

<b>Audit and Risk Assurance Committee, Key Issues Report</b>		
<b>Report Date:</b> 3 March 2025		<b>Report on:</b> Audit and Risk Assurance Committee
<b>Date of meeting:</b> 17 February 2025		All NED members were present. Also present but not part of the quorum: Director of Governance, with representatives from the Trust's Internal Auditors MIAA, NHS Anti-Fraud, and the Trust's external auditors, KMPG, together with several Trust officers from the Governance Team.
1	<b>Agenda</b>	<p>The Committee considered the following:</p> <ul style="list-style-type: none"> <li>• Draft external audit plan and strategy</li> <li>• Internal Audit Report – Key Financial Transactional Processing Controls (<i>substantial assurance</i>)</li> <li>• Internal Audit Report – Waiting List Management – Patient Initiated Follow Up (PIFU) (<i>limited assurance</i>)</li> <li>• Technical / Digital Review of Medical Devices (<i>moderate assurance</i>)</li> <li>• Internal Audit Report Follow Up Report Q4 (2024/25)</li> <li>• Internal Audit interim Head of Internal Audit Opinion 2024/25</li> <li>• Draft Internal Audit Plan 2025/26</li> <li>• Anti-Fraud Progress Report</li> <li>• End of financial year matters</li> <li>• No-Pay Controls Update Report</li> <li>• Losses and Special Payments Report</li> <li>• Procurement Waiver Report</li> <li>• Quarterly Contract Award Report</li> <li>• Oracle Authorisation Limits Overrides Report</li> <li>• Report on SARs Backlog</li> <li>• Board Assurance Framework Report Q3</li> <li>• Risk Management Report Q3</li> <li>• Risk Management Group Terms of Reference</li> <li>• FTSU Q3 Report, including FTSU Improvement Plan and Priorities</li> </ul>
2a	<p><b>Alert</b></p> <p><i>Matters of concern, gaps in assurance or key risks to escalate to the Board.</i></p>	<ul style="list-style-type: none"> <li>• The Committee was disappointed with the limited assurance outcome of the Internal Audit – Waiting List Management – Patient Initiated Follow Up (PIFU). Whilst some good practice had been found such as having appropriate policies in place, and the reporting of KPI's through the Board IPR, the reliability of the data contained in the figures was determined not to be robust enough – findings showed that some patients should not have been on the list.</li> <li>• The internal auditors were unable to provide an interim/draft Head of internal audit opinion on the basis that several audits were still outstanding. In addition, the number of limited and moderate assurance ratings that had been received so far, had been an increase on the previous year. Also, several audit recommendations (including high risk recommendations) remained outstanding, which the committee requested be considered and closed by the executive team as far as possible before 31 March 2025.</li> </ul>

		<ul style="list-style-type: none"> <li>• The Committee noted that 133 retrospective requisitions had been through the triple lock process that had been recorded by the Trust for the financial year 2024/25, up to end of January 2025. The Trust had already raised concerns about this with ShropCom, who currently host the Oracle financial system, highlighting the apparent lack of detailed reports and information available. From initial data available from SaTH procurement only, current reporting found that categories that should have been excluded, such as NHS and drug suppliers, had been included. Individual values of requisitions quoted, ranged from £549K downwards.</li> <li>• During the period November 2024 – January 2025, 22 procurement waivers were processed with a total value of £1,130,328. This has increased since the last quarter. The committee sought more detail relating to two full breach waivers amounting to £150K and £25K respectively.</li> <li>• A high level of debt recovery was noted by the committee in the losses and special payments report with a write-off of over £100K.</li> </ul>
	<p><b>Assurance</b></p> <p><i>Positive assurances and highlights of note for the Board</i></p>	<ul style="list-style-type: none"> <li>• A much more robust terms of reference for the Risk Management Group was agreed by the committee, noting that the revised document contained many of the requirements cited under a previous internal audit into risk management processes in the divisions.</li> <li>• The Committee reviewed the 2024/25 Q3 Board Assurance Framework, noting proposed changes in risk scores to BAF3 (from 12 to 16), a proposed change to the title of BAF 9, a new gap in control and associated actions added to BAF 6, and noting further discussions relating to BAF 5 re financial resources. The BAF to be sent to March Board.</li> </ul>
2c	<p><b>Advise</b></p> <p><i>Areas that continue to be reported on, and / or where some assurance has been noted / further assurance sought.</i></p>	<ul style="list-style-type: none"> <li>• The external auditors advised that the valuation of land and buildings of the Trust’s estate for the 2024/25 audit would be in the form of a desktop valuation process, moving to a full valuation (following the 5<sup>th</sup> year of desk top valuations) from 2025/26. In line with the usual valuation process, land and buildings will be valued on a ‘modern equivalent asset’ (MEA) basis. There was no risk presented to the organisation by the valuer undertaking a desktop revaluation, even factoring in that the Trust’s estate is changing quite dramatically.</li> <li>• After a clarification to the committee as to the terms of reference for the internal audit regarding a technical / digital review of medical devices (moderate assurance), it was noted that the responsible executive for the audit was not clear due to the audit transversing several executive portfolios (i.e. IT security, digital, estates, etc.). It was agreed that this be escalated to the CEO, who would allocate the appropriate executive to oversee progress.</li> <li>• The draft internal audit plan for 2025/26 was presented to the Committee and is currently with the executive team for sign off / alternative proposals.</li> </ul>

		<ul style="list-style-type: none"> <li>The anti-fraud team advised of a new offence of failing to prevent fraud it was questioned whether this would require changes to the Trust's anti-fraud policy. Anti-fraud to advise.</li> </ul>		
2d	<p><b>Actions</b> <i>Significant follow-up actions</i></p>	<ul style="list-style-type: none"> <li>Deputy COO to attend April ARAC to confirm to the Committee what actions were being undertaken to rectify the limited assurance outcome of the Internal Audit of Waiting List Management – Patient Initiated Follow Up (PIFU), and the timelines involved. (COO to attend May ARAC with further follow-up.)</li> <li>CEO to allocate appropriate executive to oversee progress against recommendations arising from the technical / digital review of medical devices, and that executive to attend the April ARAC to advise what actions were being taken to address the findings.</li> <li>Finance to clarify why there is lack of detail relating to non-pay controls and the high numbers of waivers.</li> <li>Finance to clarify why +£100K debt being written off.</li> <li>Finance to clarify the details of 2 breach waivers highlighted in the report.</li> <li>Arising from another issue, the Chair requested a report for the next ARAC outlining the financial authorisation process in place for HTP stage payments.</li> </ul>		
	<p><b>Report compiled by:</b></p>	<p>Anna Milanec, Director of Governance Approved by Prof Trevor Purt, ARAC Chair</p>	<p><b>Minutes available from:</b></p>	<p>Mrs Beverley Barnes, Board Coordinator</p>