

<b>Meeting title:</b>	Public Trust Board	<b>Public Trust Board paper M1</b>			
<b>Date of the meeting:</b>	11 May 2023				
<b>Title:</b>	<b>Escalation Report: Audit Committee 17 April 2023</b>				
<b>Report presented by:</b>	Mike Williams, Audit Committee, Non-Executive Director, Chair				
<b>Report written by:</b>	Alison Moss, Corporate and Committee Services Officer				
<b>Action – this paper is for:</b>	Decision/Approval		Assurance	x	Update
<b>Where this report has been discussed previously</b>	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>
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 There are no items from Audit Committee requiring Trust Board approval.

## 3. **Summary**

The Audit Committee met on 17 April 2023. The meeting was quorate and considered the following reports.

### **Discussion Items**

#### 3.1 **Update to 360 Assurance Audit of Estates and Facilities ‘Time and Attendance System’**

The Committee received a further report from Estates and Facilities on the actions to address the Internal Audit Report on the Time and Attendance System. Progress had been made including changes with respect to the recording of sickness absence and rotas for staff. There would be a management of change process to move staff onto new contracts under Agenda for Change. Errors in recording time and attendance were being monitored and training and support directed accordingly. The intention was to reduce the reliance on paper and manual systems by ensuring staff used the Electronic Staff Record and an electronic rostering system was under consideration.

It was questioned whether the focus should be on the longer-term actions rather than interim solutions. It was noted that the training and support offered to colleagues to record time and attendance accurately supported the payroll function in the interim. In addition, investment was

needed to support an e-rostering system and that work, which would take some time, was underway. The Committee requested a further report setting out timescales for the actions. *AC's discussion on the Update to the Internal Audit of Estates and Facilities' Time and Attendance System is highlighted to the Trust Board for information.*

### **3.2 Transactional Services Transformation – Delivery Assurance**

The Committee received an update on actions to address the audit undertaken by Price Waterhouse Cooper in 2022 which reviewed HR and payroll processes, controls, and systems. Progress in digitalising processes, revising recruitment practices, centralising and standardising arrangements for bank shifts was noted. The Operational People Services Strategic Map set out the high-level transformation ambitions for 2023-2025. The Committee noted risks to achieving the ambition and the need for additional capacity and expertise. The Committee requested a further report.

### **3.3 Data Quality Assurance Group Update**

The Committee received assurance with respect the work of the Data Quality Assurance Group. The Group's membership was drawn from subject matter experts in the Trust (rather than the data owners) to provide an objective assessment of data quality. It assessed the data reported to the Trust Board and external agencies, to ensure it was high quality, timely and accurate. The report set out the work undertaken in the last six months to review data quality for Key Performance Indicators. It was agreed to receive bi-annual reports from the Group and for the Chief Information Officer to escalate any issues by exception.

*AC's discussion on the Data Quality Assurance Group is highlighted to the Trust Board for information.*

### **3.4 21/22 Annual Report and Annual Governance Statement**

The Committee received a further draft of the 2021/22 Annual report and Annual Governance Statement.

### **3.5 Corporate Governance Guidance**

The Committee received a report on changes to guidance on governance which had been published by NHS England. A self-assessment against the NHS Code of Governance will be completed and reported to the Audit Committee in June with escalations made to the Trust Board where appropriate.

### **3.6 Board Assurance Framework (BAF) and Risk Management**

The Audit Committee noted that there had been significant progress in developing the BAF and received good assurance. There were 349 risks open on the Operational Risk Register of which 46 had a risk score of 20. The majority of risks were rated moderate or high. Performance in reviewing risks had improved, and training and guidance provided to Risk Owners. A new Risk Register was being developed and the themes would be aligned to the BAF. It was noted that the Risk Committee, established in March 2022, provided a confirm and challenge process for operational risks. The need to improve attendance at the Risk Committee was noted.

### **3.7 Progress on management Response to Statutory Recommendations**

The Committee noted progress made in addressing the statutory recommendations in relation to the 'Audit of Accounts 2019/20 – Financial Reporting, Governance and Financial Sustainability' as presented to Audit Committee in January 2021. There were four actions outstanding.

With respect to training, considerable work had been undertaken and the training for non-finance staff was due to go live shortly. The Trust Board had completed its review of financial procedures and the action in respect to accounts preparations noted. The Committee considered the action *'The Trust Board should agree with its Commissioners, NHS England and Improvement to return the Trust to a long term sustainable financial position'* needed to be seen in the context of the changes made since the recommendation was made and the development of Integrated Care Systems. It was noted that UHL's financial plan needed to be congruent with the System's financial strategy. *AC's discussion on the Data Quality Assurance Group is highlighted to the Trust Board for information.*

### **3.8 Contracts Management**

The Committee was updated with respect to the roll out of a Contract Management Framework. It was noted that training for contract managers had not progressed as well as planned. There would be a review of contracts to ensure they had the right regulatory clauses and a review of supplier resilience for Tier 2 and Tier 3 Sub-Contractors.

### **3.9 Financial Improvement Plan**

The Financial Improvement Plan was noted. There were 138 actions; 97 had been completed and of the remaining 41 actions, 30 were overdue. All high-risk actions had been completed except for those relating to asset recognition. A number of actions would be completed on submission of the 2021/22 Annual Accounts. The Committee noted the considerable work undertaken and requested a further report to its June meeting.

### **3.10 Discretionary Procurement Actions**

The procurement waivers approved between February 2023 to April 2023 were noted.

### **3.11 Declarations of Interests 2022/23 (decision-making staff)**

The Committee noted that 86% of UHL's 1,047 decision-making staff (as defined for the purposes of conflicts of interests) had made a compliant declaration of interest in 2022/23. The Committee considered that action was needed to increase the compliance rate. *AC's discussion on the Declarations of Interest is highlighted to the Trust Board for information.*

### **3.12 Sealings Report**

The Committee noted that the Seal had been used on one occasion during Quarter 4 2022-23.

### **3.13 Internal Audit Recommendations**

It was reported that the implementation rate for Internal Audit Recommendations was 51% which equated to 'limited' assurance. The 28 actions which were overdue were listed with an update from the action owners. The Committee stressed the need to improve performance. *AC's discussion on the Internal Audit Recommendations is highlighted to the Trust Board for information.*

### **3.14 Head of Internal Audit Opinion**

It was noted that the Head of Internal Audit Opinion would be presented to the Extraordinary meeting on 27 April 2023.

### **3.15 Internal Audit Progress Report**

The Committee noted progress on the 2022/23 Internal Audit Plan 2023/23. The report on Data Quality Framework -had been issued and provided significant assurance. Terms of Reference had been approved for the performance and accountability framework and 2023/24 data security protection toolkit reviews.

### **3.16 2023/24 Internal Audit Plan**

The Internal Audit Plan was approved.

### **3.17 Counter Fraud Progress Report**

The report noted that Trust was compliant for each component as part of the 2022 Counter Fraud Functional Standard Return.

*AC's discussion on the Counter Fraud Progress is highlighted to the Trust Board for information.*

### **3.18 2023/24 Counter Fraud Workplan**

The 2023/24 Counter Fraud Workplan was approved.

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

The Committee noted that the Annual Accounts 2021/22 would be presented to an extraordinary meeting of the Audit Committee on 27 April 2023. The expectation was that the Trust would receive a qualified opinion in light of findings relating to opening balances and asset management.

## **4. Items for Noting**

### **4.1 The Audit Committee noted :**

- Escalation Report of Risk Committee 24 February 2023
- Operations and Performance Committee 25 January 2023
- Finance and Investment Committee 27 January and 24 February 2023
- People and Culture Committee 25 January 2023
- Quality Committee 26 January and 23 February 2023
- Reconfiguration and Transformation Committee 24 February 2023
- Charitable funds Committee 6 December 2022