

E- Meeting of the Audit Committee

minutes

Minutes of the Audit Committee Meeting

held on Tuesday 19th July 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 Georgia Jones Karan Wheatcroft Nigel Woodcock Janet Deane Jennifer Crooks Paul McGrath James Bradley Nusaiba Hannan	Chief Finance Officer Engagement Lead, Grant Thornton Director of Risk and Improvement Senior Audit Manager, MIAA Clinical Audit and Effectiveness Manager Deputy Director of Research and Innovation Anti-Fraud Specialist, MIAA Deputy Chief Finance Officer Executive Office Manager and Corporate Governance Lead (Minutes)
Apologies:	Andrew Lang Michelle Moss	Non-Executive Director Local Counter Fraud Specialist, MIAA
<p>In accordance with the Trust's ongoing response to COVID-19, the meeting was conducted remotely via video conferencing to maintain social distancing.</p> <p>1. Apologies for Absence Apologies noted as above for Andrew Lang, Non Executive Director and Michelle Moss, Local Counter Fraud Specialist.</p> <p>2. Declarations of Interest The Committee were asked for declarations of interest with respect to agenda items. All participants confirmed they had no interests.</p> <p>3. Governance and Risk</p> <p>3.1 Annual Review of Governance Manual Mersey Internal Audit Agency has supported the Trust in the annual review of the Corporate Governance Manual, in order to provide assurance that it is comprehensive and consistent with best practice.</p> <p>The Audit Committee was asked to consider the proposed updates and make a recommendation to the Board of Directors to approve the updates and adopt the revised Corporate Governance Manual.</p>		Action

The update included the revised Organisational Learning Policy and Health Procure Liverpool waiver processes which once approved will be reflected in the revised Corporate Governance Manual for upload onto the staff intranet, in accordance with the Trust's document control procedure.

3.1a Organisational Learning Policy

Discussion took place regarding how LHCH ensures compliance with the policy. It was noted that assurance committees should be included in the monitoring of compliance paragraph. This currently goes through the Operational Board.

Discussion took place regarding who is responsible for monitoring overall compliance. It was agreed that an annual report on organisational learning should be in place and return to the Audit Committee.

Further discussion took place regarding how data is used in cross organisation learning and identifying themes. It was also noted that themes accumulated from FTSU data should be added to the organisational learning database and ensure those who do not have access to the database are also sighted on organisational learning.

It was also raised that this data would be potentially useful to include in future NED induction packs.

3.1b Health Procure Liverpool Waiver Processes

Karen Edge provided background on HPL. The aim is to improve resilience of services, enable effective and efficient procurement across Trusts.

The Committee reviewed all the proposed changes to the corporate governance manual and **approved** them **for recommendation** to the Board of Directors for approval and adoption.

3.2 Risk Management KPIs

The Athena Risk Register records risks identified within the organisation along with action and assurances. The register is reviewed on a monthly basis at a Divisional Governance meeting and the Risk Management Committee is responsible for ensuring overall compliance with the risk management policy.

The Director of Risk and Improvement shared the key messages in the report. The Trust has 523 active risks, 3 risks with a residual score of 15 or above (reviewed by Trust Board) and a further 54 risks with a residual score of 12 or above (reviewed by Operational Board and Risk Management Committee). 58% of incidents have been closed within 28 days (decreased from 59%). The current number of incidents open over 28 days is 48 (decreased from 86 in the previous report).

Discussion took place regarding the relevance of the 28 days closure measure and if this was the right timeframe. Following a review, a report would return to the committee in October providing a better understanding of the process, challenges, opportunities for improvement and provide assurance that the process is being delivered effectively. It was however noted that a KPI for 28 days for incident closure is in place

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across many NHS Trusts and it was agreed that having a specific timeframe for closure is an essential indicator.

The Committee **noted** the report.

3.3 Review Clinical Audit Plan and 6-monthly progress reports including NICE guidance review

The Clinical Audit & Effectiveness Manager presented a paper which aimed to provide assurance on the delivery of the Clinical Quality Audit Plan 2022-23 including NICE.

The update to the committee included the Clinical Quality Forward Plan 2022-23 is in place to meet mandated National Clinical audits, support to CQUINs, progress against relevant National audit reports and NCEPOD, review and gap analysis against NICE published guidance, and wider clinical audit progress.

In addition the Clinical Quality team continues to support and advise colleagues with their local project design, methodology, analysis and presentation as required, and further progress has been made with the Organisational Learning SharePoint site.

In response to questions it was noted when the hospital level tables were reviewed in the MINAP report, LHCH were not included. 12-16 other hospital were also missing and NICOR have been contacted to review this. We are awaiting a response.

There are 3 new national datasets in progress but there is a slower move on the vascular dataset. The next steps include working closely with the data warehouse team and reviewing the SharePoint method for project registration. There is also the aim to work with the R&I data scientist to develop skills within the team in using report building software to facilitate new ways of improving timely data quality feedback to consultants.

Good discussion took place about the overall assurance and effectiveness of the plan. The Chair highlighted the link between the Audit Committee and Quality Committee for assurance. The annual summary of outcomes from clinical audit is presented to the Quality Committee and no issues have been identified. Further discussion took place regarding the gaps in NICOR dataset and the use of EPR and systems to input data to NICOR.

LR asked if there was a robust audit trail for any changes made to data and was assured that a Data Quality Committee was being set up where this audit trail would be proposed. The Committee also discussed how outcomes and organisational learning from clinical audit was cascaded. A page on Eden SharePoint had been developed for Divisions to view learnings and action plans following audits. Organisation learning was also disseminated at monthly Divisional Board meetings.

The Committee **noted** the report.

3.4 Review of losses and special payments

The report covered the period of 1st March 2022 to 30th June 2022, noting that there had been one fruitless payment and no losses in excess of £10,000.

The bad debt provision is sufficient to cover 99.6% of non-NHS debt over 90 days, which currently stands at £1,057k. NHS debt has increased by £270k since 28th Feb 2022. This is mainly related to one credit note raised to NHSE which was used twice mistakenly. The Income Team have reached agreement with NHSE and a refund is expected.

Non-NHS debt has decreased by £1.1m since 28th Feb 2022. BUPA is still the largest debt over 90 days, with a decrease of £10k (total debt) compared to 28th Feb 2022. The other debtors over 90 days are mainly made up of AXA and research commercial trials debt. All balances are being actively managed.

A request was submitted to write off 8.9k debt from companies no longer trading (detailed in appendix 1 of the report).

Discussion took place regarding current processes in place to carry out due diligence on suppliers and their financial circumstances. Assurance was provided that the SFIs and current processes do work to protect us from higher value exposure but there are limitations with this due to the extensive number of suppliers contracted to the NHS. The CFO also mentioned that SPS (company who chase aged debt for various NHS Trusts) could have intelligence that could help mitigate this risk further. Overall, the Committee were pleased that the appropriate systems are in place and the small value of loss was a reflection of this.

The Committee **approved** the request and details of the report.

3.5 Review single supplier tender waivers

The report updated the committee on instances of single supplier tender waivers recorded for period 12th March 2022 to 30th June 2022.

There have been 7 tender waivers raised for a total value of £720k with 2 of the individual tender waivers raised over £100k. Full details of all tender waivers raised and the approvals were provided in Appendix 1 of the report.

The Committee **approved** the report.

3.6 Compliance with Licence: Review of quarterly checklist (Q1)

The Audit Committee were asked to review the provider licence checklist for quarter 1 bringing attention to diagnostic performance and RTT. These areas continue to have strong oversight through the Executive Team, respective assurance committees and the Board. It was noted that a RAG rating had been included in the report to provide further clarity.

Clarity was sought on the RAG rating for G6 and assurance was provided.

The Audit Committee **noted** the checklist and **confirmed** its satisfaction with the processes in place.

3.7 Review of Register of External Visits

The register covered the period from April 2022 to date. The external visits were detailed in appendix 1. It was noted that visits can occur via different methods e.g via Microsoft Teams and this is also being recorded where appropriate. The Chair explained the purpose of the External Visit Log for the new members of the Committee. The Committee agreed this was a useful document to provide oversight on Trust visits that may warrant action from the Committee.

The Audit Committee **noted** the contents of the register and agreed to continue to review this on a bi-annual basis.

3.8 Regulatory Action Plan

There were no regulatory action plans in place. It was highlighted that there had been a recent engagement meeting with the CQC, including a deep dive into Clinical Services and a positive regulatory discussion took place.

The Committee **noted** this update.

4. Internal Audit

4.1 Progress report on delivery of plan

The report was taken as read and the following points were highlighted.

NHSE has requested a Financial Sustainability audit across all Trusts. This work is likely to be undertaken in Q3 but further direction is awaited. It is thought that this will replace the key financial systems. More details will be provided at the October Audit Committee.

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The Outpatient Planning Audit has been moved from Q4 to Q2. There has been a request to move the Consultant Job Planning Audit from Q2 to Q3 but resources for this is to be confirmed due to necessity of the Financial Sustainability Audit.

Queries were raised regarding MIAA data security and protection toolkit. In response to the medium risk applied to offline backups, NW explained that the NHS Digital is used as an assessment model to grade risk. There had also been no incidents in the last few years. It was noted that there are currently two systems providing an online back up. Implementation of the Dell Cyber Vault Technology is in progress which will provide a third layer as an offline backup.

Further discussion took place regarding connected medical devices and noted that this is the first time that medical devices has been included in the data protection toolkit. It was confirmed that radiology devices such as ECG and PACs are currently well managed but further information is required with regards to other devices connected to the network. IT Health are producing a module to address this, and implementation is imminent

A question was raised with regards to the replacement of the Key Financial Systems audit and risks posed by this. There were also concerns raised on the potential impact this could have on external audit work. It was clarified that the NHSE Audit is focussed on budget control and financial reporting. This would not stop MIAA carry out work in the financial system area overall but just to potentially replace detailed work on the ledger. It was also highlighted that the external auditors did not rely on the internal audit data so this would not have a large impact. The external auditors also provided an explanation of their processes and procedures to support this.

The Board **noted** the report.

4.2 Follow-up report

The report provided a consolidated update on the status of the 53 recommendations which are due to be reported on at this meeting. There were 53 recommendations with 40 confirmed as fully implemented with further 10 partially implemented reflecting a very good position. Evidence is awaited for implementation of 3 recommendations and NW provided a progress update against these. There was one outstanding recommendation noted as high risk (1- Secure Health Messaging) in the original audit report which is partially implemented and no longer considered high risk for the Trust. The full outcome of the review was detailed in Appendix A.

The Board **noted** the report.

4.3 Anti-Fraud update report

The MIAA Anti-Fraud Progress Report sets out the work undertaken by the Anti-Fraud Specialist (AFS) during the period from April 2022 to date.

There was an overall green rating for LHCH for bribery and corruption.

A fraud risk assessment has also been carried out against 40 risks and the outcomes have been shared with the Trust's Risk Lead and Deputy Director of Finance. It was noted that there had been 11 fraud alerts in Q1. The Trust has not suffered any losses and no fraud committed or identified. An overtime exercise has been carried out against Prevent and Deter and once again no fraud has been committed or exercised. There is 1 case open with regards to a failure to declare pre-employment check and enquiries are ongoing to identify if any fraud has been committed.

The Committee **noted** the report.

5. External Audit

5.1 External audit update reports

The external auditor provided a verbal update. An unqualified opinion on the financial statements was reported at the previous committee meeting. GJ confirmed that it was very positive report with audit process having run seamlessly and reported a positive experience working with the Trust's Finance Department.

The Value for Money work for 2021/22 is nearing completion and will be issued to the finance department by the end of July 2022. This will then

be circulated to the Audit Committee prior to the next meeting. It was confirmed that currently no significant issues had been identified.

GJ

The Board **noted** the update.

5.2 Annual review of performance of external auditor

The report detailed positive feedback overall with good performance reported. The CFO provided a summary of the performance monitoring survey and was happy with how the audit had progressed. The results of the survey reflected the positive performance.

It was noted that there is not much interaction with NEDs and external auditors outside of the meeting, but the relationship built through the Audit Committee had been very positive.

This would be the Trust's final year of the current contract with Grant Thornton and would be going out to tender shortly.

The CFO thanked Grant Thornton and the team. The external auditors also thanked the finance team for their support through the audit over the last few years. It was agreed that a strong and positive relationship had been established.

The Committee **noted** the feedback.

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

The work plan needed to be updated to reflect changes in personnel. No other significant changes were required.

NH

7. Minutes of Meetings held on 22nd March and 17th June 2022

The minutes of the e-meetings held on 22nd March and 17th June 2022 were accepted and recorded as a true record.

8. Action Log

Item 1 – report to return in October. Action to remain on the action log.
Item 2 – the minor amendment to the ToR had been made. The action was closed and removed from the action log

9. AGS Issues

The Audit Committee had nothing further to note.

10. Evaluation of Meeting

The Audit Committee was content with the mechanism in place for the e-meeting, given the on-going social distancing measures.

It was noted that it had been helpful to receive the NED comments in advance of meeting and would like this to continue.

11. NEDs meet in private with Internal and External auditors

The NEDs had the opportunity to have a private discussion with the internal and external auditors.

12. Date and Time of Next Meeting:

11th October 2022, 8.30am -10.30am