

E- Meeting of the Audit Committee

minutes

**Minutes of the Audit Committee Meeting held on
Tuesday 8th October 2024, 8.30am – 10.30am**

Committee Members:	John Doyle Claudette Elliot Nick Brooks Bob Burgoyne	Non-Executive Director (Chair) Non-Executive Director Non-Executive Director Non-Executive Director
Committee Attendees:	James Thomson Ben Vinter James Bradley Sarah Barr Connor Joel-Welsh Ying Li Gary Baines Karen McArdle Jennifer Ohlsson	Chief Finance Officer Director of Risk and Corporate Governance. Deputy Chief Finance Officer Chief Digital and Information Officer Senior Audit Manager, MIAA PSA Senior Manager, Grant Thornton Regional Assurance Director Anti-Fraud Specialist Senior Executive Assistant (Minutes)
Apologies:	Margaret Carney Georgia Jones	Non-Executive Director Director, Audit

1. Apologies for Absence

Apologies noted as above.

2. Declarations of Interest

All meeting participants were asked to declare any interests in respect of items listed on the agenda. All participants confirmed that they had no interests to declare beyond those that may already be known and on Trust registers.

3. Minutes of the previous meeting held on 9th July 2024

The minutes of the e-meeting held on 9th July were accepted and recorded as a true record of the meeting providing the changes below were made.

A typo error was noted in the Finance section. During the Procurement update it should read 'resist, negotiate, explore'.

Gary Baines Job title to be amended to Regional Assurance Director.

4. Action Log

Action 1: Tender issue not due until January 2025. Action to remain open for review in January 2025.

5. Governance and Risk

5.1 Review of Assurance Committee – Mid-year Integrated Performance Committee

Colleagues were asked to note the mid-year assurance report for Integrated Performance Committee. The Integrated Performance Committee has met twice during the current financial year, on 22nd April 2024 and 17th June 2024. The meetings were held on MS Teams and were quorate.

The meetings have adhered to the Committee's terms of reference and complied with the annual workplan. Assurance has been received on all aspects under consideration; issues of concern or risk, detailed below, have been identified and included in action points to the Board of Directors.

It was noted that CIP has been identified as an area of risk, however mitigations provided to the committee provide assurance.

Performance against the SOF was also noted and the associated challenging issues. It was added that activity is continually monitored at Operational Board and Finance and Performance Group.

Comments and questions were welcomed and Chair noted the acceptable levels of assurance, however it was added that the Trust never deliver CIP and don't deliver the national targets. It was recognised that the controls are there, however a query was raised on what is stopping the Trust delivering the waiting list targets as there is capacity. It was agreed that this needs to be delved into further to provide some granularity around whether the capacity is sufficient to deal with the demand.

CFO added that the waiting list is multifactorial and added that the waiting list is stratified. It was also noted that the current level of activity reduces the backlog over time and a trajectory has been submitted to NHS England and this is monitored against internally. This trajectory fluctuates with elective and non-elective and an update will be brought back through IPC.

People Committee

Colleagues were asked to note the mid-year assurance report for People Committee. To date the People Committee has met 2 times during the financial year 2024/25. The meetings were held on MS Teams and were quorate. The meetings have adhered to the Committee's terms of reference and complied with the annual workplan. Assurance has been received on all aspects under consideration; issues of concern or risk, detailed below, have been identified and included in action points to the Board of Directors.

The committee's main priority is to review and gain assurance that the Trust's strategic priorities for attracting, developing and retaining the best staff are identified, implemented and monitored. The work of the committee has continued to be focused on the delivery of the People Strategy and supporting strategies. This has included the Equality, Diversity, Inclusion and Belong (EDIB) Strategy; Learning and Development Strategy; and the Recruitment and Retention Strategy. Risks and issues have been escalated to the Board of Directors through the BAF key issues reports.

The delivery of the key People strategies continues with specific focus on the actions and improvements around sickness/managing absence, medical education, EDIB including the anti-racism framework, recruitment and retention. The continued development of the Strategic Oversight Framework (SOF) is supporting the Committee in meeting the wide range of responsibilities and the development of the EDIB dashboard will provide a focus for the committee's assurance on these issues. Collaboration with the wider Cheshire and Mersey ICS will also be a theme for the committee. In particular the systems effort to achieve financial breakeven will have an impact on the work of the committee.

There were no further comments or questions.

Quality Committee

Colleagues were asked to note the mid-year assurance report for Quality Committee. The Quality Committee has met twice during the current financial year, on 16th April 2024 and 9th July 2024. The meetings were held on MS Teams and were quorate.

The meetings have adhered to the Committee's terms of reference and complied with the annual workplan. Assurances received, risks, areas of concern and actions have been included in action points to the Board of Directors.

Comments and questions were welcomed and it was noted that this was a comprehensive report. Chair noted that a question had been raised at a recent C&M Audit Committee on whether The Trust audit the effectiveness of care pathways. It was confirmed that this was not directly audited. There is a lot of monitoring, however this seems to be indirect.

5.2 Review losses and special payments

CFO provided an overview of the losses and special payments report and noted that for the period 1st June 2024 to 31st August 2024 there was no loss in excess of £10,000.

For the period 1st June 2024 to 31st August 2024 there have been no special payments in excess of £10,000.

The bad debt provision is sufficient to cover 100% of non-NHS debt over 90 days, which currently stands at £891k.

NHS debt has decreased by £764k since 31st May 2024. The debtors over £250k is £806k. This is mainly due to £0.5m of invoices to Liverpool University Hospitals NHSFT and £0.3m of invoices raised to Manchester University Hospitals NHSFT. The income team are actively managing the balance.

Non-NHS debt has increased by £985k since 31st May 2024. £1,391k SLA invoices were raised to the Isle of Man at the end of August. AXA PPP HEATHCARE is the largest debt over 90 days, with an increase of £302k (total debt) compared to 31st May 2024. The other debtors over 90 days are mainly made up of BUPA and AVIVA. All balances are being actively managed.

Comments and questions were welcomed and the large debt owed from Isle of Mann was noted and a query raised on whether interest was paid on this debt. It was confirmed interest is not charged if this debt is paid late. It was added that a high level of services are provided to the Isle of Mann government. Historically debt issues are resolved and DCFO confirmed that Isle of Mann do pay in a fairly timely manner and there are no concerns.

Chair noted the processes around challenges from insurers and asked whether there had been an improvement in this process. CFO confirmed that the position is holding and no issues have been escalated. It was added there is increased activity through Private Practice and this is being monitored closely.

5.3 Review single supplier tender waivers

CFO provided an overview of the single supplier tender waivers. A total of five tender waivers were submitted in Q2 24/25 for LHCH where the contract value exceeded £50k (inc. VAT). The total value of tender waivers raised in Q2 was £786,106.51. Of the above three of the tender waivers were retrospective totalling £609,416.71. There are currently zero LHCH tender waivers pending approval. The departments processing the most tender waivers in Q2 24/25 were Estates, Finance, Medicine, Pharmacy & Radiology each with one.

A total of six quotation waivers were submitted in Q2 24/25 for LHCH where the value of the contract(s) exceeded £20k (inc. VAT) but was less than £50k (Inc. VAT). The total collective value of the six quotation waivers was £166,046.62 (including VAT). Of the above three of the quotation waivers were retrospective totalling £79,188.00. There is currently one LHCH

quotation waiver pending approval (LHCH2024-13). The department processing the most quotation waivers in Q2 24/25 was the Cath Lab with two quotation waivers.

CFO added that the new Procurement Act implementation has been delayed until February 2025 and an update will be provided at the next Audit Committee. SFI's will need to be amended for quotation waivers.

JT/JB

A query was raised on whether the waiver for HPL was retrospective. DCFO confirmed that it was retrospective and extra detail on retrospective trends will be added to the reports going forward.

5.4 Compliance with Licence: review of quarterly checklist

An overview was provided of the compliance with licence quarterly checklist. The Audit Committee is asked to review the provider licence checklist at Quarter 2 and to confirm its satisfaction with the effectiveness of the systems and processes in place to identify risks to compliance and to ensure timely and appropriate action to mitigate such risks as they emerge.

The quarterly checklist has been updated at Q2 2024/25.

The Trust continues to manage the recovery of waiting lists, alongside the challenges of continued industrial action through the year to date, staffing constraints and operational pressures. These areas continue to have strong oversight through the Executive Team, respective assurance committees and the Board.

There was no further comments or questions.

5.5 Regulatory Action Plans – As required

Nothing raised at this meeting.

5.6 Cyber Security Update

An overview was provided of the cyber incident update paper. The paper provides an overview of the recent Cyber incident and the status of the associated action tracker. Significant progress has been made against the high priority actions which has enabled the vulnerable application to be brought back online safely and securely.

There are several outstanding actions, which will help bolster security further and comply with best practice guidelines. The actions will be monitored and tracked via iDigital IT Operations group, a newly forming LHCH Digital Security Committee which will report into Digital Excellence Committee, which in turn reports into the Trusts Operational Board.

Comments and questions were welcomed and it was noted that in the report exceptions around expectations around cyber management were identified around secure boundary service and Microsoft end point. A query was raised on whether this is an LHCH specific issue, given iDigital manage the service for both Alder Hey and LHCH. A further query was raised on where decisions are made about these issues. It was confirmed that the issue encountered had affected only an LHCH application albeit with access

controlled by iDigital. In response to questions it was confirmed no observations had been shared by the national team on the implementation or otherwise of Microsoft defender end point within iDigital services. The recommendations from the national team are about ensuring that LHCH take and apply all of the national services that are available. It is hoped that the new committee will assess and manage these. It is a national recommendation that organisations take up the services.

It was noted that this is a complex situation and in terms of assurance a question was raised on whether there is a programme or person that does a check to see if there has been any penetration or viruses inserted into the systems. It was noted that it is difficult to get assurance from a daily check but all of the recommendations from the national team should help to give the organisation some level of assurance. It was added that cyber threats are increasing and there should be more phishing exercises within in the Trust for good practice. It was noted that there is a C&M Cyber event coming up in November 2024 and colleagues will attend this to get wider awareness across the Trust. The Trust need to do more to ensure there are good cyber hygiene practices.

Cyber hygiene practices were noted and the general issue around raising awareness to all staff in the organisation and what to do to increase this awareness. It was noted that cyber hygiene will continue to be a key issue for all Trusts. It was added that it was impressive the way a wide range of colleagues responded to the incident including volunteers from partners. It was noted that SB had a good handle on the issues that required resolution and action.

Chair noted the recent discussions around iDigital and noted that whilst there is an issue on cyber security, a number of other issues have been found within iDigital. It was added that this widens the scope of the root cause analysis mentioned in the report. It was confirmed that the national team have not asked for this, however iDigital have been tasked with this.

Chair also stated that as an Audit Committee, there needs to be as much assurance as possible provided. A request has been made to SB to provide more education on how NEDs can challenge this area more robustly.

It was noted that there is a contract with iDigital and Chair raised a query on whether iDigital have performed to that contract and is the contract specification good enough.

Chair also raised issues around the digital toolkit and a query was also raised on whether if the Trust would have known about the iDigital issues, would the Trust have the same type of assurances of the report.

CFO noted the potential financial implications of the required investment. It will need to be considered that where the action plan identifies gaps the Trust may need to invest.

A query was raised on whether the NEDs will have a discussion at Board of Directors about the findings of the root cause analysis. It was confirmed that this will need to go to the Board and updates will be provided.

5.7 iDigital

An overview was provided of the iDigital Cyber and Information Governance Update paper and it was noted that Cyber Security management covers a wide range of areas and is managed via a dedicated team within the iDigital Function and is a shared resource across Alder Hey and Liverpool Heart and Chest. Information Governance (IG) is also a shared iDigital function.

The purpose of this report is to provide quarterly updates to members of Audit committee to track the progress of work that is underway. The report this quarter provides updates on: Cyber Essentials and Cyber Essentials Plus, Microsoft Defender Endpoint (MDE) - Regional and National position, Cyber Alerts, Cheshire and Merseyside Cyber Group, Multi Factor Authentication (MFA), Data Security & Protection Toolkit (DSPT), External reviews relating to Cyber, Cyber and data breach related Incidents, Information Governance Incidents escalated to Information Commissioners Office and Freedom of Information Requests & Subject Access Requests.

Comments and questions were welcomed and CFO noted the MDE scores within the report. LHCH looks quite reasonable in terms of C&M and it was added that the previous national cyber report mentioned MDE scores and a roll out. It was confirmed that there are two elements to this, servers and applications and during the incident on 5th August MDE was rapidly deployed. A follow on question was asked on when it expected to improve the windows exposure score. It was noted that an improvement should be seen, however it was added that this can fluctuate.

It was reiterated that this is quite a complex issue and a board development session would be welcomed to gain a better understanding of the technical elements.

SB

It was agreed to keep this report separate from the RCA.

MIAA provided an update on the data security and protection toolkit (DSPT) assessment. The Trust has now submitted the 2024 DSP Toolkit and have undertaken an internal audit with MIAA. The internal audit received substantial assurance, and the DSP Toolkit submission completed as standards met.

No high or critical risks were identified during the audit, however there were opportunities for improvement identified with 3 medium risks and several low risks identified.

It was agreed that MIAA will take the cyber security report away and share this with IT specialists to get a better understanding of whether this could have been picked up and reflect on previous work.

MIAA

It was noted that it is very important for Audit committee colleagues to know where the issues should have been picked up previously and where things have gone wrong.

CFO noted that there is new criteria for the DSPT this year and the self-assessment areas have been reduced. SB agreed that the new round of

DSPT is like nothing seen before and it is really tough. It is not expected that anyone will achieve substantial assurance.

5.8 ICB/ICS – System working

On overview of the ICB/ICS system working update was provided and it was noted that system governance arrangements continue to evolve and embed. The duty to collaborate along with the Health and Care Act 2022, has brought about models of governance which include Committees in Common and Joint Committees. A committee in common means that members make decisions at the same time rather than 'joint decisions', whereas a joint committee means that joint decisions are taken together.

The key areas covered in this paper are an update in the actions set in train by the Liverpool Clinical Services Review (via the ICB) and culminating in the establishment of a Liverpool Adult Acute and Specialist Trusts Joint Committee, CMAST and how these arrangements overall connect to LHCH governance arrangements.

New and emerging governance arrangements were enabled through the changes to legislation and formally connecting these into statutory bodies through the Board of Directors is vital. While progress in establishing arrangements has been rapid in some areas and in others speed has varied as arrangements are explored, understood and parameters validated.

During the annual effectiveness reviews, the Audit Committee recognised the importance of understanding the system governance interface and system risk in its role. This paper provides an overview on this for the Audit Committee.

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

Comments and questions were welcomed and Chair noted the role of the Audit Committee and it was suggested that this needs to be reviewed more often.

6. Internal Audit

6.1 Progress report on delivery of plan

Colleagues were asked to note the internal audit progress report and as discussed above it was noted that the Data Security and protection toolkit review is finalised.

The Clinical Audit, Water and Ventilation and PSIRF reviews are in progress.

There were no further comments or questions.

7. External Audit

7.1 External audit update report

Colleagues were asked to note the external audit update report.

There were no further comments or questions.

8. Review of Audit Committee Work plan – 2024/25

Colleagues were asked to note the audit committee workplan and this was approved by the committee.

It was noted that the risk policy is due for review in 2026 and will be scheduled for review.

10. ASG Issues

It was noted that this is a standing item and an opportunity for any Q&A. There were no further comments or questions.

11. 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.

It was confirmed that this was a good meeting and it was good to talk through cyber and security issues.

CFO noted the guidance of accounting and year end and asked whether this can be raised in January 2025.

12. Date and Time of Next Meeting:

Tuesday 14th January 2024, 08.30am – 10.30am, MS teams