

## E- Meeting of the Audit Committee

## minutes

### Minutes of the Audit Committee Meeting held on Tuesday 11<sup>th</sup> March 2025, 8.30am – 10.30am

<b>Committee Members:</b>	John Doyle Claudette Elliot	Non-Executive Director (Chair) Non-Executive Director
<b>Committee Attendees:</b>	James Thomson Ben Vinter James Bradley Sarah Barr Connor Joel-Welsh Louise Cobain Liz Ludington Ian Pinches  Karen McArdle Jennifer Ohlsson-Morgan	Chief Finance Officer Director of Risk and Corporate Governance. Deputy Chief Finance Officer Chief Digital and Information Officer Senior Audit Manager, MIAA Executive Director, MIAA Public Sector Audit Director, Grant Thornton Senior Manager, Public Sector Audit, Grant Thornton Anti-Fraud Specialist, MIAA Senior Executive Assistant (Minutes)
<b>Apologies:</b>	Margaret Carney Nick Brooks Bob Burgoyne Gary Baines	Non-Executive Director Non-Executive Director Non-Executive Director Regional Assurance Director, MIAA

## **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.

CFO flagged a waiver as part of item 5.7. It includes a waiver signed on behalf of LHCH but related to Clatterbridge providing a service.

## **3. Minutes of the previous meeting held on 11<sup>th</sup> January 2025**

The minutes of the e-meeting held on 11<sup>th</sup> January were accepted and recorded as a true record of the meeting providing the changes above were made.

## **4. Action Log**

**Action 1:** Colleagues were updated that the cyber security investigation is not complete. It was noted that this will be deferred until independent investigation takes place

**Action 2:** Overview of the risks rated high now highlighted in the Trust Wide Risk Report. Action complete

**Action 3:** Update on the risks within Audit due July 2025.

**Action 4:** It was noted that the Procurement Act has only just been implemented. It was agreed that an update will be provided at July meeting and this will be included on the agenda.

**Action 5:** SFIs have been reviewed and this will be included in the anti-fraud report. Action closed.

## **5. Governance and Risk**

### **5.1 Annual Report of Audit Committee**

Chair provided an overview of the annual report of the Audit Committee. The review has confirmed the ongoing effectiveness of the Audit Committee. In addition to the continued focus on audit and assurance, in 2025/26, the Committee will consider how system assurances and governance will be brought into the Audit Committee remit.

Comments and questions were welcomed and there was discussion around the substantial assurance noted in the paper. A query was raised on whether the Trust can claim to provide substantial assurance given the cyber issues that the Trust has had. Chair noted that the assurance received from iDigital were not assurances, however the Trust is now more aware of the issues now and there is ongoing work with an independent investigator. It was noted that weaknesses have now been recognised and that this should be included in the narrative of the report. In summary it was agreed to return the report to substantial assurance.

JT/KT

Colleagues were asked to note the Audit Committee effectiveness survey results and Chair noted that generally the assessment results are positive. It was noted that it would be beneficial to see an improvement in the committee reporting and the timeliness of the papers.

#### **5.11 Audit Committee Terms of Reference**

Audit Committee colleagues were asked to note the Terms of Reference. It was noted that Karen Wheatcroft will need to be removed and Ben Vinter to be included.

**BV/JO**

A comment was raised on the Internal Audit section and the reference to the Public Sector internal audit standards 2013 and noted that these have been superseded by global internal audit standards which are effective from 1<sup>st</sup> April 2025.

It was agreed by Audit Committee colleagues approved the Terms of Reference providing the above changes are made.

#### **5.2 Draft Annual Governance Statement**

An overview was provided of the draft annual governance statement.

The format does not definitively follow the NHS England requirements set out in the 2024/25 Annual Reporting Manual as, thus far, this has not been released. It does take in to account the DHSC GAM parameters. Adaptations will be made when and as guidance is made available.

There were no significant and sustained control issues identified in 2024/5 but one significant cyber event has occurred, During the year the Trust has actively managed risks and addressed the actions and organisational learning arising from incidents, maintaining an active oversight of the effectiveness of controls in place to mitigate the risk of harm and ensure delivery of operational targets.

Comments and questions were welcomed and Chair noted waiting list management in the key in year risk section and asked why PSIRF and iDigital issues are in a different paragraph. It was agreed to include something around iDigital delivery.

CFO noted page 8 and suggested that the word 'funding' needs to be included after capital, as the actual risk relates to the capital envelopment.

#### **5.3 Review of Annual Assurance Committees**

Audit Committee colleagues were informed that a more in-depth update will be provided on the other Assurance Committees at the next meeting in July 2025.

#### **5.4 iDigital Update**

An overview was provided of the iDigital paper which provides an update to the Audit Committee on the progress of the planned changes for digital

services provision through disaggregation from iDigital and progress regarding the independent review which was agreed at its January meeting.

Digital Services into LHCH have been provided via a shared service from Alder Hey "iDigital" for the last four years. LHCH Trust Board endorsed at its meeting on 26th November 2024 the decision to disaggregate iDigital service provision.

The disaggregation and consultation process is led and managed by Alder Hey, acting as the lead employer. A working group was established on January 24th, 2025, including representatives from finance, HR, staff side, and digital sectors from both organisations (LHCH/Alder Hey). Should level of assurance be changed.

The issues encountered and experienced by LHCH relating to iDigital service provision can be largely summarised as focused on the following areas: Cyber Management, Programme Management in relation to Clinical Letters PSII, Contract Management, Workforce, Culture and Values and Governance.

Given the breadth of digital challenges faced by the Trust, at its meeting in January 25, Audit Committee agreed that an independent review of the service provision from iDigital is undertaken. A Terms of Reference was agreed and it was confirmed that the review would be undertaken via NHS resource external to LHCH. Non-Executive Oversight will be managed via Audit Chair, Quality Committee Chair and Integrated performance committee Chair feeding into Trust Board.

In terms of iDigital disaggregation the formal staff consultation was officially launched on February 12th, 2025, with a proposed end date of March 21st, 2025. This end date will be kept under review to ensure meaningful consultation.

Comments and questions were welcomed, and it was noted that the paper is a fair reflection of where the process is up to. Discussion took place on whether substantial assurance was correct and CD&IO confirmed that item 5.5 will provide further detail on the cyber issues encountered.

## **5.5 Cyber Update**

Audit Committee colleagues were asked to note the cyber and information governance update. The report this quarter provides updates on; Cyber Essentials and Cyber Essentials Plus, Microsoft Defender Endpoint (MDE) - Regional and National position, NHSE 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 a query was raised on the basis of the MDE not being in place, whether this the weakest point in the system. It was confirmed that the position is improving. It was also noted that the National report landed yesterday and a process will be agreed with Chair in order to share this with the committee.

It was also noted from the development session that it is important that all partners need to raise their posture in cyber as Trusts are now all interconnected and this is an area of focus.

CFO noted the DTSP and informed colleagues that the deadline is before the next Audit Committee, and this will need to be understood and submitted prior to the next meeting. It was noted that the MIAA digital team are providing support for Audit Committees on DTSP and drop-in sessions for clients.

CD&IO noted that one challenge to highlight is the disaggregation of iDigital and added that this process is usually led by IG colleagues, and this is being worked through. Chair stated that it would be good to see the structure. It was confirmed that at this point in time the Trust is going through a consultation process. The interim structure in place is effectively a 'Lift and Shift' of staff in place with some interim line management. It was added that this has been added as risk on the risk register and an update will be provided to Board of Directors in private on the process above.

Chair noted the C&M cyber group which CD&IO is now involved in and asked how much work this will generate and how much time it will take up. It was confirmed that there is a lot of support within the ICB. It was added that this process should benefit all organisations.

Chair requested to see the structure and support in place at LHCH. It was confirmed that this is in the consultation document and is interim. It will be shared at March Board of Directors.

Having NED colleagues with IT expertise and skills was raised and it was suggested that this is kept at the forefront in order to provide sufficient scrutiny and challenge.

## **5.6 Review of losses and special payments**

CFO provided an overview of the losses and special payments paper and noted that for the period 1 September 2024 to 31 January 2025 there was no loss in excess of £10,000.

For the period 1 September 2024 to 31 January 2025 there have been no special payments in excess of £10,000. Details of amounts less than £10,000 are shown in Appendix 1.

CFO also provided an update on the bad debt provision. NHS debt has increased by £3,078k since 31 August 2024. The debtors over £250k is £3,626k. This is mainly the £1,358k Radiology SLA invoice to LUHFT, £1,058k invoices to MWL and £292k invoices to Manchester University NHSFT raised in December and January. The income team are actively managing the balance.

Non-NHS debt has increased by £3,329k since 31 August 2024. £2,466k SLA invoices were raised to the Isle of Man and £2,580k to Betsi Cadwaladr at the end of December. AXA PPP Healthcare is still the largest debt over 90 days but with a decrease of £436k (total debt) compared to 31 August 2024. All balances are being actively managed.

Debt relating to hosted services totals £111k, a decrease of £303k since last 31 August 2024.

There are no write off requests requiring approval.

Comments and questions were welcomed and Chair noted the non-NHS debtors and asked whether this takes a lot of time to chase up. DCFO confirmed that it does and the majority relates to Private Patients. This area is being looked at to see if it can be made more efficient.

Chair raised a query on whether Private Patients income is providing a profit. It was confirmed that it does. CFO raised a risk around this, in that there are more self pay patients and these are more risky. It was highlighted that this is an interesting point made and the increase of self funding could be linked to how long patients are waiting.

### **5.7 Review single supplier waivers**

CFO provided an overview of the tender and quotation waiver update and noted total of four tender waivers were submitted in Q4 24/25 (up to 28/02/2025) for LHCH where the contract value exceeded £50k (inc. VAT).

The total value of tender waivers raised in Q4 was £966,747.01

There are zero LHCH tender waivers pending approval.

The departments processing the most tender waivers in Q4 24/25 were Knowsley Community Services with two and Digital and Finance each with one.

There were zero quotation waivers signed off in Q4 24/25 (up to 28/02/2025) for LHCH where the value of the contract(s) exceeded £20k (inc. VAT) but was less than £50k (Inc. VAT).

Comments and questions were welcomed and CFO reiterated the declaration raised above relating to a waiver signed on behalf of LHCH but related to Clatterbridge providing a service.

Chair noted that that it was raised in the People Committee that Procurement have been out for Occupational Health Services, however Procurement have been challenged by the incumbent provider based on the process. Chair asked for an update on this when this is finalised. It was agreed that this will be discussed in detail at Integrated Performance Committee.

### **5.8 Register of interest**

An overview was provided of the register of interest report and it was noted that at the time of writing the report (28<sup>th</sup> February 2025), 88% of decision makers had made a declaration. This demonstrates a good level of compliance and reminders will continue to be sent to ensure we capture declarations.

There were no further comments or questions.

### **5.9 Annual review of Provider Licence**

An overview was provided of the annual review of the provider licence. The purpose of the update is to provide assurance on compliance with the Provider Licence for 2024/25. A baseline assessment was reported to the Audit Committee in March 2024 and a summarised quarterly checklist has been reviewed by the Audit Committee. The continuous review throughout the year provides assurance that key licensing requirements have been met and flags up emerging risks that could threaten future compliance.

The Audit Committee were asked to note the reported.

### **5.10 Regulatory Action Plans (as required)**

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

### **5.11 Review of Process for Raising concerns**

An overview was provided on the review of the process for raising concerns and it was noted that the Trust continues to have robust processes in place for raising concerns, with the staff survey providing positive assurance that staff feel safe to speak up and know that action would be taken should they raise concerns. FTSU is a key aspect of this and is well embedded in Trust governance reporting directly to the Board of Directors.

Audit Committee colleagues were informed that Claudette Elliot will be taking over as NED with responsibility for FTSU.

### **5.12 ICB Update – System Working**

Colleagues were asked to note the system governance update. The Trust continues to ensure that where appropriate the governance and reporting from system structures to Trust governance is formally connected. The approach and reporting has been subject to change and LHCH have continued to be agile in the way in which this is approached, whilst still ensuring information is shared. Formal delegations and decision making will evolve further as the work of the Committee in Common and Joint Committees progress, and it will be important to revisit the reporting mechanisms to ensure these remain fit for purpose.

Further updates will be provided to the Audit Committee at their request. 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 that as a Board there was a development day and started to look at the risk of integration. The external auditors confirmed that it is on the list to look at the governance arrangements and will feedback to the extent that it is relevant. Information is still awaited from LWH and LUHFT and the team don't yet have a fully formed view because it is still in the process.

CFO also noted some of the proposed governance structures, in particular the Joint finance committee and flagged this as an issue that needs to be

understood going forward. It needs to be considered how these fits into Audit Committee and Integrated Performance Committee.

### **5.13 Review of accounting policies**

CFO informed colleagues that there have been five minor changes to accounting policies in 2024/25 as a result of either updates to the GAM or the removal of references which are no longer applicable.

Audit Committee colleagues were asked to note the changes to the accounting policies noted in the paper.

### **5.14 Informing Audit Risk Assessment**

CFO provided an overview of the audit risk assessment. This report provides responses from management to questions posed by the External Auditors. This assists the auditors in assessing audit risk. There were no significant risks are highlighted.

External Auditors asked Audit Committee colleagues to flag anything that is not in line with expectations. It was agreed that the committee are comfortable with the report and approve accordingly.

## **6. Internal Audit**

### **6.1 Draft Internal Audit Plan**

Colleagues were asked to note the draft internal audit plan and an overview was provided. It was noted that MIAA attended the Weekly Executive Group Meeting for discussion across disciplines and how to manage the transition and gain assurance.

Slide 4 was noted and a query was raised on whether one of the audits should be on the back up review. Chair agreed to include a line for digital, as there is a risk.

### **6.2 Progress Report on delivery of plan**

An overview was provided on the progress report on the delivery of the plan and noted that the following reviews have been finalised:

Assurance Framework (Meets Requirements) The Trust's AF is structured to meet the NHS requirements; is visibly used by the organisation; and clearly reflects the risks discussed by the Trust Board. The organisation considers risk appetite regularly and the risk appetite is used to inform the management of the AF.

Risk Management Processes (High Assurance). 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.

Quality Spot Checks (Limited Assurance) There is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls puts the achievement of the system objectives at risk.



PSIRF, ESR, Key Financial Controls, IT Asset Management and Water and Ventilation Safety are ongoing.

Audit Committee colleagues were informed that from April 2025 MIAA will be required to comply with the Global Internal Audit Standards and the UK Public Sector Application Note: Global Internal Audit Standards in the UK Public Sector (collectively referred to as GIAS here). These documents replace the Public Sector Internal Audit Standards (PSIAS).

Comments and questions were welcomed and the timescales of the implementation of the recommendations was queried, and it was agreed to include timescales on the report going forward.

### **6.3 Head of Internal Audit Opinion – draft**

Colleagues were informed that the draft opinion will be shared prior to submission on 25<sup>th</sup> April 2025. It was also noted that everything is on track for a positive opinion.

### **6.4 Anti-fraud plan – draft**

Colleagues were asked to note the draft anti-fraud plan circulated prior to the meeting.

Chair noted that at a recent Counter Fraud Conference where there was an update that there would be a plan for more counter fraud officers and asked for an update. It was confirmed that there has been nothing put in place so far. There has been some in-house training. An update will be provided at the Audit Committee.

### **6.5 Anti-Fraud annual plan**

Verbal update provided and it was noted that the plan is on track. It was agreed that the annual plan will be presented at the July Audit Committee.

## **7. External Audit**

### **7.1 External audit plan and fees**

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

Ian Pinches was welcomed to Audit Committee, who will take over as External Audit Manager.

## **8. Review of Audit Committee Work plan – 2025/26**

Audit Committee colleagues were asked to note the Audit Committee work plan for 2025/2026.

## **9. 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.

**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.

**12. Date and Time of Next Meeting:**

Tuesday 9<sup>th</sup> July 2025, 08.30am – 10.30am, MS teams

