Public Sector Internal Audit Standards (PSIAS), and provided for an annual Head of Internal Audit Opinion. An Internal Audit Charter supporting the plan was also presented for approval. Ms V Bailey Quality Committee Non-Executive Director Chair queried how outstanding actions from reviews by the previous Internal Audit service provider would be tracked and monitored, and received assurance that 360 Assurance would receive an appropriate handover from PwC and that follow-up days were built into the 2022/23 plan. The Audit Committee took assurance from and approved the draft Internal Audit plan (and Internal Audit Charter) for 2022/23, noting the need for an appropriately flexible approach.</p> <p>• 360 Assurance - Counter-Fraud annual plan 2022/23 – the Audit Committee discussed and approved the 2022/23 Counter-Fraud plan presented by 360 Assurance. The 90-day plan (which was broadly in line with such plans for other organisations) had been developed through consideration of the Trust’s identified risks and</p> 	

reflected the requirements of the Government Functional Standards 013: Counter Fraud. The report indicated UHL's current position against those standards, and confirmed that an update on progress would be provided to each Audit Committee meeting, including clarifying to the next Audit Committee what specific work was required re: fraud risk assessment. The Chief Financial Officer confirmed that she would be working closely with the 360 Assurance Counter-Fraud lead to enhance and further embed a culture of fraud awareness within the Trust.

- **Grip and control checklist (bi-monthly update)** – the Audit Committee received an update on UHL's progress against the requirements of the grip and control checklist. As a significant majority of the actions had now been completed, the Audit Committee considered that bi-monthly updates were no longer required. A 'lessons learned' exercise was also appended to the report for information.
- **UHL Risk Committee terms of reference** – the Audit Committee received and noted the terms of reference for the recently-established UHL Risk Committee. The Audit Committee Non-Executive Director Chair – who attended the Risk Committee in an observer capacity – welcomed the useful role being played by that Committee.
- **Development of the Board Assurance Framework (BAF)** – the Director of Corporate and Legal Affairs provided verbal assurance that work to refresh the BAF continued, and would be discussed in detail at a Trust Board development session in May 2022.
- **Contract management: action plan update** – the Audit Committee received assurance that UHL was on track to achieve the June 2022 timescale for developing a contract management framework and detailed action plan to address the findings from Internal Audit's 2021 review of UHL contract management arrangements. The new contracts register system had gone live at the end of February 2022 and currently comprised in excess of 500 live contracts – it would also be further informed by the 'no Purchase Order no pay' policy being implemented from April 2022. The report also detailed the planned (Government Commercial Function Contract Management) training for procurement and CMG/Corporate staff, and the Audit Committee emphasised the need for all staff to take appropriate responsibility for – and be appropriately engaged in – robust procurement processes, including clinical staff. The Audit Committee Non-Executive Director Chair reiterated the crucial importance of both the planned training for Corporate/CMG staff involved in procurement and the robust monitoring of take-up, and he requested that future updates include a metric re: monitoring progress on that training accordingly.
- **Discretionary procurement actions** – Audit Committee noted the update on the number of procurement waivers approved between January – March 2022, and the reason for those waivers. The Head of Procurement and Supplies provided assurance that all such requests were appropriately challenged by the Finance team, and that approvals were in line with the Trust's governance processes and SFIs/Standing Orders requirements.
- **PwC Internal Audit progress report 2021/22** – PwC presented their 2021/22 Internal Audit progress report, including the list of 27 overdue actions from previous Internal Audit reviews. Given the historic nature of some of those actions, the Audit Committee Non-Executive Director Chair requested that they be reviewed by the Director of Corporate and Legal Affairs and the Chief Financial Officer to assess which ones were still applicable and appropriate – an update would be provided accordingly to the next Audit Committee. The QC Non-Executive Director Chair commented, however, on the need for an appropriate culture of progressing such actions. In discussion, PwC also requested appropriate management support to progress their waiting list audit review.
The need for appropriate management support to progress the waiting list audit is highlighted to the Trust Board for information.
- **PwC Internal Audit reviews** – the Audit Committee discussed 3 completed Internal Audit reviews from PwC, covering: (i) the quality impact assessment CIP process [low risk rating]; (ii) carparking income [medium risk rating], and (iii) risk management [advisory report – no risk rating]. The Audit Committee Non-Executive Director Chair expressed his view that the carparking report actions included some basic process improvements, and he also queried the scope to explore a cashless approach more widely. The Chief Financial Officer provided assurance that carparking was a key issue for the Trust's new Interim Director of Estates and Facilities. Audit Committee noted the Internal Audit reviews presented.

Items for noting:

- Charitable Funds Committee Minutes 11 February 2022;
- Quality Committee Minutes 24 February and 31 March 2022;
- Reconfiguration and Transformation Committee Minutes 31 March 2022;
- Finance and Investment Committee Minutes 24 February and 31 March 2022;
- Operations and Performance Committee 23 February and 30 March 2022.

Public matters requiring Trust Board consideration and/or approval:

Recommendations for approval:-

- None

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

- progress on the 2019/20 Statutory Recommendations;
- the need for appropriate management support to progress the Internal Audit (PwC) waiting list audit.

Public matters referred to other Committees:

- None.

Date of next meeting:

15 July 2022