

Agenda item 5

Report to:	Board of Directors	Date: 6 March 2025
Report from:	Chair of the Audit Committee	
Principal Objective/ Strategy and Title	GOVERNANCE: To update the Board of Directors on discussions at the Audit Committee meeting on 23 January 2025	
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 had the pleasure of Saqhib Ali, Chair of the Audit and Risk Committee (ARC) for Cambridge and Peterborough Integrated Care Board (C&P ICB) attend the meeting and give a short talk.

The Board Assurance Framework (BAF) update was presented to the Committee and a discussion was held regarding the assurance on the three BAF risks above 20.

The proposed work plans 2025/26 for Local Counter Fraud (LCFS) and Internal Audit (IA) services were discussed and the final plans will be presented to the Committee in March 2025.

The internal audit update covered the Cost Improvement Plan (CIP) audit, the follow up of recommendations and the DPST update and role of the Audit Committee.

The annual reviews of the Standing Orders, Standing Financial Instructions and Scheme of Delegation were presented and approved by the Audit Committee. The Anti-fraud & Bribery Policy was also approved. The Audit Committee Annual Self-assessment was also discussed.

Reports were received on Salary overpayments/underpayments and Compliance with Clinical Audit.

Saqhib Ali's Talk

Saqhib, the C&P ICB Chair of ARC discussed the importance of collaborative work among sovereign Audit Committee Chairs to ensure the ICS fulfils its NHS healthcare priorities. Saqhib attended the entire meeting and provided valuable feedback, appreciated by the Audit Chair.

BAF

There are three risks above 20 on the BAF. The Audit Committee requested a progress report to ensure ongoing risk reduction. The reports presented were similar to those from October 2024. For risks 678 (Waiting List Management) and 1021 (Cyber Security – Potential for cyber breach and data loss), the Committee felt the reports did not reflect the work reported in other Committees.

The Audit Committee felt that **the assurance** on progress against these BAF risks is **limited**.

BDO Local Counter Fraud Service (LCFS)

LCFS has used 30 out of 60 days for counter fraud work, with ten days likely to be unused by the financial year end and to be carried over to 2025/26 for proactive work. This is after the completion of fraud risk assessment and year end reporting. The Committee was informed that these extra days cannot be transferred from LCFS to the IA work plan

The LCFS Annual Work Plan for 2025/26 is for 60 days (50 proactive and 10 reactive) for the Trust. The Counter-Fraud Strategy and Annual Work Plan 2025/26 aligns with the Government Functional Standard for Counter Fraud.

BDO Internal Audit Service (IA)

The IA Annual Plan for 2025/26 has been drafted and covers 136 days at present. This is six more than the 130 standard days. The plan has been developed after extensive discussions with Committee Chairs, Executive Directors and other appropriate staff. It was felt that the plan will cover the BAF risks for 2025/26. Once finalised in March the Board will be given the list of the audits agreed.

The Committee extended its thanks to BDO for the proactive work they have done in pulling the plan together.

The Committee was presented with the finalised report of the Key Financial Systems – CIP which was given a rating of substantial for design and moderate for effectiveness. The lack of completion of Quality Impact Assessments (QIAs) for four of the CIP schemes was the reason for the moderate assessment rather than substantial. The Committee felt this was a fair assessment.

DPST and Role of Audit Committee

The Data Security and Protection Toolkit (DSPT) is a self-assessment tool used by NHS organisations and their partners to demonstrate compliance with information governance standards. This year, NHS England has introduced a new approach that aligns the DSPT with the Cyber Assessment Framework (CAF).

The new CAF-aligned DSPT approach requires increased scrutiny by Audit Committees and senior management on cyber risk management. Regular reporting and a clear understanding of cyber risks are essential.

The Audit Committee's role includes:

- Receipt of regular updates from management on DSPT compliance
- Review periodic reports on cyber security risk assessments and mitigation strategies
- Oversee the allocation of resources for cyber security and ensure that there is adequate funding for compliance
- Encourage ongoing staff training and awareness programmes to enhance the organisation's security culture
- Recommend a formal review of the organisation's cyber security policies to ensure alignment with the CAF-aligned DSPT approach

As a result DPST will be a standing agenda item for the Committee.

Waivers to SFIs

There have been five waivers approved since the last Audit Committee meeting in October 2024 and there is one which is pending. Sole Supplier remains the main reason for waiver requests.

Annual Review & Policies

As part of the Annual review, the Standing Orders, Standing Financial Instructions and Scheme of Delegations were presented to the Audit Committee. Comments have been sent with some minor queries and amendments which will be incorporated into the final documents.

The Anti-fraud and Bribery Policy was also presented for approval. Some rewording and structure of the policy were made which could be followed via the tracked changes. There was evidence that LCFS had major input into the review.

The Committee was happy to approve the changes in all the documents.

Audit Committee Self-Assessment

The overall assessment of the performance of the Audit Committee was “strongly agree” with only four the eight giving a scoring but with seven positive comments. It was suggested that people may not have scored because of the wording of the question. There were two questions that had a “do not agree or disagree”. They were for “Equal prominence is given to both quality and financial assurance” – which the Audit Committee is still trying to improve. And the other was “Changes to the Committee’s current and future workload are discussed and approved at Board level” – may be needed to make this more explicit in Board discussions.

Salary overpayments/underpayments

The report presented said that progress is being made in reducing overpayments, However, the data shows there may not be any statistically significant change and thus assurance cannot be taken that we are seeing an improved position. The value of overpayments has decreased by circa £100k over the last two years as a result of the work that have been done with Managers. However the number of overpayments increased and this is the same for underpayments.

Late notice of changes is the main reason for overpayments/underpayments despite training and reminders to managers. Audit Committee suggested that there may need to be an escalation to ensure that managers do comply. The CEO said this will be looked at.

Compliance with Clinical Audits

The report on the compliance with Clinical Audits shows that the Trust is on target to complete the audits in time to meet the national and local deadlines. The progress of the audits is monitored by the Quality & Risk Committee (Q&R) and the Chair of Q&R gave the Audit Committee assurance that this was discussed at every meeting and that he had no concerns.

2. Key decisions or actions taken by the Audit Committee

- Approval of DN142 Standing Orders
- Approval of DN140 Standing Financial Instructions
- Approval of DN137 Scheme of Delegation
- Approval of D605 Anti-fraud & Bribery Policy

3. Recommendation

The Board is asked to note the report.