

minutes

Item 6.1.1a

E- Meeting of the Audit Committee

Minutes of the Audit Committee Meeting held on Tuesday 14th July 2020

Meeting Participants:

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:

Janet Deane
Karen Edge
Gregg Holland
Lucy Lavan
Helen Martin
Frankie Morris
Michelle Moss
Georgia Jones
Paul Dossett
Nigel Woodcock
Jennifer O'Brien

Clinical Audit & Effectiveness Manager
(Item 3.3 only)
Chief Finance Officer
Chief Information Officer
Director of Corporate Affairs
Risk and Safety Lead (Item 3.2 only)
Deputy Chief Finance Officer
Anti-Fraud Specialist-MIAA
Senior Manager-Grant Thornton
Director-Grant Thornton
Senior Internal Audit Manager-MIAA
Senior Executive Assistant (Minutes)

Apologies:

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.

2. Declarations of Interest

The external auditors declared an interest in agenda items 5.2 and 5.3. This was noted and the Chair determined that the external auditors could remain present for discussion on these items. All other participants declared that they had no interests.

Action

3. Governance and Risk

3.1 Annual Review of Corporate Governance Manual

The annual review of the corporate governance manual supported by the Trust's internal auditors was presented. The Senior Internal Audit Manager and Senior Executive Assistant were thanked for their support in updating the manual.

The Director of Corporate Affairs presented the proposed key updates which were included as Appendix 2. There were no major changes to highlight.

Audit Committee members were asked to note that:

- an update was still required to the SORD to improve the virement and business case areas
- The Treasury Management policy required further review as did the Data Quality Strategy

All updates were expected for completion by the Audit Committee in October 2020.

FM/GH

The Director of Corporate Affairs informed colleagues that as a result of the Covid-19 pandemic; a governance recovery and reset programme was underway which would include a review into the way committees operated, in particular Operational Board. Any changes made to terms of reference as a result of this review would be presented to the Audit Committee later in the year.

The Audit Committee supported all proposed changes and recommended the updated Corporate Governance Manual to the Board of Directors for approval and adoption.

3.2 Risk Management KPIs

The Risk and Safety Lead presented the risk management KPIs which provided the Audit Committee with assurances around the effective implementation of the Risk Management Policy.

There were no red indicators at present, however, two amber results were reported which in summary referred to;

- In December 2019 and February 2020, risks being reviewed by managers had shown a decrease to 89% and 88% respectively. This was primarily due to the registers in the Corporate Division not receiving a timely review. In order to improve this figure, the Risk and Safety Lead now meets with the Managers in the Corporate Division in order to support them with timely review. This has ensured an increase to 91% for May 2020 as was presented to the Risk Management & Corporate Governance Committee in June 2020. Since the submission of this paper, a further check on this figure had seen the increase to 93% against a 95% target.

The assurance KPI had remained static at 91% against a target of 95% and remained an amber rating. Audit Committee members were informed that the importance and understanding of assurance had been stressed with managers.

- Divisions had been receiving feedback on performance against incidents open over 28 days on a weekly basis. The implementation of Datix had offered the ability to better track incidents that were open, and better facilitate timely closure through the Divisional Governance process. Senior staff continued to receive direct mailing of individuals with open incidents. The current figure showed that 82% were closed within 28 days which was noted as a considerable improvement. The Executive team ensured particular scrutiny was given to the incidents at the weekly Executive meeting.

The current number of incidents open over 28 days was 39. Included in this figure were 16 external incidents that had breached the 28 working days target. These were closely monitored and if, after three attempts to obtain a response, the request was still outstanding and the risk was low, the incident was closed on the LHCH system.

A question was raised as to whether the graph provided in the report which showed patient incidents by month had reduced over recent months as a result of less complaints or whether it was because there were less patients. The Risk and Safety Lead did state that the rate of complaints would continue to be closely monitored and there were no concerns to note.

It was confirmed that when the report was next presented to the Audit Committee the narrative relating to the open incidents by Division (open over 28 day deadline) would highlight the improvements made to assure that whilst the rating was amber, significant progress had been made.

The Risk and Safety Lead left the Teams call.

3.3 Review Clinical Audit Plan & 6 Monthly Progress Report and NICE Guidance Review

The paper was presented in order to provide assurance on delivering the Clinical Quality Audit Plan, including NICE. To support this aim the CAEG annual report 2019/20 was provided as an appendix to the report.

The Clinical Audit & Effectiveness Manager provided full details to Audit Committee colleagues on how the Clinical Quality Team had managed through the Coronavirus crisis and Appendix 1 provided full details of Covid-19 related studies.

National and Specialist Commissioning CQUINs had been put on hold and no submissions were required for Q4 2019-20 or Q1 2020-21. Discussions on how CQUINs would be managed going forward would take place.

The Clinical Quality Forward Plan 2020-21 was in draft form and was

shared at QPFEC in July 2020. Although, Audit Committee colleagues were asked to note that Commissioners were yet to provide a detailed quality schedule.

There had been a requirement for weekly uploads to NICOR to support National data and whilst the Audit Committee were informed that there had been a delay in submitting data for the National Audit of Cardiac Rehabilitation this was the first time the process had been completed electronically; colleagues were assured that work was on-going to achieve this.

The infection prevention audit support was being prioritised by the team as Covid-19 had highlighted the need for a more robust audit into the infection prevention cleanliness and the electronic systems that could be used to facilitate this going forward. Other projects registered with the department had been supported and were reported monthly to the Divisions.

With the onset of COVID 19, NICE had responded by producing rapid guidelines, which were distributed to relevant service clinical leads for information.

In August 2020 the second external validation visit would take place for the congenital data that the Trust submits, with representation from NICOR checking the quality of the information submitted. LHCH scored highly last year and the Clinical Effectiveness & Audit Manager expected a strong result this year.

Both BCIS and MINAP NICOR datasets now had scripts written to extract the data in the required format for the submission. Data quality remained a concern in terms of completeness. However, further EPR changes to documents had been planned for the new financial year in order to improve this. This had since been delayed due to Covid-19 pressures on Consultants priorities and their time to review pathways together with EPR team priorities for supporting EPR changes for Covid-19.

Going forward, the focus for the team was to establish data quality reports that were consistent in design across all the NICOR audits to provide feedback to consultants on the completeness and quality of their data for both internal and external requirements.

Audit Committee members were informed that this year's national inpatient survey would be approached differently, an online service would be used for completion with SMS text reminders as well as a postal reminder and survey.

It was recognised that Covid-19 had been a challenge for the Clinical Quality Team, however a high quality service had continued, the team

adjusted well to, and recognised the benefits of working from home, by making use of the Trust's IT infrastructure. Demands had been high, with data requirements needed more rapidly for Covid related projects and national requirements.

The Clinical Audit & Effectiveness Manager confirmed that work would continue on colleague's attendance at the CAEG, although great improvements had been seen. The requirement for a more concise executive summary within the 6 monthly progress report was also noted.

Concern was raised over the figures regarding the mortality rates for out of hospital arrests and whilst the treatment of the patient once they arrived at LHCH was not a concern, the time it took for the patient to get to the Trust was. Audit Committee members confirmed that it would be useful to receive the infographic that the national audit produced, which clearly showed the key messages. Colleagues were also informed that the Trust had registered to participate in an NCEPOD study on out of hospital arrests.

Audit Committee members thanked the Clinical Audit & Effectiveness Manager for a very thorough report which provided assurances that there were strong processes in place.

The Clinical Audit & Effectiveness Manager left the Teams call.

3.4 Review Losses and Special Payments

For the period 1st March to 31st May 2020 there had been no fruitless payments although one loss in excess of £10,000 was reported.

The MRI scanner was not in action during the critical stage of the pandemic, as it would be rare to undertake an emergency MRI scan. However, during the MRI's downtime the chiller was still operating, leading to the overconsumption of helium, meaning additional gas was required at a cost of £24,760. This was a very unusual situation and moving forward, increased monitoring of the MRI scanner would be established in case long periods of downtime were encountered again.

For the period 1st March to 31st May 2020 there had been no special severance payments in excess of £10,000. Details of amounts less than £10,000 were included within Appendix 1.

The movements on the bad debt provision were set out in Appendix 2. The bad debt provision was more than sufficient to cover 94% of non-NHS debt over 90 days, which currently stood at £955k.

£4.2m of the NHS England debt related to a year end invoice raised at the end of May 2020. This was an agreed amount and this had now been received. Discussions with LUHFT were progressing and it was anticipated that an agreement regarding debt over 90 days would be reached.

BUPA remained the largest and most challenging debt over 90 days, with a small decrease of £3k comparing to last quarter. This would be the key focus of the income team over the next two months, utilising the time available due a reduction in the number of private patients currently seen at the Trust. Welsh Health Specialist Services Committee and AXA debt were now below £250k and therefore not separately identified in the report.

A review carried out in January 2019 of salary overpayments led to a write off at the January 2019 Audit Committee. These payments related to the period when Capita provided the Trust's payroll service and a further £27k was left outstanding after the write off in January 2019. The payroll and finance department had been unable to track any further information and these payments were now over 6 years old. Under the statute of limitations Act 1980, these invoices could no longer be chased and the Chief Finance Officer (CFO) therefore requested authority to write off the values over £1,000k. The full list of salary overpayments was set out in Appendix 3.

In January 2019 as part of the same review, invoices for overpayments were raised under the Trusts current payroll provider. Payment for the invoices detailed in the table in Appendix 3 were yet to be received, however the CFO did not see using external debt recovery as an option, therefore authority was requested to write off these invoices.

The Audit Committee noted the contents of the report, acknowledging the progress made and the new systems in place in relation to private patient debt. The write off of the invoice as set out in Appendix 3 was approved.

3.5 Review Single Supplier Tender Waivers

There had been 11 tender waivers raised between 1st March and 25th June 2020 for a total value of £439k.

One of the individual tender waivers raised during this period was for over £100k for asbestos removal on Rowan Suite, however the CFO confirmed that the final figure for this work had cost considerably less than anticipated, at mid £30k.

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

The question was raised regarding potential changes following Brexit and whether there would be less restrictions in place in relation to tender waivers. The CFO confirmed that this would be determined by any changes to the procurement rules, however significant changes were not anticipated.

The Audit Committee noted the contents of the report and accompanying appendix.

3.6 Compliance with Licence: Review of Quarterly Checklist

The quarterly checklist had been updated at Q1 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, 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 approached.
- 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 a possible second Coronavirus surge.

Audit Committee colleagues were informed that specialist Trusts could be required to support the reduction of the diagnostic backlog across the Cheshire & Merseyside area and acknowledged that this would in turn have an impact on the Trusts own waiting times.

The Director of Corporate Affairs reminded colleagues that the Trust was operating under an interim financial regime and the impact of this would be monitored closely.

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.

3.7 Review of Register of External Visits

Audit Committee noted that as a result of the Covid-19 pandemic, external visits to the Trust were suspended, hence the unusually light register.

There were no key assurance issues to highlight and the register would be reviewed again at the 12th January 2021 Audit Committee.

3.8 LHP Variation to LHCH Managing Conflicts of Interest Policy

Liverpool Health Partners (LHP) was an organisation now hosted by LHCH and as such would adhere to the policies and procedures of the Trust. However, it was recognised that there would be times when LHP would need to work differently to what was identified within those policies and one such variation was required in relation to hospitality.

This variation would only apply to hospitality funded from LHP's own resources. However, the hospitality provided would still be sourced from public funding and the public expected these funds to be used for legitimate purposes and value for money demonstrated. In certain circumstances, therefore, it may be acceptable for LHP to provide hospitality in the way of working lunches and/or dinners as long as this was:

- Subject to a genuine business reason; and
- With the approval of the relevant Director or, in the case of the Chief Executive, the Chair or Vice Chair if the value exceeded £100.

LHP understood that it was not justifiable to provide hospitality solely to reciprocate hospitality received on a previous occasion.

The provision of hospitality would be monitored through LHP's Finance, Performance & Risk Committee for scrutiny. It was noted that the LHP FPR Committee had approved this request on 8th July 2020.

The Director of Corporate Affairs confirmed that there would be no changes made to the wording of the LHCH Managing Conflicts of Interest Policy.

The Audit Committee noted the LHP request for a variation to policy, which would be applicable to LHP only.

3.9 Informatics Review Data Quality Assurance

The Chief Information Officer (CIO) confirmed that national indicators of data quality remained very positive for the Trust, with the maturity score of 98.2% within the top 15% of all data providers monitored. The CIO informed Audit Committee members that the figures were a highlight of April, however, some of the national reference data had since changed although it was slowly being disseminated to Trusts. Therefore, where Commissioner and GP practice issues were noted, this was due to the codes used by LHCH not being recognised as allowable codes at the time of submission, even though they were the only codes available to the Trust. Audit Committee members were asked to note that this would be rectified for the next submission

Two nationally monitored metrics; pathway identifier and ethnic origin were below the level expected and were being investigated by the data management and admin teams. The largest red indicator related to the ethnic category, however clarification was needed as to whether every patient was given the opportunity to identify their ethnic category and chose not to as opposed to the Trust not giving patients the option to input that data

Whilst the data quality group had paused activities during the current pandemic, the technical solution was progressing to provide a desktop application, DQ App, to assist all users in quickly remedying any issues linked to their username. Audit Committee confirmed a demonstration of this app would be helpful when it was available.

GH

Data Quality metrics added to the online dashboards reinforced the value of the quality of data as a key underpinning to the value of the information provided in those dashboards.

3.10 Process for Receipt of Audit Reports

The paper provided a flow chart that confirmed the process for reporting and tracking actions associated with the internal audit programme of work.

The process for tracking actions was manual at present and there were opportunities for improvements in the efficiency and effectiveness of the process from developments of an automated system under development by MIAA.

It was noted that no gaps in assurance had been identified.

The Audit Committee was assured that there was a clear process in place for the delivery, reporting and tracking of actions from the internal audit programme and noted the contents of the report.

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 2019/20 and progressing with the 2020/21 plan. Since the March 2020 Audit Committee, the following reports had been issued as final, however it was noted that these results were included as part of the Head of Internal Audit Opinion presented at the 19th June 2020 Audit Committee:

- IT Service Continuity-Limited
- IT Asset Management and Licensing-Limited
- Data Security & Protection Toolkit-Substantial
- PAS Operation in Practice Review-briefing note report issued, no assurance level raised
- Safety Standards for Invasive Procedures-Substantial

Due to the limited assurance given to the IT Service Continuity and IT Asset Management & Licensing reports, the CIO would attend the October 2020 Audit Committee to provide a detailed management response and report on progress.

GH

Pages two and three of the report provided a summary of the internal auditors' activity during the Covid-19 pandemic, noting the redeployment of various colleagues during that period. As a result of restrictions caused by the global pandemic, page 15 of the report provided information on the changes to the previously submitted audit plan in agreement with the CFO and wider Executive team.

It was agreed that the CIO would provide an assurance paper at the October 2020 Audit Committee relating to cyber security within the Trust

GH

and whether an amendment was needed to the audit plan following assurance received from other providers.

Progress was good in relation to the key actions relating to back up and disaster recovery, with actions due for completion on 31st July 2020, two actions remained outstanding on two actions from the Trusts IT partner which had been escalated. A technical review had been requested from NHS digital whilst the strategies and documentation work was on schedule to be completed. The CIO would provide a further update at the October 2020 Audit Committee.

GH

Audit Committee noted the contents of the report and approved the requested changes to the audit plan.

4.2 Follow Up Report

The Senior Internal Audit Manager informed Audit Committee members that a follow up report was usually presented to the Committee in July and January of each year, however due to the Coronavirus pandemic Q1 activity had not progressed as expected and therefore the progress reports would now be seen at the October 2020 and March 2021 Audit Committee.

Audit Committee members were informed that following discussions with the CFO, the internal auditors would follow up on each recommendation when it was due rather than when it was passed in order to provide a quicker view on each recommendation. The CFO now had a full view on all recommendations made by the internal auditors and at what stage the progress was at.

Audit Committee members acknowledged and understood the difficulties that had been faced recently and recognised the absence of a progress report at this meeting.

4.3 2019/20 Audit Committee Effectiveness Report

The Senior Internal Audit Manager stated that the report had been previously presented at the March 2020 Audit Committee, however, colleagues had agreed that a deferral to the July meeting was appropriate. It was acknowledged as a positive review into the committee.

Pages two and three provided the management summary of the review, showing that there were five themed areas in the checklist, four of which had produced actions.

The Chair agreed that the actions would be reviewed and details on how they would be implemented would be presented at the October 2020 meeting.

JF

4.4. Anti-Fraud Update Report

The report set out the work undertaken during the period of April to June 2020. Pages two to four provided the key messages of work undertaken, noting the current working environment.

It was noted that the table for the investigations had changed slightly and any query that the Anti-Fraud Specialist received had to be included as part of NHS Counter Fraud Authority (NHS CFA) requirements.

There were no investigations during the reporting period although some enquiries had been made and the report detailed the work undertaken.

The Anti-Fraud Specialist had liaised with the CFO and it was confirmed that the current plan would remain, although changes could be made if necessary.

NHS CFA were gearing toward moving the NHS standards in line with the Cabinet Offices Counter Fraud Standards from next year and in line with this the Trust had been selected for an engagement review as part of the standards. The Anti-Fraud Specialist could gather intelligence from other organisations as their reviews progressed. The Anti-Fraud Specialist would ensure that both the CFO and Audit Committee Chair remained involved.

5. External Audit

5.1 Annual Audit Letter

The letter summarised the key findings arising from the work that the external auditors carried out at LHCH for the year ended 31st March 2020.

The detailed findings from the audit work were reported to the Audit Committee in the draft Audit Findings Report on 19th June 2020.

The Audit Committee noted the contents of the letter and received the final key findings report.

5.2 Annual Review of Performance of External Auditor

The CFO advised that key stakeholders who were involved in the external audit process would be asked to complete a feedback survey relating to the performance of the external auditors. The findings would then be compiled and a meeting between the CFO and external audit colleagues would be arranged in order to provide feedback and discuss any learnings to take forward into the 2020/21 audit.

It was confirmed that the outcome of the review would be presented to the Council of Governors at the September 2020 meeting.

5.3 Extension of External Audit Contract

The Trust contract for external audit was due for renewal or extension for the financial year 2020/21. An extension fee proposal had been received from the current provider, Grant Thornton in line with the existing contract extension provision.

The proposal by Grant Thornton had previously been accepted by the CFO to secure continuing external audit provision and the Council of

KE

Governors had been briefed on the matter and supported this action at their recent meeting in June 2020.

However, since an agreement was reached between LHCH and Grant Thornton, the National Audit Office had outlined new standards for auditors to follow. The external audit Director stated that in addition to the Audit Plan, Annual Findings Report (AFR) and Annual Audit Letter, a detailed report around the Trusts Value for Money (VFM) arrangements now had to be provided, which entailed a review into many additional areas. As a result, an updated proposal and cost had now been provided to the CFO which reflected the need for that new involvement at senior level. The proposed annual fee was £63k compared to the £51k final fee for the 2019/20 audit.

In relation to the enhanced VFM work, the external audit Director stated that whilst it was acknowledged that the Trust did get scrutinised by CQC colleagues regularly as well as the periodic Well Led review, the National Audit Office was concerned there had not been enough scrutiny into VFM throughout the entire public sector.

The CFO stated that she would be looking at the proposal in detail as the fee increase was considerable and negotiations would be undertaken with external audit colleagues. The CFO would also engage in conversations with her peers in the sector. It was confirmed that Council of Governor colleagues would be kept updated of any developments.

KE

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 19th June 2020

It was noted that the minutes of the Audit Committee meeting held on 19th June 2020 had been reviewed for accuracy by all meeting participants and were approved.

8. Action Log

Item 1-A review into the performance of the Risk Management & Corporate Governance Committee (RMCGC) was being reviewed as part of the governance recovery and re-set which would be presented to the Committee at a future meeting. This item would be marked as complete and removed from the action log.

Item 2-It was confirmed that the Executive Team reviewed the incidents over 28 days on a weekly basis via the harms report. This item would be marked as complete and removed from the action log.

It was confirmed that the Risk Management KPI report included the reporting incidents graph showing as a smaller timeframe than previously presented. The report also detailed how many incidents open over 28 days were as a result of external partners. This item would be marked as complete and removed from the action log.

Item 3-It was confirmed that the Executive Team reviewed any management recommendations to ensure completion before the due date. This item would be marked as complete and removed from action log.

Item 4-The Audit Committee Effectiveness Review report was discussed under agenda item 4.3. This item would be marked as complete and removed from action log.

Item 5-The Chief Information Officer provided further details to the Audit Committee on the red rated indicators from the informatics review data quality assurance report presented at the March 2020 Audit Committee meeting under agenda item 3.9. This item would be marked as complete and removed from action log.

Item 6-The CIO confirmed that no further actions were required in relation to direct patient bookings as patients were currently booked directly through PAS and not EPR.

The CIO confirmed that the uploading of historical data was now complete and the delay had been due to the volume of paper records used in the community and the uploading process taking longer than anticipated.

It was confirmed that EPR had always been able to receive pathology results electronically and EPR colleagues were now working with interface colleagues to enable more electronic services; with a prescribing system for closed loop forming part of the capital programme.

This item would be marked as complete and removed from action log.

Item 7-The Deputy CFO confirmed that all leases relating to the hosting of the Innovation Agency had now been transferred. This item would be marked as complete and removed from action log.

Item 8-This action was for review at the March 2021 Audit Committee.

Item 9-As detailed above under agenda item 4.1, the CIO would bring an assurance paper regarding cyber security and whether there was a requirement for inclusion within the internal audit plan to the Audit Committee in October 2020.

Item 10-The Anti-Fraud Specialist confirmed that management responses were still outstanding in relation to the proactive detection travel and expenses report and therefore this report would be presented at the October 2020 Audit Committee meeting.

9. AGS Issues

It was confirmed that the two IT limited assurance reports were noted within the 2019/20 Annual Governance Statement and the Chief Information Officer would be providing the management responses to the Audit Committee in October 2020.

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:

Monday 19th October 2020, 8.30-10.30am

12. NEDs to Meet in Private with Internal & External Auditors

The Non-Executive Directors met with internal and external auditors and no issues were raised.