

Agenda item 2.i

Report to:	Board of Directors – Part 1	Date: 2 April 2026
Report from:	Chair of the Audit Committee - Cynthia Conquest	
Principal Objective/ Strategy and Title	GOVERNANCE: To update the Board of Directors on discussions at the Audit Committee meeting on 12 March 2026 - Part 1	
Board Assurance Framework Entries	FSRA BAF (Unable to maintain financial, operational, and clinical sustainability)	
Regulatory Requirement	Regulator licensing and Regulator requirements	
Equality Considerations	Equality has been considered but none believed to apply	
Key Risks	Non-compliance resulting in financial penalties	
For:	Information	

1. Significant issues of interest to the Board

Summary

The Audit Committee reviewed the Board Assurance Framework (BAF) and concluded that further refinement is required at Committees level to strengthen its effectiveness and usability. This work will support clearer alignment between Committee oversight and Board assurance.

The Committee received the final overview presentation from the Chair of the Charitable Funds Committee. With all Committee presentations now complete, the Audit Committee is satisfied that delegated risks are being managed robustly and is assured in reporting this to the Board.

BDO Local Counter Fraud Services (LCFS) confirmed that the National Fraud Initiative (NFI) review has concluded with no material findings. The Local Proactive Exercise (LPE) on pre-employment checks highlighted concerns relating to one Agency, which are being followed up. The Committee was also informed of updated NHS Counter Fraud Authority standards, against which the Trust has been informally assessed.

BDO Internal Audit reported substantial improvement in the completion of follow-up recommendations. All audits in the 2025/26 programme have now been finalised, and the Interim Annual Audit Report and Annual Statement of Assurance were presented. The Committee also received a briefing on Patient Flow, which offers learning opportunities for ongoing operational improvement.

KPMG outlined the external audit plan and approach for the year-end accounts, and the CFO updated the Committee on key technical accounting issues the Trust will need to navigate during the final accounts process.

The updated Standing Orders, Standing Financial Instructions, and Scheme of Delegation were reviewed and approved by the Committee for Board ratification.

The Committee also reviewed waivers, bad debt write-offs, and losses and special payments, approving one write-off under its delegated authority.

BAF

The Audit Committee noted that the BAF report requires further refinement to improve its effectiveness. Committees were asked to review their assigned BAF risks in detail and propose any amendments needed to strengthen the report.

The BAF Assurance Map was presented, but additional development is required. It will be circulated by email for further comment.

BDO Local Counter Fraud Service (LCFS)

LCFS reported that the National Fraud Initiative (NFI) has concluded with no material findings.

The Local Proactive Exercise on pre-employment checks also identified no significant issues, though one agency appeared non-compliant. The Committee has asked management to review continued use of this agency should compliance concerns remain.

LCFS noted that the NHS Counter Fraud Authority standards for 2025/26 have been updated and shared the outcome of an informal assessment of the Trust. They anticipate the Trust will again receive an overall *green* rating, with two areas remaining *amber*, consistent with last year:

- *Standard 8: Report identified loss – due to low levels of reporting;*
- *Standard 11: Access to and completion of training – as counter-fraud training is not yet mandatory.*

The final report on the standards will be presented at the May's Audit Committee.

BDO Internal Audit Service (IA)

All audits within the 2025/26 programme have now been completed, despite some delays earlier in the year. The final two reviews were:

- Data Protection & Security Toolkit – A mandated audit previously highlighted as a concern by the Committee. The review concluded a *low overall risk* with a *high level of assurance*, reflecting the significant focus placed on cyber security and data protection during the year.
- Patient Property – Commissioned following a theft incident involving patient funds. The audit identified a substantial number of required actions. These will be managed by a Task and Finish Group reporting to the Clinical Professional Advisory Committee (CPAC), with high-level updates provided to the Quality & Risk Committee.

IA also updated the Committee on progress against follow-up actions from prior audits. Good progress continues, with only one recommendation currently overdue.

BDO presented their interim Annual Audit Report and Annual Statement of Assurance, indicating that the Trust will receive the rating: **“Generally satisfactory with improvements required in some areas.”** The Committee agreed this was an appropriate assessment.

A briefing on Patient Flow was received, including best-practice case studies. The Committee has asked the Chief Operating Officer to review the findings and report back on potential learning and opportunities for adoption or adaptation within the Trust.

This meeting marked BDO's final engagement as the Trust's Internal Auditors, with their contract concluding on 31 March 2026. The Committee formally recorded its appreciation and extended sincere thanks to BDO for the high-quality service and valuable support provided over many years.

The Committee also recorded its appreciation to **Liz Sandford**, whose interim tenure as Chief Financial Officer concludes on 31 March 2026. Liz has provided significant support to the Committee throughout her time in post, and the Committee extends its sincere thanks and best wishes for her future endeavours.

Annual Reviews

The Standing Orders, Standing Financial Instructions and Scheme of Delegations which were presented to the Audit Committee in January 2026 have been updated and the comments and amendments suggested incorporated. The Audit Committee is now able to approve these documents for sign off by the Board.

Waivers, Bad Debt Write-offs and Losses and Special Payments

The Committee noted a continued rise in both the number and value of waivers, with 12 waivers totalling over £1 million in the last quarter. Management has been asked to review these requests and consider whether procurement controls require strengthening.

Private patient debt write-offs totalled **£17,598.73**, including one debt of **£15,387.03** requiring Audit Committee approval under the Trust's Scheme of Delegation. As the debtor is deceased and the debt deemed irrecoverable, the Committee approved the write-off.

2. Key decisions or actions taken by the Audit Committee

- Approval for submission to the Board
 - Standing Orders
 - Standing Financial Instructions
 - Scheme of Delegation
- Approval of bad debt write-off of £15,387.03

3. Recommendation

The Board is asked to note the report.