

Report Title	Audit & Risk Committee Chair's Report
Author (name and title)	Andrew Chang, Non-Executive Director / Chair of the Audit and Risk Committee
Accountable Director	Chief Executive
Previous committees/groups	
Recommended action(s) Approval, Assurance, Information	Assurance/Information
Purpose of the paper	The report provides highlights of the Audit and Risk Committee held on 2 December 2024 and 21 January 2025 to provide assurance to the Trust Board.
Recommendation(s)	The Board is asked to note the contents of the report.

**Executive summary (overview of main points)**

The report provides highlights of the Audit and Risk Committees held on 2 December 2024 and 21 January 2025 to provide assurance to the Trust Board.
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<b>Trust Strategy</b> <b>Bold Ambitions</b> Select the most relevant points from the bold ambitions.	Our Patients	Achieve the highest possible rating of 'outstanding' by the health and social care regulator (CQC).
	Our People	Ensure our culture is one where our people are listened to, encouraged and enabled to speak up when they have concerns about patient or colleague safety and wellbeing, or when they have suggestions for how the Trust might be better run.
	Our Partners	Work collaboratively with all our partners to achieve better experiences and outcomes for patients, optimising all of our collective skills and valued resources. Deliver the most appropriate response to patients requiring out-of-hospital care.
	Our Planet and Pounds	Use our resources wisely and ensure value for money. Ensure decisions are informed by evidence, research, data and intelligence. Work towards reducing our impact on the environment and tackling climate change, with net-zero emissions.
<b>Link to Board Assurance Framework</b> <b>Risks (board and level 2 committees only)</b>		All BAF risks

## Escalation and Assurance Report

**Report from: Audit and Risk Committee**

**Date of the meetings: 2 December 2024 and 21 January 2025**

### Key discussion points and matters to be escalated from the discussion at the meeting:

#### Alert:

The Committee received and considered a "Limited Assurance" internal audit report on Expenses (administered through EASY Expenses). It assessed that the Trust does not have sufficient and clear guidance in place in relation to the expenses process and that controls are not operating robustly to restrict payment of claims within clearly defined rules and expectations. The Committee were concerned about compliance and the verification and appropriateness of expenses through receipts and, by extension, the Trust discharging its obligations under Managing Public Money. The Committee heard from the Director of People and Organisational Development on the proposed management actions to address the points raised in the report including the timescale. Completion of the actions will be monitored by the Committee.

#### Advise:

The Committee:

- Noted the continued improved position on Overdue Management Actions, however it felt that it should expressly remind the board that performance in this area is considered by the Head of Internal Audit in making her annual assessment of the Trust.
- Approved a change to the internal audit plan. This is to defer the performance management framework review to 2025/26. This recognises that there are areas of performance management which are currently still in development.
- Noted that there were no new Strategic risks since the previous ARC meeting. However, there are three risks which remain higher than their forecast exposure
  - Risk 3: Patient Flow
  - Risk 8: Recruitment and Retention
  - Risk 12: Revenue Resources
- Noted that seven new corporate risks have been opened:
  - Risk 662: PTS Contingency File (12, moderate risk).
  - Risk 666: Delayed ICB approval of PTS eligibility criteria (20, high risk).
  - Risk 669: Associate Ambulance Practitioner (AAP) Apprentices passed planned end date (12, moderate risk).
  - Risk 670: Loss of SMS service through 111 CAD (16, high risk).
  - Risk 673: Removing Non-Essential PTS Standard Car Activity in Humber and North Yorkshire (15, high risk).
  - Risk 672: Insufficient capability for mass communication in event of major/critical incident (12, moderate risk).
  - Risk 648: South - Fleet Availability (15, high risk).
- The Committee was also advised by the Chair of the Quality Committee about an observation made at the most recent Quality Committee meeting that there appeared to be a number of static or increasing Red Corporate Risks and questioned whether this was an indicator of a worsening environment. The Risk and Assurance Team will review the position.

- Considered how to ensure compliance with the NHS Code of Governance (2023) regarding the use of its external auditors for non-audit services. The Trust needs to develop a policy or equivalent control mechanism. This can be achieved through a simple change to the Trust's Standing Orders / SFIs that will require any engagement with the external auditor for non-audit services to be approved by ARC prior contract. **The Committee recommends that the board approves a change to the SFIs as described in the Appendix.**

### Assure:

The Committee:

- At its 2<sup>nd</sup> December 2024 extraordinary meeting, considered the YAS Charity Annual Report and Accounts noting the Independent Examiner's draft opinion and resolved that the Committee recommend that the Corporate Trustee approve and sign both the Annual Report and Letter of Representation.
- Received and noted a "Significant Assurance" internal audit report summary on the Board Assurance Framework (the detailed report having been circulated to Committee Members earlier). The report highlighted that the assurance mapping aspect of the framework is "an area of best practice".
- Received and noted a "Significant Assurance" internal audit report summary on Cashflow and Treasury Management (the detailed report having been circulated to Committee Members earlier).
- Received and noted a summary of an Advisory report on the Cyber Security and Phishing Campaign (the detailed report having been circulated to Committee Members earlier).
- Considered progress against the 2024/25 internal audit plan and approved a change to that plan to defer the Complaints audit to Q1 of 2025/26. We noted the Significant Assurance report on Accounts Payable and the advisory report on Business Continuity (ISO22301).
- Noted progress against the Counter Fraud plan for 2024/25.
- Received assurance reports from the Quality Committee, Finance and Performance Committee and the People Committee.
- Considered whether there should be a bespoke format of reporting from assurance committees into the Audit & Risk Committee (ARC). It was decided that committee AAA reports are sufficient to evidence the ongoing work in year of the committees and that their Annual Reports to ARC would continue to provide the necessary details of those committees discharging their responsibilities. Committees' risk triangulation would be reported through the regular risk report from the Risk and Assurance team.
- Received assurance reports on Losses and Special Payments, and Standing Financial Instructions Waivers and Contracts over £100k.
- Reviewed proposed changes to Trust Standing Orders and recommends their approval by the board.
- Noted the Procedural Documents update report.
- Considered and adopted a proposal for ARC to receive reports on Freedom to Speak Up.
- Reviewed the annual effectiveness assessments for the services provided by Bishop Fleming and 360 Assurance.
- The Committee approved the approach and timelines for the production of the following annual governance documents:
  - (a) 2024/25 Annual Report
  - (b) 2024/25 Effectiveness Survey

(c) 2025/26 Terms of Reference (d) 2025/26 Workplan
<b><u>Risks discussed:</u></b> As listed above.
<b><u>New risks identified:</u></b> N/A

**Report completed by: Andrew Chang, Committee Chair**

**Date: 23 January 2025**

## **APPENDIX**

**Proposed addition to the Trust's SFIs in respect of the use of external auditors for non-audit services:**

**In line with the Code of Governance for NHS Provider Trusts, the Trust will adhere to the following requirements for instances in which the External Auditors are engaged in any non-audit services for the Trust.**

**For avoidance of doubt, this does not concern work linked to the core audit activity of the Trust. It relates only to any additional work that may be commissioned from External Auditors. The Trust should not be deprived of relevant advice and expertise, when is it needed, should the External Auditors be able to demonstrate higher quality and more cost-effective service than other providers. A transparent procurement and approval process will be in place for any non-audit services, which will incorporate the following principles:**

**The Trust's External Auditor should not be prevented from competing for non-audit service work offered by the Trust, unless there is a clear conflict of interest. They will be required to provide a statement as to how any potential or likely conflict of interest will be addressed in any work it wishes to compete for. The staff it supplies for such an engagement must be separate and independent from the staff who deliver the external audit service. The team responsible for the appointment of the External Audit service should not form the majority of the representation of the tender selection process for the other non-audit service. The fee for the provision of non-audit services should not exceed nor form a substantial percentage (<70%) of the External Audit fee in any given financial year.**

**Following tender and Audit & Risk Committee approval, a requisition will be raised for all non-audit services to ensure transparency of the work requested. Any agreement to provide non-audit services via the External Auditors will be approved by the Audit & Risk Committee prior to commencement. This will be managed through the Audit & Risk Committee, as it is fundamental that the independence of the Trust's External Auditors in reporting to the Trust and the Non-Executive Directors is not, or does not appear to be, compromised in terms of the objectivity of their opinion on the financial statement of the Trust.**

**In exceptional circumstances, and where the meeting schedule does not enable Audit & Risk Committee approval to be sought, a recommendation from the Executive Directors, agreed by the Audit & Risk Committee Chair, can be passed to the Trust's Company Secretary to exercise the use of emergency powers of the Trust. There will be transparent reporting, through the Audit & Risk Committee, of the value and nature of any non-audit work undertaken by the Trust's External Auditor.**