

<b>Meeting title:</b>	Public Trust Board	<b>Public Trust Board paper M2</b>			
<b>Date of the meeting:</b>	11 May 2023				
<b>Title:</b>	<b>Escalation Report: Audit Committee 27 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 two items from Audit Committee requiring Trust Board approval. The following are presented as stand-alone reports on the Trust Board agenda for 11 May 2023:
- 2021/22 Accounts
  - 2021/22 Annual Report and Annual Governance Statement
- 2.2 There are two items from Audit Committee to be referred to the Trust Board on 11 May 2023:
- External Audit Report
  - Audit Committee Annual Report

## 3. Summary

Audit Committee, which was quorate, met on 27 April 2023 and considered the following reports.

### 3.1 Recommended Items

#### 3.1.1 2021/22 Accounts

The Committee received the draft 2021/22 Accounts. There were outstanding issues to be resolved with respect to the Remuneration Report. The Committee delegated authority to the Audit Committee Chair and Chief Financial Officer to resolve these issues prior to submission to the Trust Board.

The Trust had reported a surplus of £23.6m prior to the adjustment for reversals, impact of consumables donated by the Department of Health and Social Care (DHSC), capital donations and grants and the sale of land. The adjusted financial performance was a surplus of £20.2m

The 2021/22 Accounts reported that (with the exception of the duty to breakeven over a three-year period), the Trust had achieved its statutory financial duties, including delivering in-year financial balance and maintaining capital spending, cash and borrowing within the limits set by DHSC.

The Committee considered the improved 'Qualified' audit opinion reflected the strengthened financial control environment in 2021/22, and progress in implementing the financial improvement plan.

*The Trust's Accounts for 2021/22 is, subject to the outstanding issues having been resolved, recommended for approval. A standalone report is included on the 11.5.23 Trust Board agenda accordingly.*

### **3.1.2 2021/22 Annual Report and Annual Governance Statement**

The Committee received the draft 2021/22 Annual Report. This would be finalised when issues relating to remuneration, referenced earlier in the meeting, were resolved.

*The Trust's Annual Report and Annual Governance Statement for 2021/22, subject to resolution of the outstanding issues, are recommended for approval. A standalone report is included on the 11.5.23 Trust Board agenda accordingly.*

## **3.2 Discussion Items**

### **3.2.1 External Audit Report**

The Committee received the External Auditor's Report on the 2021/22 Accounts. The audit was substantially complete with work outstanding in respect to financial statements audit: remuneration report pensions disclosures, Full-Time Equivalent testing, disclosure notes and final reviews.

The External Auditor expected to issue a qualified opinion on the 2021/22 accounts in response to two issues previously notified to Audit Committee. These were the effect of the prior year adverse opinion on the opening balances and current year operating expenditure, and the lack of controls regarding plant and equipment asset existence.

The External Audit Report recognised that the Trust was improving and moving to a position when the Audit Opinion would be unqualified.

*The External Audit Report is referred to the Trust Board for assurance. A standalone report is included on the 11.5.23 Trust Board agenda accordingly.*

### **3.2.2 Audit Committee Annual Review of Effectiveness**

The Committee received the annual report and review of effectiveness of the Audit Committee. In recent years the Committee had, by necessity, focussed on accounting issues. The review of effectiveness was reflective of this focus and there would be a robust approach to reviewing the workplan, terms of reference and workplans going forward.

*The Committee's Annual Review is referred to the Trust Board for assurance. A standalone report is included on the 11.5.23 Trust Board agenda accordingly.*

### 3.2.3 **BAF – Risk No.3**

The Committee recommended that Finance and Investment Committee close Risk no.3 on the Board Assurance Framework. The risk '*Material misstatements in the Trust's restated 2019/20 balance sheet, with implications for audit opinion on 2020/21 and future accounts*' had been addressed as demonstrated by the Audit of the 2021/22 Accounts.