

Item 6.1.1a

## minutes

### E- Meeting of the Audit Committee

#### Minutes of the Audit Committee Meeting held on Monday 19<sup>th</sup> October 2020

**Committee  
Members:**

Julian Farmer  
Nick Brooks  
Bob Burgoyne  
Mark Jones  
Karen O'Hagan

Non-Executive Director-Chair  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director

**Committee  
Attendees:**

Gary Baines  
Paul Dossett  
Karen Edge  
Gregg Holland  
Georgia Jones  
Lucy Lavan  
Frankie Morris  
Michelle Moss  
Wyn Taylor  
  
Nigel Woodcock  
Jennifer O'Brien

Assistant Director-MIAA  
Partner -Grant Thornton  
Chief Finance Officer  
Chief Information Officer  
Senior Manager-Grant Thornton  
Director of Corporate Affairs  
Deputy Chief Finance Officer  
Anti-Fraud Specialist-MIAA  
Head of Information Governance & Administration  
(Item 3.12 only)  
Senior Internal Audit Manager-MIAA  
Senior Executive Assistant (Minutes)

**Apologies:**

**Action**

In accordance with the Trust's response to Covid-19, the meeting was conducted remotely via video conferencing to maintain social distancing.

**1. Apologies for Absence**

None to note.

**2. Declarations of Interest**

All participants declared that they had no interests.

**3. Governance and Risk**

**3.1 Mid-Year Review of Assurance Committees**

### **3.1.1 Integrated Performance Committee**

The Chair of the Integrated Performance Committee (IPC) informed Audit Committee colleagues that the Committee had maintained its quarterly schedule since the onset of the COVID pandemic, utilising Microsoft Teams in place of face to face meetings.

Whilst the meeting scheduled for April 2020 was cancelled as a result of the initial COVID response a MS Teams meeting was convened that focussed on the key issues of concern to the Committee which included the impact of the emergency on CIP and Capital. Members of the IPC were assured of the appropriateness of the actions taken by the Trust.

A full meeting of the IPC was held via MS Teams in July 2020 where full updates of the COVID recovery plan and the MIAA review of capital was given.

The Chair of IPC confirmed that attendance had been 100% at all meetings thus far and assurance had been received by the Committee in relation to all areas of activity including Phase 3 recovery, activity levels and performance, in addition to other matters included within its terms of reference.

### **3.1.2 People Committee**

The Chair of People Committee confirmed that the Committee had maintained its quarterly schedule since the onset of the COVID-19 pandemic, utilising Microsoft Teams in place of face to face meetings.

Attendance had been 100% at all meetings, with Audit Committee colleagues asked to note that Vicki Wilson, attended the September 2020 People Committee in her role as Acting Director of HR until the Trust's new permanent Chief People Officer started in her role in November 2020.

During the pandemic the People Committee had focused on three key areas:

- Workforce Recovery Stream; tracking progress against key milestones to build resilience, agility and support for LHCH staff.
- BAME; the Terms of Reference would be updated to capture the Committee's full role in seeking assurance that agreed actions were being delivered to address the inequalities and risks that BAME colleagues may face.
- National and LHCH People Plan; the People Committee was working with the core team to ensure that the implementation plans included clear and measurable deliverables to ensure that the roll-out to the LHCH workforce delivered the agreed objectives set for the two programmes. The People Committee Chair had now met with the Assistant Director of Education &

Organisational Development to understand how the plans were building and gain an understanding of the assurance aspect of it.

Assurance had been received by the Committee in relation to all these areas of activity, in addition to others included within its terms of reference.

### **3.1.3 Quality Committee**

The Chair of the Quality Committee confirmed that the Committee had maintained its quarterly schedule since the onset of the COVID-19 pandemic, utilising Microsoft Teams in place of face to face meetings.

Attendance had been 100% at all meetings. The April 2020 agenda was limited to a small number of essential items in order not to divert the executive members from their urgent tasks in relation to the pandemic, however, the workplan was now on course to be completed by the end of Q4.

Discussions had focused particularly on mortality, infection prevention, the management of sepsis; progress with the recommendations on the GIRFT report, delays in the management of myocardial infarction, medication errors, consent, and patient and family and staff surveys. Quality impact assessments on cost-saving measures had also been reported at every meeting.

Assurance has been received by the Committee in relation to all these areas of activity, in addition to others included within its terms of reference.

A discussion took place regarding the potential cross over of reporting at both Quality and Audit Committee relating to quality impact assessments. It was concluded that it was the Quality Committee's responsibility to determine how it would receive assurance that the QIA process was robust, through an in-depth review of each scheme, sampling or via assurance from MIAA. The Audit Committee's role was to seek assurance that there is a robust QIA process in place.

**NB**

### **3.2 Review Losses & Special Payments**

The paper provided the Committee with an update on losses and special payments recorded for the period 1<sup>st</sup> June to 30<sup>th</sup> September 2020 and the governance arrangements associated with those payments.

For the period, there had been no fruitless payments, no losses and no special payments in excess of £10,000. Details of amounts less than £10,000 were included at Appendix 1 of the report.

The movements on the bad debt provision were set out in Appendix 2. The bad debt provision was more than sufficient to cover 76% of non-NHS debt over 90 days, which currently stood at £1,051k.

Appendix 3 provided a breakdown of aged debt write off proposals totalling £157k. The largest individual write off proposal was for £132k,

which was a long-standing dispute with BUPA over a fairly complex patient charge. The Trust was entering the final stages of settlement discussions regarding the settlement of this invoice. The Audit Committee were asked to note that the £132k write off proposal assumed a settlement of £70k, which had been proposed by BUPA from the original invoice value of £201k. However a counter offer of £170k had been proposed by LHCH.

The remaining write off proposals related to aged debt of overseas and self-funding patients, amounting to £26k. It was noted that all efforts had been exhausted to recover the outstanding invoice and had been unsuccessful.

The Chief Finance Officer (CFO) confirmed that the Trust's new process was to request that private patient self-funders paid for their care with an upfront payment. The Deputy CFO stated that there was a confirmation to pay document that each self-funder would sign which set out an expected length of stay and an expected level of days in critical care, if the critical care stay extended and the patient could not afford the additional charge then they would transfer over to an NHS patient.

The Deputy CFO confirmed that the outstanding debt relating to ISS Mediclean was the rental payment for the café in the entrance; there had been a query over contractual arrangements resulting in ISS not paying. There had now been a conclusion of contract review with ISS and therefore the payment of £30,000 should be forthcoming.

The debt relating to research commercial trials had resulted from trials that were yet to pay as they were still awaiting outstanding information, this was chased up regularly with the Research & Development team.

The Audit Committee approved the write off of the bad debts detailed within the report. The Chair was assured that a considerable amount of work had been done with the private patient payments and the BUPA debt.

### **3.3 Review Single Supplier Tender Waivers**

The paper updated the Committee on the instances of single supplier tender waivers recorded for the period 25<sup>th</sup> June to 8<sup>th</sup> October 2020, and the governance arrangements associated with those payments.

There had been 21 tender waivers raised during the period for a total value of £1,127k, three of which were for over £100k.

Three of the tender waivers amounting to £86k were approved at Gold Command for COVID purposes and progressed due to the time pressures, with a tender waiver prepared retrospectively.

Full details of all tender waivers raised for the financial year to date were provided in Appendix 1 of the report.

The CFO confirmed the details regarding the three waivers over £100k.

### **3.4 Compliance with Licence: Review of Quarterly Checklist**

The quarterly checklist had been updated at Q2 2020/21. The primary risks related to;

- Diagnostic performance – whilst the Trust had been actively managing its backlog as part of the recovery phase, the increased prevalence of coronavirus in the community was starting to impact on hospital capacity, including staff attendance. The trajectory to return to compliance was uncertain due to latent demand arising from late presenters and the likelihood of a second surge of the virus as the winter season approached.
- RTT – The Trust had reintroduced elective activity with capacity focused on the clinically urgent patients and then longest waiters, however, this was under constant review as the likelihood of a second surge of hospital admissions relating to COVID-19 increased. There was an increasing volume of long waiters across the region and therefore the ability to offer choice where the 18 week target was breached was not possible in practice.
- Financial position – there was uncertainty surrounding the impact of the interim financial regime in respect of system wide allocations and how this would affect the Liverpool system and LHCH. It was increasingly likely that the Trust would report a deficit in 2020/21 – the Board of Directors would continue to receive regular updates.

The Audit Committee also noted that the constitution had recently been amended following approval by both the Board of Directors and Council of Governors. This had been published on the Trust website and the regulators had been informed.

The Audit Committee reviewed the checklist and confirmed its satisfaction that there were effective systems and processes in place to identify and manage risks in relation to compliance with the licence; notwithstanding the impact on operational performance arising from response to the corona virus pandemic.

### **3.5 Regulatory Action Plan**

The Director of Corporate Affairs confirmed that the CQC had completed a virtual online inspection process which included an in depth desktop review of surgery and well led processes. Executive colleagues were still awaiting the feedback report, although it was noted that the meeting had been positive and the Trust had since submitted various items of evidence as requested by the CQC. The Director of Corporate Affairs was hopeful that the report would be available for presentation at the 24<sup>th</sup> November 2020 Board of Directors.

### 3.6 Cyber Security

The paper described the work plan of Templar Executives, as part of the CORS initiative, to provide strategic support across a number of cyber security areas and provide assurance that an MIAA audit of cyber security would be best placed in 2021/22.

The Chief Information Officer (CIO) highlighted the key points of the report which provided details to Audit Committee members as to why a cyber security review had not yet been completed through the normal internal audit routes. It was confirmed that it would be more effective if an internal audit was to be undertaken after the piece of work was completed by Templar.

A query was raised relating to the letters of delegations sent to asset owners to which the CIO described the process for Audit Committee colleagues.

A further query was posed as the positive report didn't seem to reflect the medium rating given. The CIO confirmed that the medium rating was a cyber security risk exposure rather than a pure risk rating and the CORS team view was that it was medium due to the nature of the threat. The CIO confirmed that he would liaise with Templar colleagues and request a more detailed explanation as to how a medium rating was achieved.

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The CIO was questioned over whether a firmer completion date should be given due to the assignment of a medium cyber security risk. It was confirmed that the end of March 2021 was when it was anticipated that the Trust would achieve Cyber Essentials Plus or equivalency following completion of the CORS programme. Following which, there would be some non-specific actions that would roll over to 2021/22.

The executive summary of the paper referred to a possible recommendation of a NED lead for cyber security. The CIO stated that the idea was discussed when the Templar team had a briefing with Board colleagues, however it was not an absolute recommendation and it was believed that the Audit Committee could fulfil that role and oversee the cyber security arrangements at the Trust. It was confirmed that the CIO would bring the update seen at Digital Healthcare Committee to the Audit Committee on a quarterly basis and then Audit Committee members could take a view on the most appropriate process going forward. The Audit Committee work plan would be updated accordingly.

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### 3.7 Informatics Review Data Quality Assurance

The report was noted as read by all Audit Committee members and the CIO highlighted two key points:

- That the Trust had retained a high Data Quality Maturity Index (DQMI) rating. The Trust's current value of 98.2 placed the Trust in the top 10% of data providers
- The Data Quality Management App was currently being tested with users with a plan to go live next week. Early indications

suggested that it had the potential to be an excellent service. It was based on users' desktop so would present their issues only, ensuring efficiency for the user.

Concern was raised over the missing data on the outpatient patient pathways graph on page two of the report and whilst there was some narrative explanation on page three, the question was raised on how the data could be recovered. The CIO informed Audit Committee members that the patient pathway measurement nationally was very prescriptive and was not as applicable to tertiary care hospitals as it was to secondary care organisations. LHCH would be using the PAS referral identifier as it was internal and therefore much more accurate, would result in validity of approx. 90%.

### **3.8 Third Party Assurances**

The report outlined the results of the internal and external audits undertaken on the two functions outsourced by the Trust covering the last financial year, which were noted as:

- Payroll: St Helens and Knowsley Teaching Hospitals NHS Trust
- Financial Services: NHS Shared Business Services

The internal audit of STHK payroll services had been completed, having been delayed due to the COVID-19 pandemic. However, the final report was not yet available for review. The draft outcome was noted as "substantial assurance" with the final report expected at the end of October 2020. This would be presented at the January 2021 Audit Committee.

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Prior to the completion of the annual accounts, NHS SBS asked Price Waterhouse Cooper (PwC) to complete a review of internal controls to provide appropriate assurance to those charged with the governance of the bodies to which NHS SBS provided services. The audit was conducted in accordance with the International Standard on Assurance Engagements 3402 (ISAE 3402). The report was enclosed as Appendix 1 of the report.

As a result of the COVID-19 pandemic, access to the site in India was restricted and the auditors were not able to obtain evidence in respect of certain controls operating for February and/or March 2020. As a result PwC had issued a qualified opinion, which was in line with the requirements of the ISAE 3402 Standard. During 2019/20 testing, no exceptions were identified by PwC for any of the listed controls and it was the view of management that although testing of controls in February and March 2020 could not take place, the controls were in place and remained fully operational.

Audit Committee members noted the report as a helpful assessment and acknowledged that it had picked up on the recommendations from the internal auditors review.

### **3.9 Review of Corporate Governance Manual**

#### **3.9.1 SORD and Virement Policy**

Audit Committee members were asked to note that while virement limits were set out in the SORD, there was insufficient detail on how they were applied and how records were to be kept. Therefore, the virement policy had been developed in order to make it clearer to budget holders how virements could take place, the approval process that needed to be followed and the information required to complete the transaction.

It was confirmed that the intention would be to include the virement policy within the CGM.

Two areas of the SORD had been updated:

- Charity office petty cash approval of over £100 by the Director of Corporate Affairs. This omission was identified by MIAA in last year's audit of the charity.
- Detailed approval limits for Liverpool Health Partners and the Innovation Agency. Their staff structures did not follow agenda for change and therefore separate tables were required to make the approval limits clear.

The Chair of the People Committee also confirmed that changes to the Committee's Terms of Reference would be forthcoming which would follow the necessary approval process.

The Audit Committee approved the new virement policy and updated SORD.

#### **3.9.2 Treasury Management Policy**

The Treasury Management Policy had been reviewed at the Integrated Performance Committee (IPC) and had since been updated to reflect personnel changes and updated information regarding Moody's ratings.

As at the 30<sup>th</sup> June 2020 the Trust had £47m in its bank account with the NatWest Government Banking Service (GBS). The interest rate applied to this account was 0.1% from the 19<sup>th</sup> March 2020.

Although interest rates were low, it was still in the Trust's best interest to keep cash in Government bank accounts. The National Loans Fund (NLF) could provide an opportunity as it was classified as a Government bank account and occasionally offered interest rates above the GBS NatWest account. It was noted that the NLF was currently closed to new investors, while all the staff were working from home. LHCH had asked to be notified once this situation changed and would keep a watching brief on opportunities for investment for the Trust.

The Audit Committee noted the updated policy.



### **3.9.3 Data Quality Strategy**

Following a request from the internal audit, the approved data quality strategy had been re-presented in the Trust policy document template.

This template addressed the request for a review date, now set at October 2022 and acknowledged that the previous strategy was now replaced. It also contained additional documentation control items. An equality impact assessment (EIA) had also been completed.

The Audit Committee noted that the content of the strategy remained unchanged; this change was simply a document presentational change.

### **3.9.4 Conflicts of Interest Policy**

The Anti-Fraud Specialist (AFS) had recommended that the Trust reference contact details to the AFS, NHS Counter Fraud Authority and the reporting hotline number be included in the Trusts managing conflicts of interest policy. The policy had been updated accordingly.

The Audit Committee approved the changes made to the policy.

All of the above changes would be reflected in the Corporate Governance Manual for immediate adoption.

**JO'B**

### **3.10 MIAA Findings on IT Service Continuity Management Response**

The CIO informed Audit Committee colleagues that the audit had been commissioned by the Trust over concerns about the processes in place at the time. The audit findings highlighted a number of areas where the service continuity assurance could not be provided in a suitable form, which resulted in a limited assurance opinion.

A comprehensive set of actions was agreed between the Trust and the internal auditors and were detailed in the paper. It was noted that significant progress had been made against those actions.

It was agreed that the audit had been a constructive piece of work which allowed focus on a more structured process.

The CIO confirmed that it had driven some challenging conversations internally and externally, however it would result in a more robust approach to service continuity.

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The CIO would continue to bring action plan updates to the Audit Committee until all had been completed.

### **3.11 MIAA Findings on IT Asset Management and Licensing Management Response**

The CIO informed Audit Committee colleagues that the audit had been commissioned by the Trust as previous audit findings had highlighted a number of areas where the asset management assurance could not be provided in a suitable form, which resulted in a limited assurance opinion.

An action plan was agreed between the Trust and the internal auditors, which was provided within the paper, and significant progress against that plan was noted.

The CIO confirmed that the audit findings were commensurate with the underlying concern that the audit was commissioned and the findings would result in a robust approach to asset management being employed within LHCH.

### **3.12 Covid-19 Data Protection Checklist**

The report was noted as read by all Audit Committee members who stated that it was a helpful summary which acknowledged the Trust's compliance against data protection requirements throughout COVID, with 10 key points that were followed in line with the Information Commissioners Office and the data security toolkit.

The Head of Information Governance & Administration informed Committee members that there was one remaining action to complete in order to ensure full compliance; this was the national data opt out which had been extended nationally until the 31<sup>st</sup> March 2021. The Head of Information Governance & Administration confirmed that no issues were foreseen with attaining the full level of compliance.

Audit Committee members were informed that a substantial assurance opinion was received in relation to the Trust's data security protection toolkit submission which confirmed the good level of compliance maintained within information governance throughout the pandemic.

The CIO confirmed that the national opt out process was now live and the Trust was submitting patient data in order to receive their national update status and colleagues were in discussions to finalise the standard operating procedure around it.

The Head of Information Governance & Administration and the CIO left the meeting.

## **4. Internal Audit**

### **4.1 Progress Report on Delivery of Plan**

The report provided an update to the Audit Committee in respect of the assurances, key issues and progress against finalising the Internal Audit Plan for 2020/21.

The Senior Internal Audit Manager confirmed that the piece of work relating to conflicts of interest within the Trust had been completed, a substantial assurance opinion had been given and full details were provided within pages five to eight of the report. The Trust had since implemented enhanced management information reporting allowing for a stronger position for the Trust moving forward.

The overall status of the work plan was provided at Appendix 2 of the report which highlighted the several pieces of work that were in progress. It was confirmed that the internal auditors were on track with the plan although some delay had been experienced with the sepsis audit which had been highlighted to Trust management.

The Senior Internal Audit Manager confirmed that the internal auditors had been managing well over MS Teams as the sharing facility allowed evidence to be seen remotely by the auditors. There were certain areas of work where PPE was needed, however the majority of the work could be completed remotely.

The Senior Internal Audit Manager was hopeful that the audit work would continue as planned, however it was subject to the impact of a second surge of the pandemic.

#### **4.2 Follow Up Report**

The Senior Internal Audit Manager highlighted three points:

- Internal audit colleagues were now following up recommendations when they were due on an individual basis rather than as a whole. This allowed for audit colleagues to get an earlier view on the status of those recommendations
- The summary status detailed on page two showed that 75 recommendations had been followed up, of those 75, 39 had been implemented, eight superseded, partial evidence on a further 19 had been received and the auditors were awaiting evidence on a nine.
- The discussion above under agenda item 3.9.1 regarding the SORD and the updated of the Charity office petty cash approval of over £100 by the Director of Corporate Affairs would now allow the item showing as partially implemented on the charities report to be signed off as fully implemented. The Senior Internal Audit Manager acknowledged the efforts of the charity office team on the completion of all 11 recommendations made by the auditors last year.

Concern was raised over the seven high risk recommendations still awaiting implementation and the nine still awaiting evidence. However, the Senior Internal Audit Manager confirmed that the majority of the recommendations that the auditors were awaiting evidence on had now been covered by discussions above under agenda items 3.10 and 3.11.

It was stated that positive progress had been made during this quarter and an improving position could be noted.

### **4.3 Anti-Fraud Proactive Detection Travel and Subsistence**

The Anti-Fraud Specialist presented the report which resulted as a proactive piece of work from the 2019/20 plan. Seven recommendations had been suggested, however, no fraud had been identified. It was noted that there was only a draft policy in place and in addition, the lack of training individuals had on the system was recognised.

The Chief Finance Officer (CFO) confirmed that all actions had now been implemented.

### **4.4. Government Functional Standard GovS 013: Counter Fraud**

The Anti-Fraud Specialist informed Audit Committee members that the new government cross-departmental standard for counter fraud work which, would formally replace the existing NHS Standards for Fraud, Bribery and Corruption for both commissioners and providers would be coming into effect in April 2021. The paper provided details of what LHCH could expect as a result.

The Anti-Fraud Specialist stated that the new standards were expected to be released in January 2021, following which, discussions would be held with the CFO in order to assess what impact, if any, this would have on the audit process. It was hoped that a paper with further details would be available for presentation at the January 2021 Audit Committee.

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## **5. External Audit**

### **5.1 External Audit Update Reports**

The Senior Manager for external audit presented the report to Audit Committee members. The report provided confirmation that the audit work for 2019/20 was complete and the audit findings report was issued in June 2020 together with the annual audit letter. It was also noted that planning for 2020/21 would start later in the year with the audit plan expected to be issued in early 2021.

External audit colleagues were meeting with members of the LHCH finance team on a regular basis in order to discuss the planned work for the forthcoming year. The deliverables for 2019/20 were provided on page five of the report.

Audit Committee members were reminded that the National Audit Office (NAO) had changed the code of audit practice relating to Value for Money (VFM) and these changes were detailed from page seven onwards of the report. It was noted that the new code of practice was introduced from April 2020 and would take effect from the 2020/21 audit.

It was hoped that the changes to VFM arrangements would maximise the value from the auditors work, give more freedom to reflect local context and allow for more meaningful and timely reporting.

The three criteria that auditors would measure against were noted as:

- Governance
- Financial sustainability
- Improving economy, efficiency and effectiveness

Audit Committee members were informed that an auditor's annual report would also be issued rather than the usual annual audit letter. It was envisaged that this would provide a more comprehensive report to organisations as it would include a summary of each identified specified criteria, give the ability to reflect on local content in more detail and provide a key commentary.

External audit colleagues would also look at the recommendations from previous years and determine whether any additional powers had been implemented. It was believed that the annual report would give more assurance than the previous audit letter.

It was noted that the external auditors could make recommendations for improvement at any time throughout the year if any significant weaknesses were identified. Any recommendations from previous years would also be reviewed in order to determine whether they had been implemented to the standard expected.

The new auditor's annual report would also detail if any additional powers had been used. It was noted that this new report would not replace the audit findings report, however, it would provide information and summarise the results on the financial statements.

The Senior Manager for external audit informed Audit Committee colleagues that the audit was more complex, requiring a lot more involvement by the external auditors and therefore this would have an impact on the fees.

Audit Committee members were encouraged by the new process and welcomed the additional assurance this would bring.

A query was raised over the external auditor's contingency plans with the expectation of a second surge of the pandemic. The Partner in charge of the external audit confirmed that a large proportion of the audit could be done remotely, and early discussions had indicated that the timeframes for 2020/21 would be similar to 2019/20, although audited bodies may be given more time to produce their accounts.

In relation to the year end stock take the Committee noted that even if the external auditors could obtain sufficient assurance there would still be the issue regarding the opening balance from the previous year. This qualification was understood by NHS Improvement and they hadn't expressed any concern. It was noted that there could be the possibility of viewing the stock take virtually, although the logistics of this would need agreeing with the Trust and it would have to be planned into the audit.

It was noted that there was a real possibility that the 2020/21 accounts would be qualified in respect of the opening balances which had not

been verified as a result of auditors being unable to conduct a physical stocktake at the end of 2019/20 due to the pandemic. This was the subject of national debate and the external auditor would update the Committee on the development of these discussions.

## **5.2 Audit Fee**

The Trust had completed the final year of a three year contract with Grant Thornton for external audit (year end March 2020). The current contract provided the opportunity to extend for a further two years with a renegotiation of the fees.

The alternative to a contract extension was a full tendering exercise to market test the current provision in terms of fees and qualitative factors.

Market intelligence had been obtained from the NW NHS provider community which had identified that:

- Recent tenders had failed to secure bidders
- Where bids had been received the cost increase was significant
- Some existing Audit providers were exiting the market due to increased risk and reduced margins

A fee proposal with regard to an extension had been received by Grant Thornton that set out their current challenges in respect of audit scope, risk and resources.

The fee proposal increased the fee by 20% and set the fee at £74,000 for 2020/21. This incorporated the new code requirements.

Grant Thornton had shared the current price comparison for their NHS clients which highlighted that LHCH had the lowest audit fee for Grant Thornton's NHS clients, which was representative of the good practice and risk associated with the Trust.

The CFO recommended that the Trust accepted the fee proposal set out by Grant Thornton for this year with a review of the fees in another 12 months.

The Audit Committee agreed that LHCH should extend the contract with Grant Thornton at the proposed rate for a further two years with the opportunity to review the fees after year one of the extension. The proposal and recommendation would be presented to the Council of Governors in December 2020.

## **5.3 Annual Review of Effectiveness of External Auditors**

The Trust carried out a survey to assess the effectiveness of the external audit service currently provided by Grant Thornton. The survey was distributed to 15 people, the list of which was provided at Appendix 1 of the report. It encompassed NEDs, Executive Directors and those staff in HR, Finance and Communications who had regular contact with the external audit team. Of those 15, eight people responded.

The results of the survey indicated that Grant Thornton highlighted, investigated and reported well on areas of key financial risk. However, there were some areas where improvements could be made.

The survey provided the Trust and the external auditors a good basis upon which to improve the external audit for 2020/21.

Constructive discussions had taken place between finance and external audit colleagues in order to improve the audit for the upcoming year and regular meetings were planned in order to ensure strong communication continued.

## **6. Review of Audit Committee Work Plan**

Committee members were satisfied that work was being carried out per the work plan schedule.

The work plan would be updated to include a quarterly cyber security update by the CIO as agreed under agenda item 3.6 above.

## **7. Minutes of the Meeting held on 14<sup>th</sup> July 2020**

It was noted that the minutes of the Audit Committee meeting held on 14<sup>th</sup> July 2020 had been reviewed for accuracy by all meeting participants and were approved.

## **8. Action Log**

**Item 1-**This action was for review at the March 2021 Audit Committee

**Item 2-**The Chief Information Officer provided a paper relating to Cyber Security with the Trust above under agenda item 3.6. This item would be marked as complete and removed from the action log.

**Item 3-**The Anti-Fraud Specialist presented the Anti-Fraud proactive detection travel and subsistence report above under agenda item 4.3. This item would be marked as complete and removed from the action log.

**Item 4-**Updated versions of the SORD, Treasury Management policy and Data Quality Strategy were presented above under agenda item 3.9. This item would be marked as complete and removed from the action log.

**Item 5-**A demonstration of the DQ app was to be provided at the January 2021 Audit Committee.

**Item 6-**The management response reports relating to the IT Service Continuity and IT asset Management & Licensing were presented above under agenda item 3.10 and 3.11. This item would be marked complete and removed from the action log.

A further update on the progress of the two outstanding actions relating to back up and disaster recovery was covered under discussions above within agenda item 3.10. This item would be marked complete and removed from the action log.

**Item 7-**The Chair of the Audit Committee confirmed that the recommendations from the report had been discussed with NED colleagues and the response would be shared with MIAA colleagues. This would then be presented to the Audit Committee in January 2021.

**Item 8-** This action was for review at the January 2021 Audit Committee

**Item 9-** This action was for review at the January 2021 Audit Committee

## **9. AGS Issues**

Aside from areas where provisions of the licence could not be met due to COVID-19, no further AGS issues were identified.

## **10. Evaluation of Meeting**

The Audit Committee was content with the mechanism in place for the e meeting, given the current extenuating circumstances.

The CFO informed Audit Committee members that the Deputy CFO was leaving the Trust for a 12 month secondment at NHSI and thanked her colleague for her support, effort and hard work.

## **11. Date and Time of Next Meeting:**

Tuesday 12<sup>th</sup> January 2021, 8.30-10.30am