

**Agenda item 3.iii**

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|--|---|--------------------------|
| <b>Report to:</b>                              | <b>Board of Directors</b>   | <b>Date 2 March 2023</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 Extraordinary Audit Committee meeting on 9 February 2023</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>Non-compliance resulting in financial penalties</b>  |                          |
| <b>For:</b>                                    | <b>Information</b>  |                          |

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

Summary

As mentioned in the last report to the Board in February 2023, the Audit Committee meeting on the 19 January had two items deferred to the next meeting in response unforeseen circumstances. They were the Committee’s Terms of Reference and Self-Assessment. These were reviewed at this extraordinary meeting held on 9 February 2023.

Terms of Reference (TOR)

The Audit Committee’s TOR was amended in line with the new Code of Governance for NHS Provider Trusts published in October 2022 and effective from 1 April 2023.

The main area that was discussed was the recommendation that the Senior Independent Director (SID) and the Chair of the Audit Committee should not be the same person. It was proposed that the status quo could remain but that will need to be decided by the Board in March where the TORs will be approved.

Audit Committee’s Self-assessment

This year the self-assessment was based on the National Audit Office’s (NAO’s) “Audit and Risk Assurance Committee Effectiveness” analyser tool recently introduced. The self-assessment contained almost 200 questions and was completed by six people who attend the Committee.

Whilst overall the consensus was that the Audit Committee was meeting the standards for an Audit Committee it was not, on average, excelling. Of course, we would like to excel so action plans are being developed to work on the areas that were highlighted that need

improvement which were: Training & Development, Range of Skills on the Audit Committee and Continual Improvement.

It was agreed that the number of questions were too many and sometimes confusing so this assessment tool will be reviewed before its use next year.

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

- *Recommending the TOR to the Board*
- *Agreeing that the Self-Assessment is meeting the standards.*

**3. Recommendation**

The Board notes the key decisions taken by the Audit Committee.