

E- Meeting of the Audit Committee

minutes

Minutes of the Audit Committee Meeting held on Tuesday 11th October 2022

Committee Members:	Julian Farmer Nick Brooks Margaret Carney Bob Burgoyne Louise Robson	Non-Executive Director (Chair) Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
Committee Attendees:	Karen Edge Karan Wheatcroft James Bradley Nigel Woodcock Georgia Jones Chris Whittingham Jennifer Ohlsson	Chief Finance Officer Director of Risk and Improvement Deputy Chief Finance Officer Senior Audit Manager, MIAA Engagement Lead, Grant Thornton PSA Senior Manager, Grant Thornton Senior Executive Assistant (Minutes)
Apologies:	Gary Baines	Regional Assurance Director, MIAA

1. Apologies for Absence Apologies noted as above for Gary Baines, MIAA	Action
2. Declarations of Interest The Committee were asked for declarations of interest with respect to agenda items. All participants confirmed they had no interests.	
3. Minutes of the previous meeting held on 19th July 2022 The minutes of the e-meetings held on 19 th July 2022 were accepted and recorded as a true record.	
4. Action Log Item 1: Anti-fraud report has been issued. Action closed. Item 2: Annual report of organisational learning to return to Audit Committee in March 2023	

Item 3: Summary update included in the risk management KPIs on agenda. It was agreed that a further risk management update would be brought to the next Audit Committee.

Item 4: Confirmation of resources to move Consultant Job Planning Audit from Q2 to Q3. Action closed.

Item 5: The external auditor's work on the value for money opinion. Report issued and action closed Action closed.

Item 6: Work plan updated to reflect change in personnel. Action closed.

5. Governance and Risk

5.1 Review of Assurance committee mid-year reports

Integrated Performance Committee

The Integrated Performance Committee has met twice during the current financial year, on 24th April 2022 and 25th July 2022. The meetings were held on MS Teams and were quorate.

The meetings have adhered to the Committee's terms of reference and complied with the annual workplan. Assurance has been received on all aspects under consideration; issues of concern or risk, as detailed in the report, have been identified and referred to the Board of Directors for action as appropriate.

People Committee

The People Committee has met twice during the current financial year, on 7th June 2022 and 20th September 2022. The meetings were held on MS Teams and were quorate.

The meetings have adhered to the Committee's terms of reference and complied with the annual workplan. Assurance has been received on all aspects under consideration; issues of concern or risk, as detailed in the report, have been identified and referred to the Board of Directors for action as appropriate.

The key BAF risk areas for People Committee are Health and Well-being of the workforce, recruitment and retention and Workforce development. All three areas are currently assessed as partial assurance. The committee has received regular reports and has welcomed new strategies across all these areas. Assurance will continue to be sought through the monitoring of the specific action plans associated with these strategies.

In addition, the GM Survey results continue to cause concern and additional assurance is required before the Committee can be satisfied that the controls around these risks are effective. It has been agreed to undertake more regular pulse surveys and to learn lessons from those areas where significant improvements have been made.

The Issue regarding the GMC survey was noted, and a query raised on whether this should be partial assurance. The response was that the initial reaction was partial assurance, however it was noted that the reports are more about the committee's effectiveness rather than the issues brought to the committee.

Quality Committee

The Quality Committee has met twice during the current financial year, on 13th April 2022 and 12th July 2022. The meetings were held on MS Teams and were quorate.

The meetings have adhered to the Committee's terms of reference and complied with the annual workplan. Assurance has been received on all aspects under consideration; issues of concern or risk, detailed below, have been identified and referred to the Board of Directors for action as appropriate. Areas of concern or those requiring additional assurance have included specific quality KPIs and the Committee has continued to have a focus on the agreed actions and improvements.

5.2 Risk Management KPIs

Audit Committee colleagues were asked to note the Trust wide risk and KPI report. The Director of Risk and Improvement provided an overview of the current position.

The Athena Risk Register records risks identified within the organisation, along with actions and assurances. Risk registers are reviewed monthly at Divisional Governance meeting and risk reports reviewed at a number of Committees and Boards.

The Risk Management Committee has an overall responsibility for ensuring compliance with the risk management policy and regularly reviews the risks within the risk register, along with KPI compliance.

Compliance with risk reporting requirements is set out in the risk management policy for risks. This is inclusive of MIAA reported risks, CQC risks and QIA risks on the risk registers.

There is 100% completeness of information with the following exceptions: 92% assurances against a target of 95%.

The Trust has 522 active risks and regular review of risks is in line with policy expectations.

69% of incidents have been closed within 28 days, increased from 58%. This KPI is currently under review to determine if there is a clearer way to monitor this KPI.

The current number of incidents open over 28 days is 60, increased from previous report when figure was 48. The Divisions receive a monthly update on incidents that are open over 21 days in order for them to take action on open incidents.

Comments and questions were welcomed and a query was raised on how well risk is considered by the Divisions and whether there is consistency of application of the assessment methodology. It was agreed that a paper would be brought back to the next meeting on the work that is being done to invigorate the risk management process, including 28day incident closure and the utilisation of the performance information.

KWh

Assurance was sought of the integrity of the process. Assurance was provided that the risks are reviewed and medium to high level risks are considered at Risk Management Committee. It was added that all incidents need to be closed by the Risk Management Team to ensure adherence to all the requirements.

The increase in incidents closed and open over 28 days was recognised and a query was raised on whether there was anything else that can be done to improve this and whether there are any divisional hot spots. It was confirmed that there is a fluctuation in these numbers and they are tracked weekly.

Clarity was sought on how risk is linked to the improvement team agenda. It was noted that this is not a systematic link, however due to the size of the Trust and the way in which the Trust focusses on learning, there is an automatic link. It was added that Senior Improvement Lead and Head of Risk Management are linking in more to consider opportunities.

5.3 Review of losses and special payments

Audit Committee colleagues were asked to note the review of losses and special payments paper. The paper updates the Committee on losses and special payments recorded for the period 1st July 2022 to 30th September 2022 and the governance arrangements associated with these payments.

Comments and questions were welcomed and a query raised on the longer term trend of bad debts and whether this is impacted by the broader economic situation. It was confirmed that the non-NHS debt is predominately related to the contract with Wales and high-cost drugs. In terms of private providers there isn't a significant change in trends and no concerns at present.

Further clarity was sought on the unsettled debt from the LHCH charity. The Chief Finance Officer (CFO) confirmed that this is a timing issue and all invoices have now been cleared and reports will be synchronised. **KE**

It was noted that whilst amounts are small, there are 3 incidents of lost glasses in the month and noted that this must be distressing for patients. A query was raised on whether systems could be changed to prevent this occurring. It was confirmed that these claims are sporadic and very low level. This will be raised with the Divisional Heads of Nursing and any issues with process will be brought back by exception.

5.4 Review single supplier tender waivers

Audit Committee colleagues were asked to note the review of the single supplier tender waivers recorded for period 1st July 2022 to 30th September 2022, and the governance arrangements associated with these payments. There have been 4 tender waivers raised between 1st July 2022 to 30th September 2022, for a total value of £173k. None of the individual tender waivers raised between 1st July 2022 to 30th September 2022, were over £100k.

Comments and questions were welcomed, and the CFO stated that the process has now been aligned across four Specialist Trusts in light of the

shared procurement service and this should become an even more streamlined process, due to the involvement of Health Procurement Liverpool.

5.5 Compliance with Licence: Review of quarterly checklist

Audit Committee colleagues were asked to note the quarter 2 checklist circulated prior to the meeting and are asked to review the checklist and confirm its satisfaction that there are effective systems and processes in place to identify and manage risks in relation to compliance with the licence.

Comments and questions were welcomed, and it was noted that all deemed consistent with previous briefings and Board updates.

The risk regarding diagnostics was noted and the links to the challenges regarding cancer performance.

5.6 Regulatory Action Plan

Audit Committee colleagues were informed that there were no regulatory action plans to update on.

5.7 Cyber Security Update

Kate Warriner, Chief Digital and Information Officer attended Audit Committee to provide an overview of the Cyber Security Assurance report. The purpose of this report is to provide the Audit Committee with cyber security assurance highlighting key controls, developments and performance against standards.

Nationally, October is Cyber Security Month or 'Cytober' which sees a range of communications and education for colleagues in relation to cyber security.

Within LHCH, there has been good progress with regards to investment and deployment of cyber security tools and resources and good compliance with the national Data Security and Protection Toolkit.

Comments and questions were welcomed and further detail sought on the learning from incidents and issues experienced elsewhere in the NHS and more broadly. It was confirmed that the Cyber Security Lead is a very skilled individual, who is very well stitched into local and national cyber networks. This helps provide a great deal of intel and information that is cascaded out into the organisation. There are also a number of workstreams in the EPPR around cyber simulation.

A query was also raised on whether there are any additional challenges with the rise of home working and, if so, how is this addressed. It was noted that home working has created controls to consider, such as the patching of laptops. Additional education has been developed for staff, including; how to guides and cyber savvy communications throughout the Trust

The amber rating around priority one was noted and a query raised on whether this should be given a partial assurance rating until measures are implemented. It was confirmed that the rationale for the RAG rating of

acceptable is that the report covers one area of the report and it was considered that the overall controls in place protect the Trust.

5.8 Data Quality Assurance Report

Kate Warriner, Chief Digital and Information Officer attended Audit Committee to provide an overview of the data quality assurance report.

The Hospital is in a good position having a data quality policy and governance structure recently reinforced with a DQ Steering Group. The organisation is viewed favourably externally performing well in the Data Quality Maturity Index reports for external reporting.

The future state of the service includes a new strategy within iDigital which will be finalised in November 2022. The service will look to establish a programme of work and create a metric maturity model to visualise data quality standards.

The Audit Committee were asked to note the current position and support future collaboration developments with regards to data quality.

Comments and questions were welcomed and the challenges regarding Clinical Coding and the improving position were noted and a query raised on whether there is a longer term plan to ensure resilience, given that this group of staff is notoriously difficult to recruit and retain. It was confirmed that this has been highlighted as an issue in the C&M area. It was noted that there are two clinical coding teams in iDigital and part of the future planning work includes maximising the opportunity of the partnership.

Assurance was sought on the validity of waiting lists and whether there was an overall position on accuracy of admitted and non-admitted patients. It was noted that internal assurance is really strong for this and a lot of learning has been embedded and there is monitoring through the weekly executive meeting, weekly performance and Patient Pathway Assurance Group. In terms of independent assurance, there is an external company engaged to provide validation on waiting lists. It was agreed that this would be picked up with the Chief Operating Officer in terms of further actions to strengthen a validity of the waiting lists.

KW

EPR was raised and the understanding is that there is good clinical engagement across the Trust. A query was raised on whether there is any risk around EPR and everyone implementing the same system. It was confirmed that the new digital strategy has been circulated to stakeholders and a summary of this will be presented at Board of Directors. It was also noted that an external assessor has been commissioned to look at all the systems.

HIMMS and EMRAM was noted and the excellent results on accuracy of coding and further detail sought on whether there is a system for periodic monitoring. It was noted that these are regular audits that are undertaken. Internally this is looked at regularly and feedback into the clinical and coding teams.

Clarity was sought on the shortfall in reporting of the primary diagnosis and whether this was a timing issue rather than missing data. It was confirmed that all patients will have a diagnosis, however not all patients will have a procedure. This is the way the national team do the calculations and some challenge will be provided to the national team. Additionally there is work ongoing in the data team to understand the logic of the submission and double check the accuracy.

A query was raised on how data quality relating to reports to national databases such as MINAP and STCS, and internal information in the quality reports is audited. It was confirmed that performance in this area is good and there is validation on these national audits.

Confirmation was sought on whether the target for primary diagnosis was hit in September. It was confirmed that this data has not been received yet but it is expected to hit 80%.

Further detail was requested on the impact of the coding performance to the Trust and whether there is any financial or clinical risk. It was noted that there is some risk regarding external reporting but there is no risk to patient safety. The CFO added that the final deadline was met and this is managed very closely, however does result in a higher level of estimation.

5.9 Third Party Assurances

Audit Committee colleagues were asked to note the third-party assurances report circulated prior to the meeting and the CFO provided an overview.

The Trust outsource two key functions, which have a significant impact on financial flows and reporting. The payroll function is outsourced to St Helens and Knowsley Teaching Hospitals NHS Trust and has been since 2014. The financial ledger, elements of Accounts payable, Accounts receivable and Cash Management are outsourced to NHS Shared Business Services (SBS) since 2011. There has been internal and external audits undertaken on these services covering the last financial year and no material issues are raised in terms of the controls in place.

The Audit Committee received the third party assurances.

5.10 Cyber/iDigital

Chief Digital and Information Officer provided an update on the iDigital Services provided to the Trust and the Audit Committee were asked to note the contents of the report.

Integrated Digital (iDigital) was established in June 2021. iDigital is a partnership service which provides a full range of digital services to Alder Hey and Liverpool Heart and Chest. Since the last update to Audit Committee iDigital has made significant progress in several areas including; Development and delivery of new service model, Significant recruitment into senior positions, TUPE of IG and Medical Records teams into iDigital, Excellence in Informatics Level 3 Accreditation and approval for a new iDigital Tech Bar at LHCH.

Further information was requested on the trends and benchmarking and whether there was any further opportunity. KW confirmed some benchmarking is to be looked at through model hospital, however some further thought could be given to the programme of activities. It was noted that there are some shared services locally and nationally and a formal framework could be looked at and a report brought back in due course.

6. Internal Audit

6.1 Progress report on delivery of plan

Nigel Woodcock, Senior Internal Audit Manager provided an update in respect of the progress made against the Internal Audit Plan for 2022/23.

The Freedom to Speak Up review has been finalised. Controls were generally in place and operating in the areas of policy, awareness raising and ensuring that cases reported are dealt with in a timely manner and obtaining feedback from staff on the FTSU process. The review highlighted a weakness in controls in relation to ensuring that any lessons learnt arising from FTSU investigations are shared across the Trust.

The RITMOCORE Grant Claim review is also complete. The overall conclusion is that the £1,391,931 costs claimed for grant funding by the Trust can be appropriately supported. In particular, detailed listings were provided by the Trust to support all 3 categories; expenditure £1,306,339, personnel costs £85,138 and travel expenses £454, of the claim. Further support was then provided by the Trust as requested for the audit samples requested.

Cost Improvement Programme, Health & Safety, Outpatient Planning and Appointment Process and NHSE/I Financial Sustainability reviews are in progress.

Comments and questions were welcomed, and a query was raised on whether there is there an extra fee for the financial resilience work. It was confirmed that there would be an additional fee as it is not funded nationally, however the impact will not be the full value and there is a link with the cost improvement planning audit. The CFO confirmed that MIAA has been very flexible in using evidence that has already been gained from ongoing audits to mitigate costs.

A query was noted on RITMOCORE. The CFO confirmed that this is a European research project that the Trust were involved in prior to Covid-19. There is a claim to recover some of the initial costs that the Trust incurred. This process requires an independent audit of those costs.

7. External Audit

7.1 External audit update reports

Christopher Whittingham, Grant Thornton's PSA Senior Manager provided the committee with an update on the progress in delivering the responsibilities of the external auditors.

It was noted that the sector updates are really useful and a query raised on whether the Trust should be more proactive in responding to these updates. It was noted that it would be for the Trust to decide whether there is a formal

response, however these updates are just for information. KWh and KE confirmed that these are reviewed to ensure we are taking action as required.

Confirmation was sought on whether there a regular update or an opportunity that these can be received more regularly. It was confirmed that these are only updated every three month and the committee received the most up to date report. There are other resources available such as the HSJ.

The CFO informed colleagues that she was please to confirm that the Trust has reappointed Grant Thornton as external auditors to the Trust following a competitive tendering exercise and with the support of the Council of Governors.

8. Review of Audit Committee Work Plan – 2022/2023

Audit Committee colleagues were asked to note the Audit Committee work plan circulated prior to the meeting.

The Audit Committee Work Plan was confirmed as appropriate.

9. AGS Issues

The Audit Committee had nothing further to note for the Annual Governance statement.

10. Evaluation of Meeting

The Audit Committee was content with the mechanism in place for the e-meeting.

All committee members confirmed that the meeting had been conducted effectively and useful documentation had been received and discussions had taken place.

11. Date and Time of Next Meeting:

10th January 2022, 8.30am -10.30am