



**Audit Committee Chair’s Report**  
**Public Board**  
**30 May 2024**

<b>Presented for:</b>	Information and Assurance
<b>Presented by:</b>	Suzanne Clark, Chair of Audit Committee
<b>Author:</b>	Jo Bray, Company Secretary

<b>Our Annual Commitments for 2024/25 are:</b>	
Reduce wait for patients	✓
Reduce Healthcare Acquired Infections by 15%	✓
Reduce our carbon footprint through greener care	✓
Use our existing digital systems to their full potential	✓
Strengthen participation and growth in research and innovation	✓
Deliver the financial plan	✓
Be in the top 25% performing Trusts for staff retention	✓

<b>Trust Risks (Type &amp; Category)</b>				
<b>Level 1 Risk</b>	<b>(✓)</b>	<b>Level 2 Risks</b>	<b>(Risk Appetite Scale)</b>	<b>Risk</b>
Workforce Risk				
Operational Risk				
Clinical Risk				
Financial Risk	✓	<b>Counter Fraud</b> We will adopt a zero-tolerance approach to workforce fraud through the maintenance of an anti-fraud culture, investigating all reported instances of fraud and following disciplinary and criminal proceedings	Averse	↔ (same)
Financial Risk	✓	<b>Financial Reporting Risk</b> We will deliver sound financial management and reporting for the Trust with no material misstatements or variances to forecast	Minimal	↔ (same)
External Risk	✓	<b>Legal &amp; Governance</b> We will operate the Trust in compliance with the law and UK Corporate Governance Code, where applicable	Averse	↔ (same)

<b>Key points</b>	
This summary provides an overview of significant issues of interest to the Board, highlights key risks discussed, key decisions taken, and key actions agreed.	For information and assurance

**ISSUES OF INTEREST TO THE BOARD FROM 2 MAY 2024 COMMITTEE MEETING**

An informal training session was held prior to the Committee meeting, with an open invitation to finance colleagues and the wider Committee. This was a joint presentation by Martin Campbell Smith, Associate Director of Finance and External Audit (Mazars) on the reporting requirements defined by NHS England for the yearend along with the process behind the opinion by External Audit.

The day before the Committee meeting, Non-Executive Directors held an informal private meeting with External Audit with no significant issues of escalation raised.

**Matters Arising from the last meeting**

The Committee noted the recent publication by HfMA of the Audit Committee Handbook with a report requested for the September meeting of the Committee to map assurance against this best practice for the Work Plan and terms of reference of the LTHT Audit Committee. [nhs-audit-committee-handbook-7077.pdf \(hfma.org.uk\)](https://www.hfma.org.uk/nhs-audit-committee-handbook-7077.pdf)

**Strategic Risks and Governance**

The level 1&2 risk categories, as set out in the Committee’s work plan, to be reviewed for a deep dive by the Committee were;

**Workforce Risk**

- *Workforce Supply Risk – We will deliver safe and effective patient care through having adequate systems and processes in place to ensure the Trust has access to appropriate levels of workforce supply*
- *Workforce Deployment Risk – We will deliver safe and effective patient care through the deployment of resources with the right mix of skills and capacity to do what is required*
- *Workforce Retention Risk – We will deliver safe and effective patient care, through supporting the training, development and health and wellbeing of our staff to retain the appropriate demand for our services*
- *Workforce Performance Risk – We will deliver safe and effective patient care through having the right systems and processes in place to manage performance of our workforce*

The report set out the controls, internal and external in place to manage the four aspects of the workforce risks. The management oversight of the internal workforce assurance mechanisms were listed within the report, and explored in more detail by the Committee.

The role of the Risk Management Committee with the oversight to Corporate Risks CRRW4 – Insufficient staff to provide treatment care and services to patients and CRR04 – Staff absence, Health Safety and Wellbeing were explained. The structures of the Workforce Assurance Committee, and the newly established Workforce Management Group along with the Resource Management Group were described and explored in more detail by the Committee. The assurance from internal audit, recommendations and actions in year were set out along with external controls through wider NHS processes of staff survey results, data returns, model hospitals data, NHSE eRoastering Levels of Attainment and workforce planning submissions.

The Audit Committee received the report and noted the assures of the processes in place for the oversight and management of the four workforce risks to maintain the risk tolerance of minimal defined by the Board.

#### **Operational Risk**

- *Business Continuity Risk – We will develop and maintain stable and resilient services, operate to consistently high levels of performance*

#### **Clinical Risk**

- *Capacity Planning Risk – We will ensure that capacity is planned to meet the demand for elective and non-elective (acute) admissions to our hospitals, managing this risk to provide safe treatment and care to our patients*

The report described the Trusts approach to business continuity and bed capacity planning, this was underpinned by assurance from Emergency Preparedness, Resilience and Response, capacity and demand modelling undertaken at Clinical Service Unit capacity planning: seasonal planning, surgical prioritisation and respiratory virus modelling.

Comprehensive triangulation was set out the links to the Corporate Risk Register. Operational management processes were clearly set out, with good assurance of risk assessment and controls with monitoring and assurance.

The Audit Committee were assured of the processes in place for the oversight and management of business continuity risk to maintain the risk tolerance of minimal defined by the Board.

#### **Financial Risk**

- *Change Risk – we will deliver change aligned to the Trust's strategy on time and to budget with benefits achieved and no significant adverse impacts, focusing on the delivery of large-scale capital developments and waste reduction programmes, overseen by Building the Leeds Way Board and the Programme Management Office.*

The Committee received a report at the December meeting that focussed assurance on the aspects of change risk managed within the finance team and had requested assurance to the May meeting on wider aspects of change risk across the organisation.

The report summarised the key drivers for change set out in various strategies and the focus of the report was summarised in three strands and aligned to; Digital, Estates and Workforce Strategies. The Committee explored each, along with methodology and collective oversight of alignment, methodology via the Leeds Improvement Method or where these were nationally driven they noted the similar principles. The close monitoring by the Executive Team and escalation of risks through the Risk Management Committee and where required to Board were discussed.

The Audit Committee were assured of the processes in place for the oversight and management of change risk to maintain the risk tolerance of minimal defined by the Board.

#### **External Risk**

- *Legal & Governance Risk – We will operate the Trust in compliance with the Law and UK Corporate Governance Code, where applicable*
- *Regulatory Risk – We will comply with or exceed all regulations, retain its CQC registration and always operate within the law*

The report set out the controls in place for the management oversight and assurances in relation the many regulations that the Trust is required to adhere to. Reference was triangulated to the comply of explain Code of Governance report received at the March

Board, along with the requirements of the Annual Governance Statement (AGS) that was part of the yearend annual reporting process summarising the Chief Executives statement of internal control. Compliance with the CQC and other key regulations were summarised.

The Audit Committee were assured of the processes in place for the oversight and management of the legal & governance and regulatory risk partnership working to maintain the risk tolerance of open defined by the Board.

### **BAF and CRR Update**

The Committee received Corporate Risk Register (CRR) information as a Blue Box Item. The Board Assurance Framework (BAF) had been updated to align with the seven annual priorities for the year ahead. The Committee reflected on the use and assurances this would provide to the Board over the coming year and it was agreed that an additional column would be added to demonstrate review and progress during the year.

### **External Audit Update**

The Committee received and noted the progress report for the year ending 31 March 2024 with the associate timetable for the planned work against the submission requirements of NHSE.

### **Internal Audit Updates**

- **Progress Report Against Internal Audit Plan**

The Committee received an update on the progress report of the Internal Audit Plan for 2023/24. The following final reports had been issued during the period since the last meeting and an update was provided;

- Federated IT functions (Moderate)
- CSU Compliance - Cardio-Respiratory and Trauma Related Services (Moderate)
- Health & Safety (Moderate)
- Procurement (Satisfactory)
- Medical Agency Staffing (Satisfactory)

The also updated on the fieldwork for the following reviews to take place;

- Theatre Utilisation
- Outpatient Utilisation
- Northern Pathology Imaging Co-operative (NPIC) initiative governance arrangements
- Discharge & Patient Flows
- NHS Digital Toolkit

The Committee requested that the DIT Committee seek assurance that learnings from the audit of the Radiology Federated IT Functions are cascaded to the two other Federated IT Functions.

Attention was draw to the Health & Safety report with assurance this related to gaps in documentation and was not about process failures, which was a similar issue for Trauma Related Services relating to closing down of reports within DATIX.

It was reported that there were 38 open actions with eight overdue and all were seeking extensions to June, which were granted by the Committee.

The Committee received and noted the draft annual report for 2023/24, noting the final information would be cited with the Annual Governance Statement to be approved by the 27 June 2024 Board meeting. As at 18 April, 17 internal audit reviews had been carried out with six underway. This had resulted in the identification of zero critical, two high and 35 medium, 11 low and one advisory risk findings reported to the Trust. The two high rated findings related to Fire Safety (now resolved) which related to access to reports, and

Recruitment of Overseas Medical Staff with gaps in process (and following the meeting is also now closed).

The final draft plan for the internal audit plan for 2024/25 was reviewed by the Committee, with feedback from the Committee for action by Internal Audit to further consider the focus of the review into Clinical Coding, to review one (not two as per the draft plan) of IT Federated areas and consider replacing this second one with an aspect of IT General Controls. The discussion also explored the rationale and further understanding behind safeguarding and removal of site waste.

### **Counter Fraud**

The Committee received the Counter Fraud, Bribery and Corruption Annual Report 2023/24, the Risk Assessment Report for 2024/25 along with the Counter Fraud Work Plan for 204/25.

The Committee were delighted with the progress made to be able to report compliance against all 13 components of the of Functional Standard Requirements rating to fraud, bribery and corruption and Service Condition 24 of the NHS Standard Contract and supported the Simon Worthington, Director of Finance to sign the compliance statement.

The visit to the Trust by NHS Counter Fraud Authority to demonstrate effective best practice around sanctions and redress was noted along with their positive feedback.

The Team were commended by the Committee for the largest response to date, to the Fraud Awareness Survey achieving 1,582 responses.

The Committee explore the work in relation to wider non-financial fraud.

### **Corporate Governance Reports**

- **Losses and Special Payments (1 April to 31 October 2023)**

The Committee received a report summarising a total of £340k of losses had been written off during the seven month period, compared to £292k for the same period last year. The number of cases were lower than last year and were largely due to four private patient cases, which were explored by the Committee for further assurance. Personal injury claims and patient belongings were lower than previous years. The Benchmarking data was set out in the report to provide assurance against other Trusts.

### **Internal Governance and Preparation for Yearend**

#### ***(Annual Accounts, Annual Report, Quality Account and Annual Governance Statement)***

The Committee received verbal updates to the ongoing work from the internal teams in relation to the preparation of the Annual Accounts, Annual Report and the Quality Account noting the assurance and oversight of this through the Quality Assurance Committee).

The Chief Executive was in attendance to respond to questions relating to the draft Annual Governance Statement (AGS). The Committee received a written draft report that set out the standard template requirement by NHS England and updates in year, against the final AGS for 2022/23 and the updated draft information for submission for 2023/24. This was reviewed and supported by the Committee and will flow to the 27 June 2024 Board meeting for final approval.

### **Matters for the Audit Committee**

- **Committee Draft Annual Reports**

As defined in Standing Orders and the Terms of Reference of the Risk Management and the Assurance Committees of the Board, each Committee is required to draft an annual report of the work they have carried out during the year, that was set out in their respective Work Plan as delegated by the Board, along with a line by line review of their terms of reference, review of Committee effectiveness and delivery against their objectives. These reports also seek

delegation from the Board for the Work Plan and objectives for the coming year. These will flow to the May Board meeting, noting not all can be received in the public domain due to commercial sensitivity.

- **Audit Committee Annual Report**

The Committee reviewed its draft Annual Report and Objectives and approved the report that will flow to the May Board meeting as agenda item 12.3(ii).

- **Tender Waiver Report**

The report set out the Single Tender Waivers for the period of 4 December 2023 to 23 April 2024, with 39 tenders approved at a value of £2,790,424.91, with a decrease in overall value of £1.5m. Thus, the average was 3.5 waivers per month which was higher than the previous report. Assurance was provided on the review and scrutiny placed on these orders by the Procurement Team. The Committee were assured of process in place and explored the nature of bespoke products.

- **Losses and Special Payments**

The Committee received a report that summarised the period 1 April 2023 to 31 March 2024. The Trust returned £1.1m pay to staff in relation to VAT recovered from HMRC in relation to the Trust's salary sacrifice car lease scheme. Excluding this special payment the losses included 366 cases totalling £665k. the total number and value of cases is higher but very similar to the previous year.

- **Use of Chairs Action**

The Committee received a report that reviewed the 23 uses of Chairs Action, as defined in Standing Orders, for the period November 2021 to March 2024 since the last report had been received. Assurance was provided to the appropriate use and noted the feedback on one occasion to the team where this could have been improved. Many occurrences related to the access of external funding and/or short timescales for delivery/spend.

### **Blue Box Item – Work Plan and Calendar of Key Events for 2024/25**

The work plan was received and noted.

Use of the Seal for the financial year was reported as required within Standing Orders.

### **Standing Agenda Items**

There were no new issues to escalate to the CRR, no issues required legal advice, or escalated to NHS England, CQC or to the Board.

The information received within the meeting reported the Trust remained within its defined risk appetite.

**Suzanne Clark, Chair Audit Committee**  
**May 2024**