

Audit Committee – Committee Self-Assessment Summary 2022-23

Establishment, scope, composition, independence, objectivity and assurance		Excelling	Meeting standards	Room for improvement	Comments
1	The chair is a non-executive Board member and possesses an appropriate level of relevant experience.		X		Chair is a current member of the Chartered Institute of Public Finance and Accountancy and ex-NHS Director of Finance with a wide portfolio of experience.
2	The audit committee terms of reference clearly, adequately & realistically set out the Committee's role and nature and scope of its responsibilities in accordance with the Department of Health and Social Care guidance and have been approved by the Committee and the full Board of Directors.		X		ToR setting out scope & role of Committee approved by Committee 20/01/22 and Board 03/03/22
3	The Board was active in its consideration of Audit Committee composition, including the designation or consideration of an "audit committee financial expert." (At least one committee member should have a financial background).		X		In 2022/23 membership included two qualified accountants. The Chair is a qualified accountant and financial expert and is an experienced audit committee member. The Chair of the Quality & Risk Committee is a member of the audit committee. They have an interest risk and the public communication of risk.
4	Committee members have a good understanding of what is expected of them in their role and have the skills and expertise to scrutinise the business of the Committee.		X		Whilst assessed as meeting standards overall there were some areas in: Training & Development, Range of Skills on the Audit Committee and Continual Improvement where Committee members felt there were opportunities for improvement. A summary of areas where Audit Committee members identified that there was improvement using the NAO tool is included as an appendix to this self-assessment.
5	The Audit Committee's actions reflect independence from management, ethical behavior, adherence to good practice guidance and the best interests of the Trust and its stakeholders.		X		No concerns identified

6	The Audit Committee reports to the Board of Directors (throughout the year and in its annual report) demonstrate compliance with its terms of reference and provides the Board of Directors with assurance on the effective operation of systems and procedures within the Trust.		X		Minutes and the Chair's report are reviewed by the Board after each meeting with key issues escalated. Annual Report & Accounts; Quality Accounts; Charity Annual Report and Accounts are approved by the Board supported by recommendations from the Audit Committee.
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Organisation, Resources, Duties		Yes	No	Don't know	Comments
7	Are the terms of reference reviewed annually to take into account governance developments (including integrated governance principles) and the remit of other Committees within the organisation?	X			Terms of reference are reviewed annually. Committee reporting/planning processes provide oversight and links with other committees.
8	Are changes to the Committee's current and future workload discussed and approved at Board level?	X			The Audit Committee agenda is set by statutory requirements. Internal Audit plans are based on our risks and prioritised on the basis of use of available days. The committee self-assessment considers any specific workload issues.
9	Does the Committee have a forward plan for its meetings so it can consider issues at the right time and in the right level of detail?	X			
10	Does the Committee receive information and papers far enough in advance for them to fully consider before the meeting?	X			
11	Are Committee members independent of the management team and able to act in the best interests of the Trust?	X			

Agenda Management, Oversight of the Financial Reporting Process, Compliance with the Law and Regulations governing the NHS and Internal Control		Excelling	Meeting standards	Room for improvement	Comments
12	Committee members keep their skills and knowledge up to date through networking and conferences to allow them to focus on key issues facing the organisation.		X		
13	The Committee acts in an inclusive and respectful manner, avoids 'group think', and provides an appropriate balance between challenge and support.		X		
14	Is the Committee's role in the approval of the Annual Accounts clearly defined and complementary to the Board of Directors?		X		Duties and delegated authority set out in ToR.

15	Does the Board of Directors ensure that Committee members have sufficient knowledge of the organisation to identify key risks and to challenge both line management and auditors on critical and/or sensitive matters?		X	<p>Whilst assessed as meeting standards overall there were some areas in: Training & Development, Range of Skills on the Audit Committee and Continual Improvement where Committee members felt there were opportunities for improvement.</p> <p>Selection process for NEDs includes assessment of appropriate experience/skills and NEDs are appointed to contribute to through individual portfolios.</p> <p>Financially qualified and experienced NEDs appointed to Audit Committee.</p> <p>NED Training/development attended:</p> <ul style="list-style-type: none"> • NHS Providers NEDs Network Feb 2023 - good governance in systems • NHS Confederation - Cyber security Feb 2023 • NHS Providers Race Equality session 'WRES: driving improvement' attended Nov 2022 • NHS Providers NEDs Network Nov 2022 which covered "NEDs in driving an actively anti-racist environment" and "Freedom to Speak up – the role of NEDs". • NHS Providers NED workshop Feb 2023 <p>The Board has re-established its regular learning together programme to ensure there is development of knowledge across a broad range of areas including BAF, Information Governance, safeguarding and whistleblowing.</p> <p>The NED Buddy programme builds knowledge of the organisation; divisional presentations at Committee level enhance member's knowledge of the Trust.</p> <p>The Chief Nurse organises regular 'Visibility Rounds' that Board members are invited to join.</p>
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Oversight of Audit Processes		Excelling	Meeting standards	Room for improvement	Comments
16	There is appropriate consideration of independent assurance reports (from a variety of sources), management response, and improvement actions. The Board of Directors is clearly sighted on the issues that arise which require action by the organisation.		X		The Committee receives assurance reports from internal audit (BDO) and external audit (KPMG). It receives reports from management teams and counter fraud services and is able to triangulate information provided to it.
17	The Committee provides sufficient oversight of its activities to the Council of Governors.		X		<p>The Committee Chair provides an overview of Committee activity to the Council of Governors.</p> <p>The Committee has two governor observers who have a wide range of general management, commercial, and financial skills. One qualified in accountancy and has commercial experience and the second is a retired business consultant and professional engineer.</p> <p>The Audit Committee Chair has put in place 1:1 meetings with Governor observers to provide a forum for feedback and Governor observers contribute through the Committee self-assessment process.</p>

Overall Evaluation		Excelling	Meeting standards	Room for improvement	Comments
18	What is the overall assessment of the performance of the Audit Committee?		X		

Audit Committee areas for focus 2023/24

The 2022-23 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 (including two Governor observers. This was felt to be a laborious process, but it allowed for some greater reflection across the range of essential and good practice.

Whilst overall the consensus was that the Audit Committee was meeting the standards for an Audit Committee there are a number of areas highlighted as having room for improvement. A summary of the output of the NAO tool and those areas identified for improvement is attached at Appendix 1.

The Committee will consider the areas identified for improvement and a meeting is being scheduled to agree an action plan to address these matters in 2023/24.

Prior year actions: Audit Committee areas for focus 2022/23:

The Committee felt that there could be a greater focus on quality in how the Audit Committee agenda was set and agreed that we would consider a section on quality, data quality and performance & financial control. The Committee did not revise the agenda on this basis. Q&R Chair's reports come to Committee along with any identified escalations.

The Committee considered setting annual objectives and whether it would be helpful for the Board to consider this across committees. EA and IA colleagues provided feedback that this was usually addressed through Committee ToR and the use of forward plans to ensure that sufficient time was allowed to complete tasks. It was agreed that this request and discussion would be noted in the feedback to Board. This was reflected in feedback to the Board.

Appendix 1: National Audit Office Audit and Risk Assurance Committee effectiveness tool: Outcome Analyser

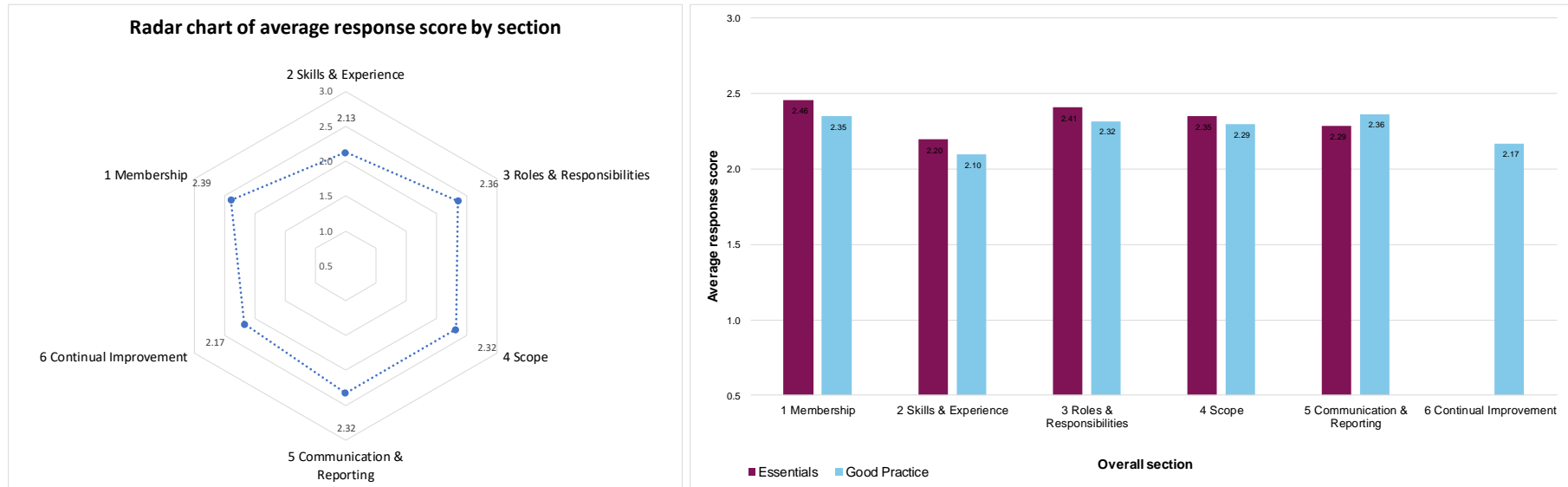
Audit Committee effectiveness assessment:

1 = Room for improvement

2 = Meeting standards

3 = Excelling

Overview of responses by section



Areas of **essential** practice where one or more **members** of the Committee rated the assessment as 1: Room for improvement

Members of the Audit Committee who are unfamiliar with corporate governance and wider practice in government are specifically upskilled in this area.

The Audit Committee chair ensures that members have an appropriate programme of engagement with the organisation and its activities to help them understand the organisation, its objectives, business needs, priorities and risk profile.

The Audit Committee promotes co-operation between the external auditor and internal audit to maximise overall audit efficiency, capture opportunities to derive a greater level of assurance, and minimise unnecessary duplication of work.

Members who have recently joined the Audit Committee have been provided with induction training to help them understand their role and the organisation.

Areas of **good** practice where one or more **members** of the Committee rated the assessment as 1: Room for improvement

The Audit Committee chair attends cross-governmental (if a government department) or cross-departmental (if an arm's-length body) Audit Committee chair meetings.
The Audit Committee is satisfied the organisation's approach to managing ESG (environmental, social, and governance) risks, and making appropriate disclosures, is in line with relevant standards such as the Greening Government Commitments and Sustainability Reporting Guidance.
The Audit Committee is able to effectively assess the organisation's approach to managing climate related risks.
The Audit Committee assesses the organisation's net zero strategy with sufficient detail, and at regular intervals.
The Audit Committee documents and maps the skills of its members so it can identify areas of strength and any skills gaps.
The Audit Committee uses assurance mapping to identify where assurance is required to identify any key gaps where no assurance is provided, or where the quality of the assurance is poor.
The Audit Committee has sufficient assurance over the quality of IT controls.
The Chair assesses the performance of the individual members of the committee, discusses their training and development needs, and agrees a training and development plan.
The results of the performance evaluation are used to inform and influence succession planning - for instance in highlighting skills gaps, or a lack of diversity.
The Audit Committee carefully considers the extent and method of performance evaluation – for instance, whether aspects could be externally facilitated.
The Audit Committee promotes the importance of a positive risk culture in the organisation