

Audit Committee

Annual Report

Financial Year 1 April 2022 to 31 March 2023

March 2023

Contents

Section	Topic	Page
1	Period covered by this report	3
2	Introduction	3
3	Terms of Reference for the Audit Committee	4
4	Meetings of the Audit Committee	5
5	Membership and attendance at meetings	5
6	Reports made to Board of Directors	6
7	Work of the Audit Committee during 2022/23	7
8	Conclusion	7

Appendices

1	Attendance at Committee Meetings	8
2	Areas of Work Considered by the Committee	10

1 Period covered by the report

This report covers the work of the Audit Committee for the financial year 1 April 2022 to 31 March 2023.

2 Introduction

The Audit Committee (Committee) has been formally established by the Board of Directors as one of its sub-committees. The Committee provides an independent and objective review of the Trust's internal controls.

It seeks high-level assurance on the effectiveness of:

- the Trust's governance
- risk management, and
- systems of internal control.

It reports to the Board on its level of assurance gained. The Committee receives assurance from the Executive Management Team and other areas of the organisation through reports, both regular and bespoke. It validates the information it receives through the work of Internal Audit, External Audit, and Local Counter Fraud.

Should the Trust's External Auditors (currently KPMG) carry out any non-audit work, the Audit Committee has responsibility for ensuring that their independence is maintained. The Committee will do this by reviewing and approving the scope of the work and the fees charged prior to the work being undertaken.

This report covers the work the Committee has undertaken at formal meetings held during 2022/23. It seeks to assure the Board on the work it has carried out and the assurances it has received, and to demonstrate that it has operated within its Terms of Reference.

Secretariat support is provided by the Corporate Governance team, who work with the Trust Secretary and Deputy Director of Finance in relation to agenda planning; minutes; managing cumulative action logs; and general meeting support.

Development

In support of continuous improvement, a review exercise has taken place during quarter three of the year, which has reviewed each of the Board sub-committees. This exercise was in support of developing the Trust's governance, oversight, assurance and performance management practices. The exercise considers corporate governance, and operational governance practices, to ensure that improvements made support a robust and agile governance framework being in place at the Trust. To support the work, analysis has taken place over the last few months, involving benchmarking; informal discussion with colleagues; effectiveness reviews; and agreeing the aspirations for refreshed models. A task and finish group is overseeing the work, which is supported by a development

plan; and new framework to review effectiveness of change aligned to the well led framework.

Assurance

The Committee receives assurance from the Executive and from the subject matter experts who attend the meetings as required dependant on the agenda items being discussed.

Assurance is also brought to the Committee through the knowledge that Non-Executive Directors gain from other areas of their work, not least their own specialist areas of expertise; attending Board, Council of Governors' and other sub-committee meetings; visiting services; and talking to colleagues.

Part of the Committee's assurance role is to receive the Board Assurance Framework (BAF); a primary assurance document for the Board, which details those key controls in place to ensure that the risks to achieving the strategic objectives are being well managed. The BAF lists those committees that are responsible for receiving assurance in respect of the effectiveness of those controls. The Committee reviews the BAF at each meeting prior to it being presented to the Board. Additionally, the agenda has been modified so that the BAF is appraised prior to other agenda items so these items can be viewed in the context of the BAF.

The Chair of the Committee provides an update report to Council of Governors meetings held in public on the activities of the Committee, including areas where assurance had been received and areas requiring further development. This provides the Governors with an opportunity to hear more on the work of the Trust and see the Non-Executive Director fulfilling their role.

Non-Executive Director members of the Committee independently meet both Internal and External Auditors to receive additional assurance. The meetings are convened as required throughout the year and can be on specific topics nominated by Committee members or the auditors.

3 Terms of Reference

The Terms of Reference for the Committee were refreshed in February 2022, with no significant changes made, and ratified in March 2022. Following the appointment of the new Chair to the Audit Committee a further review of the terms of reference is scheduled for Spring 2023.

A Committee Effectiveness Review was conducted in January 2023. The survey results suggested that there was a high degree of process and control across the Committee, and it was effective in how it discharged its duties, with some areas for development identified which will be managed by the Committee.

4 Meetings of the Committee

In 2022/23, the Committee met independently five times. The dates of the meetings are as follows:

- 23 May 2022
- 15 June 2022
- 7 July 2022
- 6 October 2022
- 19 January 2023

On an annual basis, a dedicated NED session is held to allow full scrutiny of the draft Annual Accounts in advance of finalising the audited accounts in June. The session was held on 5th May 2022.

The draft agenda for each meeting is presented to the Chair of the Committee, the Director of Finance, Contracting and Estates, and the Deputy Director of Finance by the Committee Secretariat.

Paperwork for the Committee is circulated seven calendar days prior to the meeting taking place. All actions pertaining to the meetings of the Committee are tracked on a cumulative action log and presented to each meeting for assurance on progress made. Overdue internal audit actions are challenged and escalated to the Board as appropriate.

5 Membership of the Committee and attendance at meetings

Membership of the Committee is made up of three Non-Executive Directors.

The Chair of the Trust may not be a member of the Committee to ensure that their independence is maintained. The Trust Secretary; Director of Finance, Contracting and Estates; Internal Audit; External Audit; Local Counter Fraud; and Deputy Director of Finance attend each meeting.

The Committee is chaired by a Non-Executive Director (NED). Andrew Chang held the position from December 2019 to December 2022, and handed over the Chair to Christopher Malish from January 2023. The minimum number of members for a meeting to be quorate is two. Attendees do not count towards quoracy. If the Chair is unable to attend the meeting, and if otherwise quorate, the meeting will be chaired by one of the other non-executive directors.

Maz Ahmed and Simon Lewis are the other NED members of this Committee; Maz Ahmed joined the Committee in May 2020 and Simon Lewis in February 2021.

Subject area experts are also invited to attend the meetings as appropriate, to provide expertise and knowledge on the areas that they are responsible for. On these occasions, they are attendees and do not count towards membership of the Committee at those meetings as outlined in the Terms of Reference.

The Trust also invites Governors to observe Board sub-committee meetings. This opportunity allows Governors to observe the work of the Committee, rather than to be part of its work as they are not part of the formal membership of the Committee. Governors observe Board sub-committee meetings in order to get a better understanding of the work of the Trust and to observe Non-Executive Directors appropriately challenging the Executive Directors about the operational performance of the Trust.

The tables included at Appendix 1 show attendance for substantive members of the Committee and other attendees for the meetings that took place during 2022/23.

6 Reports made to the Board of Directors

The Chair of the Committee makes an Alert, Advise, Assure escalation report regarding the most recent meeting of the Committee to the next available Public Board of Directors' meeting and Council of Governors meeting. This report seeks to assure the Board on the main items discussed by the Committee and, should it be necessary, to escalate to the Board any matters of concern or urgent business which the Committee is unable to conclude. The Board may then decide to give direction to the Committee as to how the matter should be taken forward or it may agree that the Board deals with the matter itself.

Where the Board wants greater assurance on any matters that are within the remit of the Terms of Reference of the Committee, the Board may ask for these to be looked at in greater detail by the Committee.

The below table outlines the date that the assurance and escalation report was presented by the Chair of the Committee to the Board of Directors' meeting held in public. In addition, a copy of Committee-ratified minutes is presented to the Trust Board for information.

Date of meeting	Assurance and escalation report to Board by Chair	Ratified minutes presented to Board
23 May 2022	14 July 2022	14 July 2022
15 June 2022	14 July 2022	14 July 2022
7 July 2022	8 September 2022	10 November 2022
6 October 2022	10 November 2022	9 February 2023
19 January 2023	9 March 2023	To be scheduled

Each year, the Committee presents an annual report to the Board of Directors to provide assurance on how the Committee has carried out activity in line with its Terms of Reference. Each Board sub-committee also provides a Chair's Report to the formal Council of Governors meetings. The reports outline areas where assurance had been received by the Committee and those areas requiring further development. This provides an opportunity for the Governors to further understand the work of the Trust whilst observing the Non-Executive Directors fulfilling their role.

7 The work of the Committee during the year 1 April 2022 until 31 March 2023

The Chair of the Committee confirms that during 2022/23 the Committee has carried out its role in accordance with its terms of reference. Further details of all these areas of work can be found in the minutes and papers of the Committee.

A high-level presentation of areas of work on which the Committee has received assurance and during 2022/23 are included in Appendix 2.

8 Conclusion

As the primary governance sub-committee of the Board of Directors the Audit Committee preserved its independence from operational management by not having executive membership (although members of the Executive Management Team support the Committee by providing information and context only). It added value by maintaining an open and professional relationship with Internal Audit; External Audit; and Local Counter Fraud. It carried out its work diligently, discussed issues openly and robustly, and kept the Board apprised of any possible issues or risks. The Committee reviewed its work programme throughout 2022/23 to prioritise areas of work and free up capacity during the pandemic, with deferred items being managed and agreed at each Committee meeting.

The Chair of the Audit Committee considers that the Committee has fulfilled its role as the Board of Directors' senior governance committee and provided assurance to the Board on the adequacy and effective operation of the organisation's risk management and internal control systems.

Members of the Audit Committee would like to thank all those who have responded to its requests during the year and who have supported it in carrying out its duties.

The Board is asked to recognise how the Committee supports the ongoing continuous improvement journey both at the Trust and on its own effectiveness.

March 2023

Christopher Malish
Claire Risdon

Non-Executive Director and Chair of the Committee
Deputy Director of Finance

Appendix 1 Attendance at Committee Meetings

Key:

■ shows attendance

■ Shows apologies

■ shows when the individual was not in attendance or not eligible to attend the meeting.

Attendance at Committee meetings by Substantive Members

Members		07 April 2022	05 May 2022	23 May 2022	15 June 2022	07 July 2022	06 October 2022	19 January 2023
Andrew Chang	Chair (NED)	Attended	Attended	Attended	Attended	Attended	Attended	
Simon Lewis	NED	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Maz Ahmed	NED	Attended	Attended	Apologies	Attended	Apologies	Apologies	Attended
Chris Malish	NED (Chair)							Attended

Attendance at Committee meetings by formal attendees

Key:

■ shows attendance

■ Shows apologies

■ shows when the individual was not in attendance or not eligible to attend the meeting.

Regular Attendees		07 April 2022	05 May 2022	23 May 2022	15 June 2022	07 July 2022	06 October 2022	19 January 2023
Mike Woodhead	Director of Finance, Contracting and Facilities (ED)	Apologies	Apologies	Attended	Attended	Attended	Attended	Attended
Paul Hogg	Director of Corporate Affairs	Attended	Attended	Attended	Attended			
Gilbert George	Interim Director of Corporate Affairs					Attended	Attended	
Claire Risdon	Deputy Director of Finance	Attended	Attended	Attended	Apologies	Attended	Apologies	Attended
Leanne Sobratee	Internal Audit Manager, Audit Yorkshire	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Sharon Blackburn	Deputy Head of Internal					Attended	Apologies	Attended

	Audit, Audit Yorkshire							
Lee Swift	Local Counter Fraud Specialist, Audit Yorkshire	Attended			Attended	Attended	Attended	Attended
Rashpal Khangura	Director, KPMG	Attended	Apologies	Attended	Attended	Apologies	Attended	Attended
Monazzah Samad	Assistant Manager, KPMG							Attended
Abbas Badar	Manager, KPMG		Attended			Attended	Apologies	Apologies
Helen Higgs	Head of Internal Audit, Audit Yorkshire	Attended	Apologies	Attended	Apologies	Apologies	Attended	Apologies
Therese Patten	Chief Executive Officer				Apologies	Apologies	Apologies	Apologies
Rachel Howitt	Head of Patient Safety, Compliance and Risk (attends to present the BAF)	Apologies				Attended	Attended	Apologies

Other Attendees		07 April 2022	05 May 2022	23 May 2022	15 June 2022	07 July 2022	06 October 2022	19 January 2023
Eleanor Parrott	Committee Secretary	Attended	Attended	Attended	Attended	Attended		
Bev Fearnley	Programme Director – TWICS Optional attendance as an observer, but sometimes she is required to present if others are unavailable	Attended			Attended			Apologies
Nicola Mortimer			Attended					Apologies
Philippa Hubbard	Director of Nursing, Professions and Compliance, Director of Infection Prevention and Control							Apologies

Carole Panteli	Interim Chair of the Trust							Apologies
Stacey Pearson	Head of Financial Planning				Attended		Attended	Apologies
Helen Robinson					Attended			Apologies
Anita Brewin	Observer				Attended			
Tim Rycroft	Chief Information Officer					Attended - for item 11 only	Attended	Attended
Kathryn Travis	Corporate Governance Facilitator						Attended	
Thabani Songo	Service Manager of Inpatient Services						Attended	
Catherine Schofield	Allied Health Professionals Lead Occupational Therapy						Attended	
Fran Stead								Attended
Janet Fajemisin								Attended

Appendix 2 Areas of Work Considered by the Committee

Quality Report:

- At its May 2022 meeting reviewed the Quality Report for 2021/22 before being presented to the Board of Directors for approval. The usual audit report was not required for the Quality Report 2021/22 as per national guidance.

Risk Management:

- The Director of Nursing, Professions and Care Standards Directorate presents a litigation report bi-annually to the Committee.

Board Assurance Framework:

- Received the Board Assurance Framework for assurance on both the content and the process.

Annual Report and Accounts for 2021/22:

- The Annual Report and Accounts for 2021/22 were reviewed prior to being presented and recommended to the Board of Directors for adoption in June 2022.
- The ISA 260 (which is the report to those charged with governance on the annual accounts) was also received and the findings from the audit of the annual accounts discussed, including the conclusion that the accounts have been prepared on a going concern basis.
- The Value for Money Assessments was received, and the findings were discussed.
- Reviewed the wording for the year-end Management Representation Letter.

- The Head of Internal Audit Opinion and the Annual Governance Statement were reviewed, supported and recommended to Trust Board.

Internal Audit:

- Approved the Internal Audit Annual Plan.
- Received internal audit progress reports on a regular basis to update the committee on the major findings, with assurance being provided on the actions taken to address any weaknesses in the systems of control.
- The Internal Audit Annual Report was received which brought together all the findings from across the year.
- In addition to the update reports received from Internal Audit the committee also received specific assurances from the lead Executive Directors in respect of “limited assurance” reports. The lead Executive Directors assured the committee on the actions being taken to address the recommendations and also on the progress against those actions.
- Received the internal audit review of the mandatory HFMA Self Assessment

Local Counter Fraud:

- Approved the Local Counter Fraud Annual Plan.
- Received assurances about the processes in place to tackle fraud and bribery.
- Local Counter Fraud progress reports were received on a regular basis in respect of those cases that can be reported to the Committee in order to update the Committee on the major findings and any lessons learnt from individual cases.
- The Local Counter Fraud Annual Report was also received which brought together to work from across the year.
- Received regular fraud awareness newsletters and notices.

External Audit:

- Reviewed and approved the work plan and the associated fee.
- Received regular update reports about the work of the auditors and also information about changes within the health sector which will impact on the Trust.
- Received details of relevant sector updates along with assurances on how the executive directors had implemented or taken account of the guidance contained in the update report.

Committee compliance:

- Recommended the Audit Committee Annual Report to Trust Board
- Completed the Audit Committee effectiveness review
- Reviewed the Committee Terms of Reference
- Reviewed and recommended changes to the Standing Financial Instruction and Standing Orders.

Action Tracking:

- Received regular reports in respect of progress with the implementation by managers of agreed audit recommendations and sought assurance on progress in particular with a number of outstanding actions. The Committee also received specific assurance on the process for dealing with and monitoring outstanding actions.

Registers:

- The Committee reviewed the Hospitality, Sponsorship and Gifts Register to ensure the appropriateness and completeness of the content.
- Reviewed the waiver of standing orders and standing financial instructions; proposed write-off of outstanding debt; and losses and special payments registers.

Other governance items:

- Received COVID-19 update at each Committee meeting.
- Considered the management of deferred items from the Audit Committees workplan.
- Received the Annual Report for Information and Data Assurance.
- Received assurance on Annual Litigation Report and in year updates.
- Presentation of the Charitable Funds Committee Annual Report and Account, ISA 260 and Letter of Representation.
- Received assurance on the Policy Ratification Process.
- Received an update on the annual accounts timetable for 2022/23, including requirements for Related Party Transactions, asset valuation approach, changes to the Government Accounting Manual and IFRS17
- Received and discussed Corporate Benchmarking report
- Received AAA reports from all Trust Board sub-committees
- Agreed the Assurance and Escalation Report to Trust Board