

Agenda item 3.iii

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| Report to: | Board of Directors – Part 1 | Date: 5 February 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 22 January 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 revised Board Assurance Framework (BAF), which has been the subject of many discussions at the Board and the Committees, was presented to the Audit Committee.

Under the Governance Assurance Overview, a report was received regarding the governance around the Nexus Programme. The report assured the Committee that there is robust governance in running the programme.

Local Counter Fraud (LCFS) presented a report that showed that RPH has reasonable procedures in place in regard to the Economic Crime and Corporate Transparency Act 2023 (ECCTA) – Failure to Prevent Fraud Offence. LCFS also gave an update on progress of their work to date.

Internal Audit (IA) gave an update on progress on follow-ups on recommendations which has shown substantial improvement. IA also submitted seven final reports. Whilst having so many reports at one meeting was a challenge, having some of the reports sent out earlier enabled for a proper review by the Audit Committee and relevant questions and comments to be prepared in advance.

The annual reviews of the Standing Orders, Standing Financial Instructions and Scheme of Delegation were presented and after some discussion it was agreed that it will be revised and presented again at the Audit Committee's March 2026 meeting. The Audit Committee's Terms of Reference was, however, approved.

Compliance with Clinical Audit 6-month update was presented to the Committee. Satisfactory progress is being made but there were three areas of concern.

The Salary overpayments/underpayments report was received which showed that despite the actions taken there is little progress on reducing the number of overpayments.

BAF

The Audit Committee was presented with the final version of the revised BAF. The revised BAF had been the subject of many discussions at Board and Committee meetings, and it is now about using it and refining if necessary. The Audit Committee has asked that it continues to receive a report on the BAF risks that are rated 20 and above so that it can be assured that actions are being taken to reduce the risks.

The Committee is looking forward to receiving the BAF Assurance Map at its March 2026 meeting.

EPR Governance Report

A report was received about the Nexus Programme and the governance surrounding it. The Committee was able to take assurance from the established governance and control framework, including the application of independent expert advice and legal and regulatory assurance, which mitigates procurement and compliance risk and provides confidence that the EPR procurement has been conducted in line with required standards of governance, transparency and regulatory compliance.

BDO Local Counter Fraud Service (LCFS)

LCFS presented a report that reviewed the Trust's control environment against the six principles of "reasonable procedures" that would be used by the ECCTA if the Trust had to defend itself against a fraud offence. It found that RPH would be able to defend itself robustly. The Audit Committee noted that there was not a scoring mechanism that could tell us how robust but there may be in the future. The Committee was assured that the Trust will be vigilant in checking its controls and closing any gaps it finds.

LCFS reported that there was one new referral to them regarding a suspected theft of over £500 of a patient's money. A review of the controls regarding patient monies has been initiated and a report should be presented at the Audit Committee's March 2026 meeting from Internal Audit.

BDO Internal Audit Service (IA)

IA gave an update on the progress being made against the follow-up recommendations from previous internal audits. There has been continued progress with four recommendations reported as overdue but by the time of the meeting two had been completed leaving only two outstanding.

Owing to delays in the progression of certain audits throughout the year it was reported at the last Audit Committee meeting that seven final reports would be issued for discussion at the January 2026 meeting. It was therefore planned that four of the completed reports would be distributed in November 2025 thereby allowing Committee members sufficient time to review the materials and prepare any questions or comments in advance.

As shown in Table 1, only one of the audits has been able to gain substantial assurance in both design and effectiveness. Two audits have been given "limited" assurances in terms of effectiveness whilst being given "moderate" in design. One audit has been given "moderate" in both design and effectiveness, and one audit has been given "moderate" in design and "substantial" in effectiveness. The definitions of the level of assurance are given in Appendix 1.

Whilst the Trust would like to have seen better results it was felt that the assessments were fair.

Two of the seven audits were for benchmarking purposes. Benchmarking - Health Inequalities showed that in relation to our peers we were in the early stages of development. Whilst

Environmental Sustainability Maturity showed that despite the slow start the Trust has made considerable progress.

All the audit reports have been scheduled to be sent to the relevant Committees for their overview and monitoring.

Table 1- Internal Audit Summary of Assessments

| Assurance Reviews | DESIGN | EFFECTIVENESS |
|---|---|---|
| Cyber Risk: Supply Chain and Disaster Recovery |  Moderate |  Limited |
| Data Quality |  Moderate |  Limited |
| Key Financial Systems - Estates |  Substantial |  Substantial |
| Quality and Improvement/Innovation |  Moderate |  Moderate |
| Workforce - Job Evaluation (Nursing) |  Moderate |  Substantial |

| Advisory Review | DESIGN | EFFECTIVENESS |
|--|-----------------------|--------------------------|
| Benchmarking - Health Inequalities | N/A - Advisory Review | Improvements can be made |
| Environmental Sustainability Maturity | N/A - Advisory Review | |

Annual Reviews

As part of the Annual review, the Standing Orders, Standing Financial Instructions and Scheme of Delegations were presented to the Audit Committee. However, after discussion it was agreed that the papers will be revised and presented to the Audit Committee's March 2026 meeting for approval to the Board. There were no major issues, but it was felt that the number of amendments required were too many to be able to approve without seeing the revised documents,

Compliance with Clinical Audit – 6-month Update

The 6-monthly update on clinical audit's progress was presented which showed that good progress was being made. However, there were three Trust-wide audits that have been flagged at not being at the stage they should be at this time of the year. The Chief Nurse assured the Audit Committee that these three audits were being looked and where necessary groups were being re-instated to ensure timely progress. The Quality & Risk Committee (Q&R) will do careful monitoring on this as this topic is discussed at every Q&R meeting.

Salary overpayments/underpayments

A comprehensive report was presented to the Committee that included the actions being taken to comply with the NHSE Resident Doctor Pay Improvement Programme which the Board was told about at its January 2026 meeting.

The report showed that despite the actions taken there is little progress on reducing the number of overpayments. The actions proposed seemed reasonable, but the difficulty is getting managers to comply. One area of note was that the late notice of change of APAs is the top

Appendix I - Definitions

| LEVEL OF ASSURANCE | DESIGN OF INTERNAL CONTROL FRAMEWORK | | OPERATIONAL EFFECTIVENESS OF CONTROLS | |
|--------------------|--|---|---|---|
| | FINDINGS FROM REVIEW | DESIGN OPINION | FINDINGS FROM REVIEW | EFFECTIVENESS OPINION |
| Substantial | Appropriate procedures and controls in place to mitigate the key risks. | There is a sound system of internal control designed to achieve system objectives. | No, or only minor, exceptions found in testing of the procedures and controls. | The controls that are in place are being consistently applied. |
| Moderate | In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective. | Generally, a sound system of internal control designed to achieve system objectives with some exceptions. | A small number of exceptions found in testing of the procedures and controls. | Evidence of noncompliance with some controls, that may put some of the system objectives at risk. |
| Limited | A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year. | System of internal controls is weakened with system objectives at risk of not being achieved. | A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year. | Non-compliance with key procedures and controls places the system objectives at risk. |
| No | For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework. | Poor system of internal control. | Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework. | Non-compliance and/or compliance with inadequate controls |