

E- Meeting of the Audit Committee

minutes

Minutes of the Audit Committee Meeting held on Tuesday 10th October 2023

Committee Members:	<p>Julian Farmer</p> <p>Margaret Carney</p> <p>Louise Robson</p>	<p>Non-Executive Director (Chair)</p> <p>Non-Executive Director</p> <p>Non-Executive Director</p>
Committee Attendees:	<p>Karen Edge</p> <p>Karan Wheatcroft</p> <p>James Bradley</p> <p>Nigel Woodcock</p> <p>Gary Baines</p> <p>Jing Ma</p> <p>Chris Whittingham</p> <p>Ruth Gaunt</p>	<p>Chief Finance Officer</p> <p>Director of Risk and Improvement</p> <p>Deputy Chief Finance Officer</p> <p>Senior Audit Manager, MIAA</p> <p>Regional Assurance Director, MIAA</p> <p>Head of Financial Services</p> <p>PSA Senior Manager, Grant Thornton</p> <p>Senior Executive Assistant (Minutes)</p>
Apologies:	<p>Bob Burgoyne</p> <p>Nick Brooks</p> <p>Kate Warriner</p>	<p>Non-Executive Director</p> <p>Non-Executive Director</p> <p>Chief Digital and Information Officer</p>

1. Apologies for Absence

Apologies noted as above.

2. Declarations of Interest

The Committee were asked for declarations of interest with respect to agenda items. All participants confirmed they had no interests.

3. Minutes of the previous meeting held on 11th July 2023

The minutes of the e-meeting held on 11th July 2023 were accepted and recorded as a true record.

4. Action Log

The action log was reviewed and updated as follows:

Action 1: Update to be provided on the implementation of in phase – on agenda for discussion. To close action.

5. Governance and Risk

5.1 Mid-year committee reports

Audit committee colleagues were asked to note the mid-year reports circulated prior to the meeting.

The slight variation in approach with People Committee was highlighted, setting out points of assurance/partial assurance in overview and it was questioned whether the approach should be adopted. The committee agreed that the level of detail would not be required for mid-year reports.

It was noted that detail around processes for CIP progress in terms of schemes identified and those transacted are received at IPC. Confirmation was requested that Equality Impact Assessments receive the same level of external assurance from MIAA as Quality Impact Assessments. It was confirmed that a report was presented to the Quality Committee with in-depth discussion around equality impact assessments, gaps were identified with actions to provide greater assurance around quality impact assessments.

The committee agreed that reports confirm that the Trust's Assurance Committees are delivering against their terms of reference.

Committee members to provide feedback outside of the meeting around the requirement for annual effectiveness reports in terms of process to meet timeframes for each of the committees, making the process practical and useful.

5.2 Risk Management KPIs – InPhase Update

Audit Committee colleagues were asked to note the Risk Reporting – InPhase update report circulated prior to the meeting. The Director of Risk and Improvement highlighted that the report does not provide assurance around risk management KPIs or delivery, however, does provide transparency around the current challenges in developing reports from InPhase which are expected to provide improved information, data and assurance going forward.

Whilst work is required to develop reporting from InPhase, there are mitigations in place to ensure risk and incident management processes are

NEDs

effective. Risk KPI report to be presented to the Audit Committee in January 2024. No concerns have been highlighted regarding risk management as a process.

Work has taken place to ensure information was migrated between risk management systems with no gap in information. Alert notifications are fully working. An update on In-Phase will be provided outside the meeting following a Project Board meeting on 16th October 2023.

KWh

5.3 Review losses and special payments

Colleagues were asked to note the losses and special payments paper circulated prior to the meeting.

For the period 1st June 2023 to 31st August 2023 there were no special payments. There had been one loss in excess of £10,000, an isolated incident regarding loss of high-cost drugs: Pharmacy had a major failure of the main pharmacy fridge (out of hours). Unfortunately, sarilumab and tocilizumab were in the collateral damage. This was written off as Spillage (£19,328). A new cooling unit has been installed and a new SOP implemented to mitigate any future risk.

Chief Finance Officer provided assurance that there was no failure in the alert system, all fridges are alarmed, on-call pharmacist was called but couldn't salvage all the drugs. Capacity has been strengthened going forward.

A query was raised around the satisfaction of the debtor's position, particularly BUPA and AXA. CFO confirmed that the private patient team has been strengthened to ensure income is collected timely, preventing protracted contract issues with providers. The Trust is in a reasonable position with the improvement plans in place.

Head of Financial Services informed the committee that aged debt is mainly related to the period of the pandemic. Negotiations are ongoing with BUPA to settle the debt. HoFS to provide predicted timescale of payment at the next meeting. Invoices raised after the pandemic are mainly paid on time.

HoFS

It was questioned whether the payment delays from LUHFT and MFT and their approach to payment are considered acceptable. Assurance was provided that the finance team are actively managing the balances.

5.4 Review single supplier tender waivers

Colleagues were asked to note the review of single supplier tender waivers paper. The CFO confirmed that there were a small number of waivers in the month and a relatively small number of quotation waivers. A robust process is in place to record waivers with Health Procure Liverpool (HPL). The Trust has adopted consistency with other member Trusts of HPL, signing waivers off for NHS-to-NHS contracts.

There were no concerns to raise in respect of the number, reasons or value of waivers reported in month.

Comments and questions were welcomed, and a query was raised around two retrospective waivers. The CFO confirmed this was due to the renewal of a maintenance contract signed off before completing the waiver in error.

Procurement training is being rolled out across the Trust with waivers being a topic included in the training. Feedback has been requested from HPL for specific budget holders when raising retrospective waivers which could indicate a gap in control.

5.5 Compliance with Licence: Review of quarterly check-list

The Audit Committee was asked to review the checklist and confirm its satisfaction that there are effective systems and processes in place to identify and manage risks in relation to compliance with the licence.

The new checklist was agreed as part of the baseline assessment. The report refers to the BAF review and the risk around operational performance and recovery, this has been highlighted at Board, and the Audit Committee was asked to note the context.

The committee agreed that the report provided a good summary of the current position.

5.6 Regulatory Action Plans

The Director of Risk and Improvement provided a verbal update highlighting that there had been no updates in terms of regulatory requirements. The well led self-assessment is ongoing with an update to be provided to the Board on the 1st November 2023.

5.7 Third Party Assurance

Audit committee colleagues were asked to note the third-party assurance report and assurances provided. The external reviews at St Helens and Knowsley NHS Trust, HPL and Shared Business Services (SBS) did not identify any material issues relating to the controls in place.

The payroll function is outsourced to St Helens and Knowsley Teaching Hospitals NHS Trust. The Trust had sight of their internal audit report which provided high assurance on payroll.

Procurement services are provided in the alliance with other specialist Trusts through Health Procurement Liverpool. MIAA completed an internal audit with substantial assurance provided.

NHS Shared Business Services (SBS) assurance report included a review of internal controls, with a comprehensive report circulated prior to the meeting. No material issues were identified to escalate in terms of controls in place.

5.8 System governance update

The Director of Risk and Improvement explained the context to the report in terms of system governance and the connection into the Trust. Colleagues were asked to note that appropriate connections of the governance and reporting system structures to Trust governance structures had been established. The approach and reporting have been subject to change and the team continue to be agile in approaching this whilst ensuring information is shared. Formal delegations and decision making will evolve further as the work of the Committee in Common and Joint Committees progress. It will be important to revisit the reporting mechanisms to ensure they remain fit for purpose. The Board is formally sighted on these arrangements.

Work is underway to confirm a consistent approach to system risk management and whilst the preference is a more enhanced innovative approach, it is likely that organisations will adopt a traditional programme management approach. At a Trust level, the LHCH risk registers continue to be used to record, mitigate, and manage risks, including those relevant to wider system working and collaboration.

The Audit Committee was asked to note the overview with a further update to be provided in 6 months.

Comments and questions were welcomed, and a query was raised regarding other systems e.g., Wales, Isle of Man and whether assurance can be provided around connecting with them. It was confirmed that traditionally, contractual relationships have been in place. Regular contract meetings take place with anticipated plans for the forthcoming year discussed which are built into LHCH annual planning processes to ensure capacity to deliver.

The Chief Operating Officer has had conversations with the Isle of Man regarding improved services to streamline the pathway.

6. Internal Audit

6.1 Progress report on delivery of plan

Nigel Woodcock, MIAA provided an overview of the progress report on the delivery of the internal audit plan.

Operational/performance management – assurance sought that actions identified to improve from ‘substantial’ to ‘high’ are underway. Two actions have target dates of the end of October for completion. To be included in the formal report to the Committee in January 2024.

It was questioned how the Waiting List Management review will tie in with the Trusts current work on this. NW confirmed that the review terms of reference was recently agreed, focusing work on the surgery division, working closely with the change programme manager.

Progress has been made since the report was issued; the draft recruitment audit report is with Trust management for comments; and waiting list management terms of reference has been formally published.

No significant issue to highlight regarding the overall position. It is predicted that the target will be reached by the end of the year.

6.2 System level update

Gary Baines, MIAA provided an overview of the system level update. Time has been ring fenced outside of the provider audit plan to carry out cross system working with a potential piece of work around bank and agency costs across all providers in Cheshire and Merseyside with a baseline assessment of core controls. Currently in the early stages with the terms of reference to be agreed. Updates to be provided in due course.

7. External Audit

7.1 External audit update reports

Chris Whittingham, PSA provided a verbal update. A written progress report and audit sector update was not provided due to being subject to periodic

review and update. There was nothing new to highlight to the committee. A written update will be provided at the next meeting.

Meetings will be scheduled in the New Year to discuss initial planning with a view to presenting an audit plan at the March committee meeting.

A meeting has been arranged to review audits which took place last year, particularly the audit of final accounts, identifying learning and improvement actions, conveying requirements to the finance team.

There are no significant changes envisaged to the 2023-24 audit requirements.

8. Review of Audit Committee Work Plan – 2023/24

No immediate risks or concerns identified. IDigital update to be deferred to the next meeting.

9. AGS Issues

Challenges raised during the meeting regarding risk management work in progress would inform the Annual Governance Statement going forward, however no concerns raised around a significant gap in control.

10. Evaluation of Meeting

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

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

11. NEDs meet in private with Internal and External auditors

LHCH NEDs meet in private with internal and external auditors to provide comments and feedback.

12. Date and Time of Next Meeting:

Tuesday 9th January 2024, 08.30am – 10.30am, MS teams