

E- Meeting of the Audit Committee

minutes

**Minutes of the Audit Committee Meeting held on
Tuesday 14th January 2024, 8.30am – 10.30am**

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

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 8th October 2024

Chair asked for clarification on a few points in the cyber security update on page 6 of the October 2024 minutes. These points were clarified, and changes were made to minutes.

The minutes of the e-meeting held on 8th October were accepted and recorded as a true record of the meeting providing the changes above were made.

4. Action Log

Action 1: Tender issue process to be discussed during the procurement update. On agenda for discussion. Action closed.

Action 2: Update on the procurement action and the implementation due to February 2025 on agenda for discussion. Action closed.

Action 3: SB provided an update on the board development session. Board development session is on 26th February 2024. Action closed.

Action 4: MIAA cyber security report deferred until the investigation takes place. Action to remain open for further update.

5. Governance and Risk

5.1 Digital Services Update

5.1.1 Digital Action Plan 2024/2025

An overview of the digital action plan paper was provided, which identifies the gaps in control and plans to strengthen digital controls within the organisation.

Given the breadth of digital challenges faced by the Trust, it is proposed than an independent review of the service provision from iDigital is undertaken. The preferred option is to do an independent review through NHS resource external to LHCH.

Comments and questions were welcomed, and Chair noted that a task and finish group will be convened and it was agreed that John Doyle, NED will Chair this group. Claudette Elliot, NED and Nick Brooks, NED will also be part of this group. It was noted that a review should help to get under specific issues.

Chair noted that the SLA in place makes it difficult to hold someone to account. It was suggested that LHCH need a more standard approach to

SLAs which is more commercial. It was agreed that this will be looked at. CFO added that there is read across to some of the work that is being done with other Liverpool organisations as part of the LUHG and it needs to be clear how LHCH are operating within that group.

The Audit Committee agreed the Terms of Reference for the cyber review and agreed to the preferred option to manage the review. It was also agreed that need and route for NED oversight.

5.1.2 Cyber Security Update

An overview was also provided of the iDigital cyber and information governance update. 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. Audit Committee colleagues are asked to note the report.

Comments and questions were welcomed and Chair raised multi factor authentication and clarity was sought on this process. It was confirmed that this is not asked for if using a Trust device as this is already done via the always on VPN.

CFO raised the Wirral cyber-attack and added that this had a financial impact directly on the Trust and this has been highlighted by the ICB as part of financial performance. CFO suggested hypothetically evaluating the risk and reflect this in the risk evaluation going forward.

A query was raised on the MDE score and whether this score is correct given the issues raised within the report. It was confirmed that LHCH are on this twice as there has been a transition to a new ODS code, which is a code assigned to each organisation. The high score was the old devices, which are being decommissioned. The 27.4 is the actual score.

An update was also provided on the toolkit. Work has commenced on this year's submission with the following key actions completed; IG Team attendance at NHSE DSPT webinars, establishment of DSPT working group and assignment of DSPT objective owners, Gap analysis against Cyber Essentials, DSPT v7 interim submission publication completed on 23rd December 2024 and MIAA 2-phase DSPT audit process agreed with Phase 1 audit scheduled for 27th February 2025. The outputs of the audit will support the final submission deadline of 30th June 2025.

Colleagues are asked to note the national expected levels of achievement for the 5 core objectives and what the Trust proposes to achieve these. Progress against these objectives will be tracked via the IT Operational Group with evidence through to Digital Excellence Committee for sign off. It was also noted that these objectives will not be fully met this year.

CFO noted that before it would be useful to go through this at a granular level before sign-off.

An update was provided on the ICO and it was noted that since the previous Audit Committee report, the Trust has notified the ICO of two data security incidents. One related to the cyber incident and the other is a breach of confidentiality.

5.1.3 Data Quality Assurance Report

An overview was provided of the data quality assurance report which updates the Audit Committee on the current processes and performance related to Data Quality at LHCH.

LHCH has made significant progress in managing and improving data quality. The Trust is adhering to national standards and continuously addressing any areas of concern through current governance arrangements. The Trust is committed to ensuring data quality remains a priority across all departments.

Appropriate governance is currently in place and is led by the Data Quality Steering Group and Safer Waiting List Management Group. Governance will be reviewed alongside any iDigital staffing changes. The Trust is viewed favourably when reviewing metrics from external submissions to Secondary Use Services (SUS) and the Data Quality Steering group monitors and manages areas of concern.

It was noted that this was a good report and the scores were excellent. It was good to see good comparable ratings, particularly in DQMI

Assurance was sought on the transfer of Data Quality services from iDigital to LHCH and it was noted that the team who manages this work are 100% focused on LHCH and will migrate as is into LHCH.

Chair noted the clarity within the digital reports and added that report provided a compressive review of the digital services. Chair added that it is important that all NEDs and executive colleagues join the development session on 26th February 2025.

5.2 Risk Management KPIs

An overview was provided of the risk management KPIs paper. The Trust has 459 active risks and regular review of risks is in line with policy expectations. 67% of incidents have been closed within 28 days (decrease of 78%). Live reports are available on InPhase showing the breakdown over division and area for risks open over 21 and 28 days.

Chair noted that the clarity within the report is really good and asks that the high risks be included in the report.

BV

5.3 Review Clinical Audit Plan and 6-monthly progress report

Archie Samuels, Clinical Audit and Effectiveness Manager, attended Audit Committee to present an overview of the clinical audit plan and 6-monthly progress report. Over the past six months, the department has made significant strides in improving data quality, process innovation, and compliance.

Key achievements include enhanced data visualisation, innovative use of AI tools, and the establishment of baseline measurements for critical programmes. The challenges identified through internal audits have been met with strategic solutions, underscoring a commitment to continuous improvement in clinical audit processes.

These efforts align with the mission to deliver superior patient care through data-driven insights and robust quality assurance mechanisms.

Comments and questions were welcomed, and it was noted that it was good to see examples of how the achievements that have been made are quantified in terms of sharing best practice and learning.

Further information was requested on how the team would validate AI data. It was confirmed that the first attempt at using this was on a small cohort of patient, so this was not a massive cohort to validate. Larger datasets will also need to be validated. It was noted that validation could result in human error anyway so it would be a case of comparing whether human error is higher than the error produced by the AI model.

CFO noted that partial assurance of the report and raised a query how the Trust get to acceptable assurance. It was noted that coming to the end of the financial year there would be the NICOR submissions, which would provide one aspect of assurance. It was also added that it would also provide assurance if it could be demonstrated that the data quality produced this year is an improvement on last years.

It was noted that there is work to be done in terms of SOPs and processes. There is work to be done in the internal governance to get to acceptable assurance.

Chair noted that there was a lot going on and asked whether there was confidence that the team has expertise to do all the work required. It was confirmed that the skills on the teams are improving and the addition of the information analyst has benefited the team.

It was agreed to provide an overview of the risks within audit at the next meeting, whether it be establishments or systems.

AS

5.4 Annual Audit Committee evaluation/effectiveness

A verbal update was provided on the committee evaluations and effectiveness and it was noted that there has been varying approaches to review and effectiveness. Two years ago there was a workshop facilitated by MIAA and more recently there was a survey and desktop work with a proposal for an updated terms of reference in line with March/April timeline. It was also noted that the year ahead will be a year of transition with regard to LAASP and group working.

Comments and questions were welcomed and MIAA noted willingness to support in any way but happy to support a self-assessment exercises.

CFO noted that the areas raised by digital should be an area of focus.

Chair agreed that the desktop exercise would be the best way forward, recognising that if there are any further questions after this, then MIAA can be brought in to support. It was noted that the work on this will start towards the end of the month.

5.5 Review of Register of External Visits

The Audit Committee were asked to review the Register of External Visits and confirm that the governance arrangements to deal with the findings and recommendations following external visits and inspections are robust.

The Trust maintains a live document of all external visits and inspections that have or will occur; including statutory/regulatory inspections and external reviews commissioned by the Trust. The purpose is to provide a central reference point and documented trail of assurance processes to evidence that management responses to findings and recommendations have been appropriately dealt with and closed off.

In order to support the process of maintaining the Register, Heads of Departments are sent a reminder on a monthly basis with templates for them to complete and the register is then updated as part of a continuous programme.

The Audit Committee noted the register from April 2024 to date.

5.6 Compliance with Licence

The Audit Committee were asked to review the provider licence checklist at Quarter 3 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 Trust continues to manage the recovery of waiting lists, alongside the challenges of continued industrial action through the earlier part of 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.

Chair asked whether it would be possible to see the update going forward, so it makes it easier and clearer to see the updates.

5.7 Regulatory Action Plans

There were no regulatory action plans for the Trust to note at present.

CFO noted the ongoing financial involvement of NHS England with the ICB. It was noted that the Trust is not directly involved, however there may be an impact for the wider system.

5.8 Procurement Act Update

Katie Tootill, Director of Procurement attended Audit Committee to provide an overview of the Procurement Act. It was noted that the Procurement Act (PA) will go live in February 2025 and there have been some significant changes to procurements and processes which may have an impact on

teams. There is still some clarity still required around under threshold procurement value. There will also be a requirement to notify Audit committees and to amend trust policies such as the Trust Standing Financial Instructions and Scheme of Reservation and Delegation. Trust waivers will also need to reflect the changes as well as the procurement and tendering policy.

With the new Act initially due to come into force on 28th October 2024, the Procurement team have been attending Central Commercial Function (CCF) training to understand in detail the changes to the regulations and to ensure that Procurement team members are fully prepared for what has been described as the most significant changes to public procurement in over twenty years.

Procurement training has been ongoing since April 2024 in preparation for the October date however on 12th September, it was announced by the Cabinet Officer that the new Act would be delayed until 24th February 2025 to allow time for a new National Procurement Policy Statement (NPPS) to be produced. Whilst there will be a four-month delay to implementation of the new act, the Procurement team have continued to prepare for these changes.

Audit Committee colleagues were asked to note the key differences in the procurement Act 2023 and comments and questions were welcomed. CFO noted that this is the largest change in the Procurement environment and LHCH will work with HPL and this will also be discussed at Finance & Performance Committee.

It was noted that this will be a huge period of transition and added that this will need to be monitored quite closely. It was suggested that an update here again would be helpful. Chair agreed that an update at the next meeting would be helpful. CFO also suggested providing an update at IPC when it is understood how this is impacting on the business in practice.

KT

Chair noted the impacts on the business and individuals and raised a query on the potential risks. It was confirmed that learning the new processes is a risk and the team will ensure that the team are up to speed on the three new processes. It was also noted that this will be a learning journey for suppliers too. It was noted that a risk matrix has been devised.

Chair queried that given the risk, should this be considered partial assurance. CFO agreed that this will be partial for a period as there are still gaps in controls as it is a new process and untested.

It was noted that the paper also highlights the key areas that will require review and approval from Audit committee in relation to potential changes to Trust SFI's, waiver documentation and procurement policies.

The Audit Committee approved the request to leave the trusts quotation limit at £20,000, however reference within the SFI's the requirement for contract details notices on all agreements over £12,000. The Procurement and tendering policy will also be updated to advised requisitions on the details required and this will be covered off at stakeholder training.

The Audit Committee approved the update to the trusts waiver form to reflect the above justifications as set out in the new Procurement Act for single tender action and for this to be reflected with the trusts SFI document.

The Audit Committee approved the recommendation to leave price as a key factor of the tender evaluation process and guidance as part of the Trusts Procurement and Tendering policy, however noting the option to remove this on a case-by-case basis. The new processes will be updated within the Procurement and tendering policy.

Chair stated that it would be good to understand the impact of the above approvals three months in to review whether these process work and the governance controls are still there

CFO noted the wider risk and asked whether this process then becomes more open for challenge from suppliers and added that it is something to be aware of.

Chair queried whether there needs to be another Audit Committee after 24th February to approve the financial instruction and documents. It was confirmed that these will be complete and finalised in the next few weeks. It was suggested seeking approval from the Board of Directors in January to delegate approval. It was also noted that there is a Board Strategy day on 25th February 2025.

5.9 LHCH Q3 24/25 tender & quotation waivers

CFO provided an overview of the tender and quotation waivers in Q3. A total of three tender waivers were submitted in Q3 24/25 for LHCH where the contract value exceeded £50k (inc. VAT). There are zero LHCH tender waivers pending approval. The departments processing the most tender waivers in Q3 24/25 were Finance, Perfusion and Theatres each with one.

There were zero tender waivers signed off in Q3 24/25 for The Innovation Agency where the contract value exceeded £50k (inc. VAT).

A total of two quotation waivers were submitted in Q3 24/25 for LHCH where the value of the contract(s) exceeded £20k (inc. VAT) but was less than £50k (Inc. VAT). Of the above one quotation waiver was retrospective totalling £22,766.50

There are currently zero LHCH quotation waivers pending approval.

The departments processing the most quotation waivers in Q3 24/25 were Perfusion and Theatres each with one.

There were zero quotation waivers signed off in Q3 24/25 for The Innovation Agency, where the value of the contract(s) exceeded £20k (inc. VAT) but was less than £50k Inc. VAT).

From August 2023 the Trust agreed to make changes to the SFIs to include exemptions to waivers for under PCR 2015 threshold spending, which included: Salary re-charges, funding and finding transfers to other organisations.

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There were no further comments or questions.

6. Internal Audit

6.1 Progress report on delivery of plan

An overview was provided of the progress report on the delivery of plan. The Risk Management, Core Controls review has been finalised and high assurance was provided. The review found that there is a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed.

The Clinical Audit review has also been finalised and moderate assurance was provided. The review found that there is an adequate system of internal control, however, in some areas weaknesses in design and inconsistent application of controls puts the achievement of some aspects of the system objectives at risk.

The following reviews are in progress; Quality Spot Checks, Risk Management – Processes, Key Financial Controls, ESR/HR Payroll, PSIRF, Asset Management and Water and Ventilation Safety.

A comment was noted on the recommendations on the Clinical Audit and an update was requested on the timescales for each risk. It was noted that the recommendations 3 and 6 are due by April, 1 and 2 by the end of May and 4 and 5 by the end of June. Going forward timescales can be included on the recommendations in the report.

It was noted as a point of accuracy that Manoj Kuduvalli, Medical Director is the Executive Lead on the Clinical Audit review.

6.2 Follow-up report

An overview was also provided of the follow-up report and it was noted that there are currently two high risk recommendations which have been assessed as partially implemented. There include Waiting List Management follow up appointment reporting and Waiting List Management triage delays and cross referrals.

Audit Committee colleagues were asked to note the follow up report and it was noted that a comprehensive update on Waiting List Management was provided recently at Board of Directors.

6.3 Anti-fraud report

Audit Committee colleagues were asked to note the anti-fraud report. The report sets out the work undertaken from 01/07/24 to 31/12/24. This progress report sets out the activities undertaken, and outcomes achieved, in accordance with the agreed anti-fraud work plan, compliance with counter fraud standard requirements, and in response to any referrals and investigations reported.

Comments and questions were welcomed and CFO noted that it is good that people are raising issues and that people are using the anti-fraud service. It was noted that HR are looking into this further, particularly

around how issues are raised as some of these issues seem to be management issues, rather than fraud.

Chair noted that training for staff and queried whether this going to take place soon. It was confirmed that training will take place this quarter

Chair also raised the issues with the SFIs and queried whether there was changes that need to be put in place. It was agreed to pick these up as part of the review and bring something back next time.

Chair asked for assurance of meeting the plan by the end of the year. It was confirmed that there is assurance of meeting the plan. CFO added that activity is seen on the CLUE system

KMcA

7. External Audit

7.1 External audit plan and fees

Update to be provided at the next meeting.

7.1 External audit update report

Audit Committee colleagues were asked to note the external audit update report

Chair stated that the committee will need to review the plan for 2025/2026. It was confirmed that there is a plan in place.

7.3 NEDs webinar – 2023/2024 insights

Colleagues were asked to note the summary of the NEDs webinar slides circulated with the papers.

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

Audit Committee colleagues were asked to note the Audit committee work plan and this was approved by the committee.

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.

12. Date and Time of Next Meeting:

Tuesday 11th March 2025, 08.30am – 10.30am, MS teams

