

## **Agenda item 5**

<b>Report to:</b>	<b>Board of Directors - Part 1</b>	<b>Date: 4 September 2025</b>
<b>Report from:</b>	<b>Chair of the Audit Committee</b>	
<b>Principal Objective/ Strategy and Title</b>	<b>GOVERNANCE: To update the Board of Directors on discussions at the Audit Committee meeting on 17 July 2025</b>	
<b>Board Assurance Framework Entries</b>	<b>FSRA BAF (Unable to maintain financial, operational, and clinical sustainability)</b>	
<b>Regulatory Requirement</b>	<b>Regulator licensing and Regulator requirements</b>	
<b>Equality Considerations</b>	<b>Equality has been considered but none believed to apply</b>	
<b>Key Risks</b>	<b>Lack of Governance Assurance Overview Non-compliance resulting in financial penalties</b>	
<b>For:</b>	<b>Information</b>	

### **1. Significant issues of interest to the Board**

#### **Summary**

For the Governance Assurance Overview, we have now had three strong presentations from Board Committee Chairs, the latest from the Chair of the Workforce Committee.

The Audit Committee reviewed five BAF risks currently rated as “limited assurance” by their respective Committees.

A discussion on revised BAF risks is scheduled for the October 2025 meeting, pending the Executive review.

The Local Counter Fraud Service (LCFS) presented new guidance on the “Failure to Prevent Fraud Offence,” which places greater responsibility on organisations to demonstrate proactive fraud prevention measures.

LCFS have reported that there were two separate thwarted spam attempts as a result of cyber security actions which are expanded upon in the Part 2 report.

Internal Audit recommendation follow-up was discussed, with the Executive providing assurance that improvements will be reflected in the October 2025 report.

A briefing on the Consultants Job Planning review was received; the Medical Director will assess RPH’s position against benchmarking in a forthcoming paper.

Finally, the Salary Over/Underpayments report showed a slight upward trend in overpayments, despite sustained efforts over the past two years.

### Governance Assurance Overview

Amanda Fadero, Chair of the Workforce Committee, presented a clear overview of the Committee's risk assurance approach, covering the four Workforce Committee risks of the Trust's 18 BAF risks.

Amanda ensures each risk is reviewed regularly, with discussion focused on controls, mitigations, key metrics (e.g. turnover, vacancy rates), and initiatives like the Compassionate & Collective Leadership programme. The Committee also evaluates the impact of workforce strategies on staff wellbeing and organisational performance.

The Audit Committee is satisfied that assurance on delegated risks is being robustly managed and can report this confidently to the Board.

Diane Leacock, Chair of the Special Projects Committee, will present at the October 2025 meeting.

### BAF

The Committee was pleased to receive the reports on those BAF risks that have been given "Limited Assurance" by the relevant committees. The reports demonstrated that considerable work is taking place to get better assurance, but these may remain as "limited" until sustainable improvements are made.

### BDO Local Counter Fraud Service (LCFS)

The main presentation from LCFS was on the new legislation on "Failure to Prevent Fraud Offence."

The Economic Crime and Corporate Transparency Act (ECCTA) 2023 introduced a new corporate offence: *Failure to Prevent Fraud*. Under this legislation, an organisation may be held criminally liable if:

- A fraud offence is committed by an employee, agent, or associated person for the benefit of the organisation or a related body; and
- The organisation lacks reasonable fraud prevention procedures.

The Trust's focus must be on the latter. While existing counter fraud measures align with ECCTA principles, a robust Fraud Risk Assessment (FRA) is essential to demonstrate an adequate defence. The FRA should identify high-risk areas, highlight control gaps, support Committee and Board assurance, and ensure regulatory compliance. It must embed fraud risk into planning and guidance, assign clear ownership, link to assurance mechanisms, and remain a dynamic, regularly updated document.

The Audit Committee and LCFS will review the current FRA and address any identified gaps.

### BDO Internal Audit Service (IA)

The Committee held a focused discussion with BDO on the status of internal audit recommendations. It noted concern that several recommendations remain unresolved over extended periods, with completion dates frequently revised at each meeting. Of the five overdue items—all medium priority—one dates back to March 2024, albeit from an advisory audit.

Management assured the Committee that these recommendations are under active review by Executives, with a commitment to either resolve them or provide a clear rationale for any outstanding items by the next meeting.

BDO confirmed that 85% of all audit recommendations raised have been completed by RPH, providing broader assurance on overall progress.

#### Consultant Job Planning Review

BDO provided a briefing on their Consultant Job Planning review conducted across ten NHS Trusts (excluding RPH). The findings offer valuable benchmarking opportunities for RPH, particularly in four key areas:

- Consultant job plan compliance
- Job planning record-keeping
- Suitability of job plans
- Governance of the job planning process

The Medical Director, Ian Smith, will present a follow-up report to the Audit Committee outlining RPH's benchmarking position and proposed actions to address any areas requiring improvement.

#### Salary Overpayments/Underpayments

The Audit Committee received a paper on salary overpayments and underpayments. It was noted with concern that, despite ongoing efforts to reduce overpayments, a slight increase has been observed. Further measures are being considered to address this issue, including potential accountability mechanisms for recurring cases.

### **2. Key decisions or actions taken by the Audit Committee**

- None

### **3. Recommendation**

The Board is asked to note the report.