

**Agenda item 3.iv**

<b>Report to:</b>	<b>Board of Directors Meeting</b>	<b>Date: 01 June 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 at the Audit Committee meeting on 23 May 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

The focus of the meeting on the 23 May was the review of and recommendations to the Board on the end of year reports and accounts.

The overall outcome of the presentations and discussions was that the Internal and External Auditors feel that they will be able to give the Trust clean audit opinions and had little or no concerns at this point in the process. The final position will be known on 15 June 2023

Internal Audit Report for 2022/23

The internal auditors, BDO, presented their draft report to the Committee. The Head of Internal Audit opinion states:

*“Based upon the work completed to date for Royal Papworth NHS Foundation Trust, my current expectation is that I will be able to provide overall moderate assurance (our second highest level of assurance) that there is a sound system of internal control, designed to meet the Trust’s objectives and that controls are being applied consistently.”*

This is after the work that has been conducted during 2022/23 which included the reports issued with assurance levels as shown in the table.

<b>Report</b>	<b>Assurance Level - Design</b>	<b>Assurance Level - Effectiveness</b>
M.Abscessus	<i>Moderate</i>	<i>Moderate</i>
Infection Control	<i>Moderate</i>	<i>Moderate</i>
Procurement & Contract Management	<i>Moderate</i>	<i>Moderate</i>
Divisional Governance – Surgery, Transplant & Anaesthetics	<i>Substantial</i>	<i>Moderate</i>
Data Security and Protection Toolkit	<i>Moderate</i>	<i>Moderate</i>
HFMA Financial Sustainability Review	<i>Advisory - High level of compliance</i>	<i>Advisory - High level of compliance</i>

*Substantial means – Fully meets expectations and the audit work provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the areas under review. There is only a small risk of failure or non-compliance.*

*Moderate means – Significantly meets expectations and the audit work provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the areas under review. There is some risk of failure or non-compliance.*

The Committee felt that the opinions were fair reflections.

The Integrated Care Systems report was not available for discussion at the Audit Committee meeting but the draft report given to Management indicates a substantial assurance. This will be incorporated into the Internal Audit report which will be part of the final submission on 15 June 2023. It will not change the overall Head of Internal Audit opinion.

The Audit Committee expressed its disappointment of not receiving the Waiting List Management report which was expected to be discussed at the meeting. The Committee was told that the report had been delayed to several factors of which having a newly appointed Chief Operating Officer and a few operational people leaving slowing down the work required to complete the audit on time. The Committee was assured that the audit will be completed within the next two weeks but will not be finalised in time to form part of the Internal Audit Report for 2022/23.

The Committee sought assurance that the delays seen in 2022/23 will not be repeated in 2023/24 and this was given by both Internal Audit and the RPH Management. Internal Audit was able to demonstrate that work had already commenced on two of the audits for 2023/24 which is an earlier start than previously seen.

#### External Audit Reports for 2022/23

The final audit fieldwork has commenced and a review of the first draft of the financial statements has been performed. Whilst there is still work to be carried out there is no reason at this point not to expect an unmodified Auditor's Report on the financial statements.

There will be an extraordinary meeting of the Board on 15 June 2023 to sign off the accounts. The Audit Committee will be holding a meeting on that day prior to the Board meeting to discuss and finalise the accounts to be able to present its recommendations to the Board.

### Annual Reports and Accounts

The Annual Report including the Annual Governance Statement and Annual Audit Committee report, the Annual Accounts and the Quality Report/Accounts in draft form were presented to the Audit Committee. It was recognised that the papers still needed areas to be updated before being presented as the final documents. The Quality Report/Accounts were going to be discussed again in detail at the Quality & Risk Committee on 25 May 2023. All these documents should be ready in time for the Board meeting on 15 June 2023.

### Annual Counter Fraud Report – Submission to the NHSFCA

The Counter Fraud Functional Standard Return (CFFSR) is due for submission by 31 May 2023 and the final assessment was presented to the Committee for consideration.

The CFFSR is an assessment carried out by LCFS to determine whether the Trust can give assurance against the thirteen NHS Counter Fraud Authority (NHSCFA) Functional Standards. Using the standard RAG ratings, the final assessment by LCFS is that the Trust is overall Green. All of the standards have green with no reds as shown below.

- 1a. Accountable individual GREEN
- 1b. Senior Engagement GREEN
2. Strategy GREEN
3. Risk Assessment GREEN
4. Policy and Response Plan GREEN
5. Annual Action Plan GREEN
6. Outcome-based Metrics GREEN
7. Reporting Routes GREEN
8. Report identified loss GREEN
9. Trained Investigators GREEN
10. Detection Activity GREEN
11. Access to Training GREEN
12. Gifts and Hospitality GREEN

The Committee felt that this was a fair assessment and approval was given for the Chair of the Audit Committee and the Chief Finance & Commercial Officer to sign off the standards for submission by the 31 May 2023.

### Follow-up of Internal Audit Recommendations

It was brought to the attention of the Committee the lack of timely response from RPH management to Internal Audit recommendations. There were ten recommendations of which three were from the 2021/22 Audit of Data Quality & PIPR, five were from the 2021/22 Audit of Payroll and two were from the 2022/23 Audit of Procurement and Contract Management.

The Committee has been given assurance that these recommendations have started to be acted upon and we should see progress by the next Committee meeting.

2. **Key decisions or actions taken by the Audit Committee**
  - Annual Counter Fraud Report Submission to the NHSFCA

3. **Recommendation**

The Board notes the key decisions and actions taken by the Committee.