

Item 6.1.1\*

**minutes**

## E- Meeting of the Audit Committee

### Minutes of the Audit Committee Meeting held on Tuesday 12<sup>th</sup> January 2021

<b>Committee Members:</b>	<p>Julian Farmer Nick Brooks Bob Burgoyne Mark Jones Karen O'Hagan</p>	<p>Non-Executive Director-Chair Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director</p>
<b>Committee Attendees:</b>	<p>Gary Baines Richard Bardsley Matthew Beckly Andy Carter Karen Edge Georgia Jones Lucy Lavan Michelle Moss Marga Perez-Casal</p> <p>Keely Thompson Kate Warriner Nigel Woodcock Jennifer O'Brien</p>	<p>Assistant Director-MIAA LHCH Digital Services Team (Item 3.8 only) LHCH Digital Services Team (Item 3.8 only) Head of Digital Services Chief Finance Officer Senior Manager-Grant Thornton (Item 5.1 only) Director of Corporate Affairs Anti-Fraud Specialist-MIAA Director of Research &amp; Innovation (Item 3.1 &amp; 3.2 only) MIAA Solutions Delivery Lead (Advisory) Chief Digital &amp; Information Officer Senior Internal Audit Manager-MIAA Senior Executive Assistant (Minutes)</p>
<b>Apologies:</b>		
<p>In accordance with the Trust's response to Covid-19, the meeting was conducted remotely via video conferencing to maintain social distancing.</p> <p><b>1. Apologies for Absence</b> None to note.</p> <p><b>2. Declarations of Interest</b> All participants declared that they had no interests.</p>		<b>Action</b>

### **3. Governance and Risk**

#### **3.1 Risk Management KPIs**

The report provided the Audit Committee with the regular update on risk management KPIs, providing assurances around the effective implementation of the Risk Management policy.

The Director of Research & Innovation (R&I) confirmed that there were no red indicators at present, however, further details were provided on the two amber indicators; review of risk registers by managers and incidents open more than 28 days by division.

The compliance for the first amber was at 92% against a 95% target and remained as presented to the Risk Management Committee in November 2020. The Director of R&I advised that the Risk and Safety Lead continued to meet with the managers in the Corporate Division on a one to one basis in order to provide support for timely review. The importance and understanding of assurance in relation to regular risk review had been stressed with managers and this issue had been escalated to the executive team and was actively monitored at each Risk Management Committee meeting.

The Director of Research & Innovation stated that the KPI relating to incidents open over 28 days by the division at a compliance rating of 68% was not currently at an acceptable level. However, Audit Committee members were assured that the Director of Research & Innovation personally tracked this figure weekly and corresponded with the relevant staff and the Executive team also paid particular scrutiny to those incidents at their weekly meeting. Included in the total figure of 28 incidents open over 28 days; 16 of those were external incidents which proved more difficult to close as they involved the cooperation of external parties such as the clinical labs, another provider or they related to an uncompleted RCA.

In response to a query raised relating to the review of risk management by managers target of 95% and whether this should be 100%, the Director of R&I confirmed that it had been agreed that this was an appropriate target.

The Director of R&I acknowledged the concern regarding the internal incidents not being closed in a timely manner and assured Audit Committee members that the divisions were questioned on these regularly and the Executive team maintained oversight and it had been noted that the Clinical Services departments were beginning to deliver improvements.

It was agreed that the Executive Team would receive a more comprehensive detail on each incident in order to ensure clarity over the scores and percentages that were reported, providing clarity around the information so that the incidents could be followed through appropriately. In addition, once the Trust returned to operating as business as usual, there would be a refresh of the Risk Management Strategy and KPIs in particularly in order to look at the gap between the appetite and score. The Director of Corporate Affairs advised that it was hoped that NHS

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Providers could provide a workshop session to the Board of Directors on risk management and support a refresh of the Board's appetite for risk.

### **3.2 Review Clinical Audit Plan & 6 Monthly Progress Report including NICE Guidance Review**

The paper provided assurance on delivering the Clinical Quality Audit Plan including NICE.

To support this aim, a number of activities had taken place to provide the committee with evidence of work completed.

- The Clinical Quality Forward Plan 2020-21 was being delivered to meet mandated National Clinical audits. The impact of COVID, with pressures on the KCVD team had resulted in the inability to provide data for the National Audit of Cardiac Rehabilitation. This however would be revisited in Qtr.4 2020-21.
- CQUINs had been put on hold with no submissions due to COVID. However support with the collation and timely submission of information to the CCG for the Quality Schedule had resumed.
- Relevant National audit reports and NCEPOD studies when published had gap analyses performed by leads.
- NICE published guidance was being identified, disseminated with gap analyses by relevant leads completed.
- The Clinical Quality team continued to support and advise colleagues with their local project design, methodology, analysis and presentation as required.

The Audit Committee was informed that the department had looked into purchasing an organisational audit management and tracking system, however, it had been agreed that a custom made system for LHCH would be much more successful and therefore the clinical quality team would develop a new Clinical Quality SharePoint to automate the registration of projects, to replace the department database.

A query was raised regarding the governance over extraction of retrospective data for analysis and publication. The Chief Digital & Information Officer, who was also Senior Information Risk Owner (SIRO), for the Trust confirmed that there were a number of robust controls in place at LHCH and she had no concerns. It was also confirmed that a SIRO annual report would be presented to the Board of Directors (BoD) at the end of the financial year which would provide further assurance.

The Director of R&I left the meeting.

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

The quarterly checklist had been updated at Q3 2020/21. The primary risks related to;

- Diagnostic performance – prior to the national emergency arising from the coronavirus pandemic the Trust was on trajectory to return to a compliant position by the end of Quarter 1, having invested in additional diagnostic capacity. However, following the suspension of elective activity during the first wave of the pandemic and progression of a second surge, a considerable backlog now existed and throughput was slower due to increased infection prevention measures. Cancer services had been prioritised and maintained throughout the peak of the COVID crisis and the waiting list had been subject to clinical triage. The trajectory to return to compliance was uncertain due to latent demand arising from late presenters and the possibility of a second peak of the virus as the winter season continued. The Board had approved the urgent replacement of the aged CT scanner which was increasingly unreliable due to extensive downtime and during the commissioning works, a mobile scanning service had been put in place.
- RTT – the underperformance of the surgical activity plan had been corrected prior to the suspension of all elective activity in March 2020. The Trust had reintroduced elective activity with capacity focused on the clinically urgent patients and then longest waiters. The Trust was currently modelling a backlog reduction trajectory but this was subject to the second surge which expected to peak in mid- January 2021. The Trust's command and control structure had been stepped up with Gold command currently meeting four times each week, in addition to the system-wide emergency response, which had required the flexing and reprioritisation of workload alongside provision of mutual aid and management of an increased prevalence of COVID 19, requiring the cohorting of patients and enhanced screening protocols.
- Clarity around the future financial and operating regime.

The Director of Corporate Affairs confirmed that the Trust had suspended all routine inpatient elective inpatient activity, initially for two weeks from Sunday 10<sup>th</sup> January 2021. All urgent and emergency surgery would continue as would day cases. It was confirmed that the Trust would also continue to offer mutual aid support for vascular, upper GI and liver cancers.

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; noting the impact of the pandemic on operational targets.

### **3.4 Review of Register of External Visits**

The Audit Committee reviewed the Register of External Visits and confirmed their satisfaction with the governance arrangements in place to deal with the findings and recommendations following external visits and inspections.

The Audit Committee would continue to review the register on a twice yearly basis, with the next review scheduled for the 13<sup>th</sup> July 2021.

### **3.5 Regulatory Action Plans**

The Director of Corporate Affairs confirmed that there was nothing to report this quarter. It had been anticipated that the Trust would receive a feedback report from the CQC following the online inspection they carried out which included an in depth desktop review of the surgery division and well led process and discussion via video conferencing. However, the CQC had now advised that a report would not be issued and no concerns were raised. The anonymous whistle-blow to the CQC had been fully investigated and was the only matter outstanding. The Board of Directors had been fully briefed on this matter.

The Director of Corporate Affairs also confirmed that no issues had been raised to the Trust from NHSE/I this quarter; the regulatory focus was on systems working and supporting mutual aid through the pandemic crisis.

### **3.6 Third Party Assurances STHK Payroll**

The paper provided an update to the previous paper presented to the Audit Committee in October 2020 on the assurance provided in respect of the Trust's outsourced payroll arrangements with St Helen & Knowsley Teaching Hospitals NHS Trust.

The latest internal audit report indicated Substantial Assurance in respect of the service provision and the full report was provided as an appendix to the paper.

It was noted that the audit was performed annually in Q4 and hence this report related to 2019/20 with the current year's report being available at the beginning of 2021/22.

The Chief Finance Officer (CFO) confirmed that no concerns had been identified internally with the controls pertaining to the service provision.

The report was noted by the Audit Committee.

### **3.7 Cyber Security Update**

The Chief Digital & Information Officer provided the key points of the report and the six actions relating to cyber security, which were detailed in full on page two of the report. The report showed that three actions were complete, one was due for completion by the end of January 2021, one by the end of April 2021 and the action relating to patching schedule would be continually reviewed and classed as ongoing in order to provide the best security.

In addition to the actions listed, it was noted that the Trust were using the working collaboration with Alder Hey to provide a wider pool of resources and expertise in their response to cyber threats. This was being led by the joint appointment of a Cyber Lead although would also manifest in operation workings as knowledge and experiences were shared.

The Chief Digital & Information Officer informed Audit Committee members that the final signed off report from Templar was expected imminently and this would show an amendment in the RAG ratings; with the remaining four red ratings upgraded to amber.

It was noted that despite the pause the Coronavirus pandemic had put on the work and scope of the plan, the Trust and Templar had remained committed to the end of March 2021 date for the achievement of cyber essentials plus accreditation.

With reference to feedback regarding the inclusion of an interim assurance piece in the update report, the Chief Digital & Information Officer confirmed that further assurances would be provided at the next Audit Committee following the publication of the final draft of the report.

### **3.8 Data Quality App Demonstration**

Digital Services colleagues provided background details to the development of the data quality app, informing Audit Committee members that a considerable amount of work had been undertaken within data quality in order to develop the app. Colleagues believed it was an innovative solution and the benefits and uses were provided and a demonstration was given on the workings of the app.

It was confirmed that the team were still working on 'go live' plans, however, the next stage was to gain the support of the three divisional Chief Clinical Information Officer's (CCIOs) in order to ensure the successful rollout with colleagues throughout the Trust.

The Audit Committee Chair thanked Digital Services colleagues for the very useful demonstration and the assurance it provided.

The two members of the Digital Services team left the meeting.

### **3.9 IT Service Continuity Action Plan Updates**

The paper provided an update, further to that presented to the Audit Committee in October 2020, regarding the actions that had been taken on the IT Service Continuity report since that meeting.

The Audit Committee noted that good progress had been made against the action plan.

The Chief Digital & Information Officer highlighted the key point in relation to the change in direction regarding the data centre business centre risk; the business case was approved by the BoD in December 2020, the order had been placed and colleagues were now waiting for the arrival of the equipment. Other risks were being monitored and managed proactively with a weekly assurance meeting in place via MS Teams.

In response to a concern raised relating to the people aspect of the action plan, the Chief Digital & Information Officer confirmed that a

number of controls and measures had been implemented; discussions had taken place with the senior management team at Informatics Merseyside together with further education and training of staff on the tightening up of processes with it confirmed that the learnings from the incident had been used to inform and train the staff.

#### **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.

Since the previous Audit Committee in October 2020 two reviews had been finalised, both of which had achieved very good results:

- Key Financial Systems-high assurance
- Procurement-substantial assurance

The Senior Internal Audit Manager highlighted the request by the Trust for an audit of Research finances; work had progressed in November and December 2020 with the draft report expected by the end of January 2021 and the final report included within the internal audit progress report for the March 2021 Audit Committee.

It was noted that the above unplanned audit had been accommodated by deferring the Delivery of Capital Plan audit from Q3 to Q4 and the Absence Management audit from Q4 into Q1 of the 2021/22 audit plan.

As a result of delays caused by the COVID-19 pandemic Audit Committee members were asked to note that the deadline of submission for the Data Security & Protection Toolkit audit had been adjusted from the end of March 2021 to the end of June 2021 and therefore work would be carried out in Q4 of the 2020/21 plan and Q1 of the 2021/22 audit plan.

A second area of delay related to the Delivery of Capital Plan audit; the terms of reference had been agreed and the first meeting was scheduled for 18<sup>th</sup> January 2021.

Audit Committee members were informed that the Trust's Medical Director had requested to pause the Sepsis audit until the end of February 2021 as the key contact had left the Trust and therefore internal audit colleagues could not confirm that the result would be available by the end of March 2021.

The Senior Internal Audit Manager assured Audit Committee members that whilst delays had been experienced, there would still be a satisfactory level of work completed in order to issue the Head of Internal Audit Opinion. It was noted that the recent increase in COVID-19 cases had caused an impact, however, internal audit colleagues would continue to assess the situation regularly.

It was highlighted that whilst the recommendations relating to the Trust's Conflict of Interest (Col) Policy had now been implemented, the score on the report would not change as it would be noted that the recommendations had all been implemented and a follow up audit would take place when this was due.

The Chief Finance Officer confirmed that LHCH had received lots of national support relating to all the changes to regulations as a result of the United Kingdom leaving the EU. The procurement team were keeping abreast of any changes and would continue to work to NHS guidance and any queries would be raised.

The Audit Committee noted the report and took assurance that the work was on schedule to be completed.

#### **4.2 Audit Committee Effectiveness Report 2019/20 and Preparations for 2020/21**

The paper provided an update on the Audit Committee Effectiveness Report for 2019/20 which was previously submitted to the Audit Committee in March 2020. Audit Committee members had met to review the suggested actions and the responses were included as Appendix 1 of the report. Where action was deemed necessary, the work plan was updated accordingly.

The Senior Internal Audit Manager confirmed that the Audit Committee Chair had agreed to use the self-assessment checklists for 2020/21. Completion of the assessments would be requested of all Audit Committee members and regular attendees, with responses summarised at the March 2021 Audit Committee meeting.

#### **4.3 Anti-Fraud Update Report**

The Anti-Fraud Specialist presented the highlights of the report which set out the work undertaken during the period 1<sup>st</sup> July to 17<sup>th</sup> December 2020, which took into account the current working environment as a result of the on-going global pandemic.

It was noted that 25 alerts had been issued this year compared to 6 the previous year; it was believed that the higher number related to people taking advantage of the Coronavirus pandemic. The report provided further details of the alerts together with details on the various awareness activity that had been developed in order to support colleagues, although the Committee were asked to note that the impact of the pandemic had delayed some awareness activity.

Audit Committee members were informed that a fraud risk assessment had been completed and put on local risk registers, however, there was nothing of concern to note. A fraud prevention guidance impact assessment was also completed, implemented and updated on the 1<sup>st</sup> December 2020.

The Anti-Fraud Specialist stated that no fraud matters had been reported to the AFS in reporting period.



The Trust would continue to be rated amber with reference to hold to account as no investigations had been undertaken.

The Chief Digital & Information Officer recognised the need to be particularly vigilant from a digital perspective and continue with the proactive approach.

In relation to a query regarding the Trust Expense policy, the CFO confirmed that there was a policy in place and available on the staff intranet. A review of the expenses procedure was due in Q4 and the findings would be included within the Annual Report.

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

The Anti-Fraud Specialist informed Audit Committee colleagues that the new guidelines were yet to be published, however, it was thought that there would be a decrease from 24 to 12 standards.

Publication was expected at the end of January or early February 2021 and whilst it was unsure what impact the new guidelines would have on the work, a return would still need to be completed by 30<sup>th</sup> April 2021.

The Anti-Fraud Specialist would liaise with the CFO and update the Audit Committee accordingly.

#### **4.5 Providers 2021 BAF Benchmarking Report**

The Senior Internal Audit Manager confirmed that on evaluation of the assurance framework review for this year he believed the Trust to be in a strong position.

Audit Committee members noted the benchmarking report and would await the outcome reported at the March 2021 Audit Committee.

### **5. External Audit**

#### **5.1 External Audit Update Report**

The external auditors provided the regular progress report and sector update.

Page four of the report provided details on the plans for the 2020/21 audit, which was in the early stages; detailed planning was due to start later in January 2021 and increase with interim visits in February & March 2021. It was stated that the audit would most likely be carried out remotely again this year, in which the external auditors would refine the process from last year.

The audit plan was due to be issued to the March Audit Committee and the confirmation of the revised approach to the value for money was expected in coming weeks with key officers to be updated on any monetary impact to the Trust.

The report set out the 2020/21 deliverables and whilst the timetables

were yet to be confirmed it was thought that the final audit and accounts would be available in June, as in the previous year.

The Senior External Audit Manager stated that no major changes were expected when the annual reporting manual was published. However, she would check when this publication was due and report back to the Director of Corporate Affairs offline to the Committee.

GJ

The Chief Digital & Information Officer assured Audit Committee members that there was no risk of double counting patients with COVID-19 in hospital resulting from transfers from other Trusts due to the robust processes in place.

The issue was raised regarding a significant legal claim being brought against Grant Thornton and how, if successful, this might impact upon the company's financial viability. A previous assurance letter had been presented to the Audit Committee and Council of Governors from Grant Thornton UK LLP, however the Senior External Audit Manager would provide further context in relation to legal developments and reiterate the changes the external auditors had made to Committee members before the next Audit Committee.

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

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

## **7. Minutes of the Meeting held on 19<sup>th</sup> October 2020**

It was noted that the minutes of the Audit Committee meeting held on 19<sup>th</sup> October 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**-A demonstration of the data quality app was provided to the committee as detailed under agenda item 3.8. This item would be marked as complete and removed from the action log.

**Item 3**-The findings of the Audit Committee Effectiveness report were covered above under agenda item 4.2. This item would be marked as complete and removed from the action log.

**Item 4**-It was confirmed that the outcome of the review into the external auditors was presented to the Council of Governors (CoG) at the 1<sup>st</sup> December 2020 meeting. This item would be marked as complete and removed from the action log.

**Item 5**-.It was confirmed that the Chief Finance Officer updated the CoG on the extension of the external auditors contract at the 1<sup>st</sup> December 2020 meeting. This item would be marked as complete and removed from the action log.

**Item 6-**The Chair of the Quality Committee confirmed that The ToR could stay the same now that the Quality Committee had received a presentation and discussion about the CIP/QIA/EIA process. This item would be marked as complete and removed from the action log.

**Item 7-**The Audit Committee business cycle had been updated to show a quarterly update on Cyber Security. This quarter's update was provided above at agenda item 3.7. This item would be marked as complete and removed from the action log.

**Item 8-** The final report of the STHK Payroll Services was provided above under agenda item 3.6. This item would be marked as complete and removed from the action log.

**Item 9-** It was confirmed that The changes agreed to the SORD, Treasury Management Policy, Virement policy and Conflicts of Interest policy had been reflected in the Corporate Governance Manual for immediate adoption. This item would be marked as complete and removed from the action log.

**Item 10-**The IT Service Continuity Action Plan was reported at agenda item 3.9. This item would be marked as complete and removed from the action log.

**Item 11-**A verbal update on the new Government Functional Standard Gov S 013: Counter Fraud was provided at agenda item 4.4. It was hoped that a further update would be available for the March 2021 Audit Committee.

## **9. AGS Issues**

No 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.

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

Tuesday 23<sup>rd</sup> March 2021, 8.30-10.30am