**Meeting Assurance Report to the
Council of Governors held on
12 December 2023**

Name of Committee / Group	Audit Committee
Date of Meeting	10 October 2023
Chair	Ann Harris, Non-Executive Director
Lead Officers	Neil Priestley, Chief Finance Office and Sandi Carman, Assistant Chief Executive
Meeting Administrator	Beth Jones, Business Manager

Purpose

The purpose of this report is to provide in summary an update on the key discussions and outcomes of the above meeting.

Agenda items covered at the meeting

The agenda included the following items:

- Bad Debts Data Analysis
- Internal Audit and Counter Fraud Progress Report
  - 2022/23 Counter Fraud Progress Report
  - 2022/23 Internal Audit Progress Report
- Integrated Governance, Risk and Assurance
  - Review of Delivery of 2023/24 Objective 2: In-year assurance update – New Code of Governance and associated guidance implementation
  - Annual Board Assurance Framework Effectiveness Review Report
  - Risk Management Executive Committee: Committee Assurance Report and Terms of Reference
  - Data Quality Steering Group Annual Report
- External Audit
  - External Audit Progress Report including audit context challenge
  - Technical Update
  - Benchmarking Report
- Single Tender Waivers

Matters to highlight

Specific areas to highlight are as follows:

Matters Arising
The Committee noted that the recommendation to continue with the provision of External Audit Services from KPMG had been accepted by the Council of Governors at its September meeting and had been extended for a further two years when the 2023/24 agreement ends.

Bad Debts Data Analysis

The Committee was assured by the requested update that the Trust employs a prudent and robust process for the provision of and write-off of debt.

Counter Fraud Progress Report

The Committee noted the issues raised in the report   Primary issues raised from national themes were in relation to mandate Fraud, Trust employees undertaking secondary employment whilst on a leave of absence and an increasing volume of fraud offences amongst employment agency staffing. Counter Fraud assured the Committee that in response to these concerns, appropriate mechanisms were in place to monitor the issues raised. Concern was raised regarding an increasing violence and aggression issue, following which, it was noted that the Quality Committee has oversight of staff and patient incidents.

Internal Audit Progress Report

Internal Audit reported that they had introduced a new categorisation of audit opinion– one of Moderate Assurance, which had been introduced to ensure consistency with the end year head of internal audit opinion. An update was provided in relation to actions where it was raised that two historic outstanding actions remained opened. Assurance was provided that progress is being made on both actions. The two Internal Audit Reports issued with Limited Assurance were discussed in further detail:

Controls of legal expenditure

Recommendations were accepted and action is being taken in a phased approach over the next 12 months. The first phase will focus on improving controls and developing a policy and a standard operating procedure. Phase two will consider the different mechanisms and options for reducing expenditure such as reviewing NHS futures for any savings opportunities.

Key Financial Systems

The Trust had agreed to take the actions forward to implement and strengthen more robust controls.

The Committee queried the timeliness of actions in response to the staff survey action plan and noted quarterly progress updates are now provided to TEG.

Review of Delivery of 2023/24 Objective 2: In-year assurance update – New Code of Governance and associated guidance implementation

The Committee noted the progress that had been made to demonstrate compliance with the new Code of Governance. The Trust was largely compliant with the code and continued progress would drive further progress where compliance gaps had been identified.   The committee would be provided with a future update on exceptions where full compliance with the code isn't expected by year-end.

Annual Board Assurance Framework Effectiveness

The Committee chairs present felt that the BAF process was working well in supporting deep dive conversations but recognised more work could be done to link the detailed level discussions back to the Corporate Risk Register to frame Committee agenda discussions. There was less assurance that the BAF was working as well at Board level and recognition that clarity on risk rating definitions could be enhanced. The team took the comments away to consider the response to the points raised, but agreed that this had been a useful conversation and the framework needed to be dynamic.

Risk Management Executive Committee (RMEC)

The Committee noted the work to date on the newly established Committee which provides oversight of risk management across the organisation. The Committee were assured by Executives present that the RMEC Committee facilitates prompt discussions and good management of risks. The Committee felt assured that there are other mechanisms in place to ensure prompt Board awareness of new Extreme Risks.

Data Quality Steering Group

The Committee noted the Annual Report which outlined the Group's 2023/24 Objectives and the proposed workplan. A primary capacity concern was illustrated to meet ongoing EPR requirements however the Committee acknowledged the workplan would evolve to reflect ongoing requirements.

External Audit Progress Report
External Audit provided an update regarding perceived increased audit challenge during the 2022/23 audit and the rationale for the increased volume of work. It was noted that revisions to auditing standards and changes in methodology had largely driven the increase in work undertaken. The Committee were assured that robust communication and commencing work earlier in the cycle would contribute to an improved process.

Single Tender Waivers
The Committee noted the report. It was agreed that Datix would be reviewed to explore if an incident relating to the labelling of embryonic material had been recorded.

Documents approved were:

- o Terms of Reference for the Risk Management Executive Committee.
- o Terms of Reference for the Data Quality Steering Group

New significant issues / concerns escalated including proposals on the next steps to address this

The Committee agreed that Executive owners of audit report issued with limited assurance would be invited to the respective Audit Committee meeting to provide confidence that the audit recommendations would be progressed in a timely manner. This would provide the Committee and subsequently the Board, with assurance that end-to-end processes of audit are being applied rigorously.

Implications

Aim of the STHFT Corporate Strategy	✓ **Tick as appropriate**
1	Deliver the Best Clinical Outcomes	✓
2	Provide Patient Centred Services	✓
3	Employ Caring and Cared for Staff	✓
4	Spend Public Money Wisely	✓
5	Create a Sustainable Organisation	✓
6	Deliver Excellent Research, Education and Innovation	✓

Recommendations

The Council of Governors is asked to **NOTE** the update provided and respond to any specific points raised within the report.