

**Minutes of the Audit Committee meeting
held on the 23 January 2020 at 10.00am at Project Room 2, Co>Space North,
5th Floor, Platform, New Station St, Leeds LS1 4JB**

Members present:

Mr M Wright, Non-executive Director (Chair of the Audit Committee)
Miss H Grantham, Non-executive Director

In Attendance:

Mrs S Blackburn, Deputy Head of Internal Audit, NHS Audit Yorkshire
Mrs J Forster Adams, Chief Operating Officer
Mrs D Hanwell, Chief Financial Officer and Deputy Chief Executive
Mrs C Hill, Associate Director for Corporate Governance
Ms R Le-Hair, Head of Quality and Clinical Governance (for agenda item 9)
Mr C Marston, Corporate Governance Assistant (Committee Secretariat)
Miss K McMann, Corporate Governance Team Leader
Mr L Swift, Local Counter Fraud Specialist, NHS Audit Yorkshire

		Action
20/001	<p>Welcome and Introductions (agenda item 1)</p> <p>Apologies were received from Mrs M Sentamu, Non-executive Director, who is a member of the Committee. There were also apologies from those attending the Committee, namely Mr R Khangura, Director – Public Sector Audit, KPMG, and Mrs C Woffendin, Director of Nursing, Professions and Quality.</p> <p>It was noted that Ms Le-Hair, Head of Quality and Clinical Governance, would be deputising for Mrs Woffendin.</p>	
20/002	<p>Declaration of any conflicts of interest in respect of agenda items (agenda item 2)</p> <p>No member or attendee of the Committee declared a conflict of interest in respect of any item on the agenda.</p>	
20/003	<p>Minutes of the meeting held on the 24 October 2019 (agenda item 3)</p> <p>The minutes of the meeting held 24 October 2019 were accepted as a true record.</p>	
20/004	<p>Matters Arising (agenda item 4)</p> <p>Miss Grantham drew attention to minute number 19/090 (Health and Safety Committee Annual Report) and asked for an update on the position</p>	

regarding the West Yorkshire Fire and Rescue Service report (WYFRS). Mrs Hanwell explained to the Committee that the WYFRS had carried out an unannounced spot check of the Acute Services to test compliance with the Fire Risk action plan, and the impact of the actions implemented. She informed the Committee that the WYFRS was highly satisfied following the visit and that they would be taking no further action in relation to their findings.

The Committee **noted** the matters arising.

20/005 Cumulative Action Log (agenda item 5)

The Committee asked Mrs Hill to provide an update on log number 16 regarding her meeting with Mrs Hanwell to discuss the interconnectivity of the 'operational' groups within the governance structure, and asked her to provide an estimated date for completion. Mrs Hill explained to the Committee that work was currently underway to look at operational and clinical governance structures in care services. She noted that this would inform any considerations around membership of the exec-led groups. It was also noted that work relating to a change in these governance structures would be picked up at the next Executive Management Team (EMT) meeting. The Committee discussed the action and it was agreed that the updated Governance Reporting Structure would come back to the Audit Committee with a conclusion following the forthcoming EMT meeting.

CHill

With regards to the creation of an annual checklist for managers, to contain a number of annual obligations (log number 18), Mrs Hanwell and Mrs Hill informed the Committee that this was still to be discussed by EMT and that a further update would be provided to the next Audit Committee meeting on 21 April 2020.

It was agreed that log number 20, regarding an anonymous complaint, would be addressed in agenda item 6.1 (Local Counter Fraud Progress Report).

The Committee was **assured** on the progress made on the actions within the cumulative log and **agreed** on which actions should be closed.

20/006 Matters Arising (agenda item 4)

Miss Grantham asked for an update on minute number 19/098 (Internal Audit Progress Report) regarding the recommendations given in the Management Request and Contingency audit. Mrs Forster-Adams informed the Committee that the Internal Audit was satisfied with the progress made in terms of strengthening policies and procedures, but that they had fallen behind with the governance arrangements. She added that

the Leeds Teaching Hospital Trust had acknowledged the recommendations and would work on them.

The Committee **noted** the matters arising.

20/007 The Trust's approach to Estimated Discharge Dates (agenda item 4.1)

Mrs Forster-Adams provided an update to the Committee on the performance measures that had been put into place and explained how they were being monitored. She informed the Committee that despite compliance levels originally being low, clinicians had started to record Estimated Discharge Dates with greater detail, which had led to continuing improvement. It was noted that performance was at 83.2% at the time of the meeting. She informed the Committee of the issues regarding recording in respite services, noting that while it had only limited relevance to the care, it was still mandatory that it was reported. It was noted that an area still experiencing issues was the Crisis Assessment Unit, but that Mrs Maureen Cushley, Head of Operations for Acute Care, had been working with the team to rectify this. It was noted that there would be a further audit on Estimated Discharge Dates in 2021. Mr Wright agreed he would report these updates to the Finance & Performance Committee at the next meeting on the 28 January.

MW

The Committee **noted** the progress of the Trust's approach to Estimated Discharge Dates.

20/008 Local Counter Fraud Progress Report (agenda item 6.1)

Mr Swift presented a progress report regarding the counter fraud work undertaken at LYPFT since the last meeting of the Audit Committee, which included an update from the NHS Counter Fraud Authority (NHSCFA). He revealed that not much had changed in the report, and that none of the alerts impacted the Trust.

He summarised the NHSCFA's circular regarding system weaknesses, explaining how they would assess information in respect of trends throughout the NHS, and then issue quarterly advice to identify new and emerging threats as a result of system weaknesses. With regards to the National Benchmarking report, it was noted that there were limitations with the data. It was agreed that this would be discussed in a future benchmarking report after more analysis had been received. It was agreed that the Local Counter Fraud Specialist is to liaise with Mrs Hanwell to discuss the nomination of a Champion at the Trust before February's deadline

LS

Mr Swift updated the Committee on the anonymous complaint that had

been received about a member of staff. He informed the Committee that he had liaised with Human Resources (HR), and that due to the sensitivity of the allegation, he had asked HR to provide details of another person regarding the matter. The Committee discussed whether the right processes were in place to deal with such occurrences in the future, and it was agreed that the matter should be picked up through Mrs Forster-Adams.

LS /
JFA

Mr Swift went on to inform the Committee about the data from the National Fraud Initiative (NFI), noting that 46 of the payroll to payroll matches had been cleared, with two flagging up as potentially working while sick. He confirmed that one of these had been cleared following a data protection request from a third party, and that further checks were being done on the other. In terms of duplicate payments, he informed the Committee that both cases that had been flagged had been resolved. The Committee discussed why these issues may have arisen, and it was agreed that Mr Swift would create an action plan with recommendations to prevent this from reoccurring.

LS

Mr Swift **presented** the Local Counter Fraud Progress Report. The Committee **considered** the work that had been undertaken and **noted** the key points of learning in relation to the Counter Fraud work.

20/009 Internal Audit Progress Report (agenda item 6.2)

Mrs Blackburn presented the Internal Audit Progress Report. She stated that six final audit reports had been issued since the last Audit Committee meeting on the 24 October 2019, with two of the reports identified as limited. These were in relation to Contract Management and Service Users' Property Income and Allowances Procedure. She noted that there had been slippage on the audit plan in light of delays in agreeing some of the scopes and timing, but assured the Committee that this was being rectified and that there should not be an issue for the remainder of the year.

The Committee was informed that in response to discussions at the last Audit Committee meeting about the Race Equality System audit, a further conversation had taken place between the Director of Finance and the Director of Organisational Development and Workforce. She noted that it had been agreed to defer the audit to 2020/21. With regards to the Reporting to NHS Improvement (NHSI) audit, Mrs Blackburn noted that IT had requested to defer due the audit to the migration to the new Electronic Patient Record system, and that a discussion had taken place between herself and Mrs Hanwell about the scope of the audit. Mrs Blackburn assured the Committee that this was not a particularly high risk issue and would be done as part of a larger audit to increase efficiency. The Committee was also informed that the audit for Job Planning had been requested to be deferred due to the revised system to monitor implementation being delayed. Finally, it was noted that the Patient Flow

audit had been cancelled and replaced with an audit for revised arrangements for Estimated Discharge Dates, and Mrs Hanwell gave the Committee an overview as to why this had happened. The Committee was informed that three of the nine audits had been finalised.

The Committee noted the rationale behind a limited assurance opinion being given for the Contract Management audit, noting that the recommendations had been accepted by management and had provided sufficient actions and responses for each of the recommendations. The Committee then received assurance on the steps being taken to address the findings. In particular, the proposals for there to be greater levels of professional support for the procurement functions, which the Committee welcomed. Mrs Hanwell outlined the new line management arrangements which had been agreed.

The Committee then discussed the recent issues surrounding Service Users' Money and Property. Mrs Forster-Adams explained that the recommendations had been received and accepted. She informed the Committee that staff had been supportive of the changes and were keen to improve, and that the learning from this audit would be factored into training.

The Committee acknowledged the audits that had provided significant assurance; it noted the responses from management and agreed that the timescales that had been put in place were appropriate. The Committee noted that the Reference Costs audit would be discussed further in the Finance and Performance Committee meeting on Tuesday 28 January 2020.

The Committee **received** the report and was **assured** on the progress made.

20/010 Outstanding Audit Actions (agenda item 7)

The Committee **received** the outstanding audit actions report and was **assured** of the progress being made.

20/011 External Audit Progress Report / Sector Updates (agenda item 8.2)

Mr Wright raised concerns with the International Financial Reporting Standard 16 (IFRS16) implementation in the NHS from Wednesday 1 April 2020. He requested assurance from Mrs Hanwell as to whether everything was in place to comply with the standard. She explained that she was meeting with Mr Gerard Enright, Financial Controller, to assess what had been done and whether extra support was required, and would update the Committee at the next meeting on 21 April 2020.

Mrs Hill agreed to circulate the information regarding pension tax on Mr Khangura's report to the Board.

The Committee noted that the makeup of the audit team was to change as a result of rotation. Mr Wright agreed to speak to Mr Khangura to gain assurance on the arrangements for the team going forward.

The Committee **noted** the External Audit report and the actions that had arisen.

20/012 Assurance on previous Sector Updates (agenda item 8.3)

Mrs Hill presented the report which showed the responses from directors to the sector updates that had been presented to the previous meeting in October 2019. She informed the Committee about the action required surrounding IFRS16 implementation, stating that guidance had been issued to the finance team and that work was being progressed. She also gave an update on the suggested action regarding the Continuity of Medicines Supply if there is a No-Deal EU exit, explaining that despite all internal preparations being stopped, the Trust's Chief Pharmacist would advise service users should the situation change. The Committee was assured that the directors had taken action or provided sufficient evidence against the updates provided by KPMG.

The Committee **received** and **noted** the external audit progress report and sector updates.

20/013 External Audit plans and fees (agenda item 8.1)

Mrs Hill reminded the Committee of its function in agreeing the audit fee. The fees were considered and agreed, and it was noted that these were consistent with the contract value agreed at the commencement of the auditors' appointment.

The Committee **discussed** the audit fee and **agreed** with the proposal.

Ms Le-Hair joined the meeting.

20/014 Risk Management Annual Report (agenda item 9)

Ms Le-Hair presented the second Risk Management Annual Report, highlighting the changes that had been made between November 2019 and October 2019 with Datix management. She provided an update on the

Risk Register and the ongoing transfer of responsibilities to the care groups.

The Committee **received** and **acknowledged** the Risk Management Annual Report.

Ms Le-Hair left the meeting.

20/015 Health and Safety Action Plan (agenda item 10)

Mrs Hanwell presented the Health and Safety Action Plan and provided the Committee with a progress update for the Health and Safety Executive (HSE) audit, which took place in October 2018, and the subsequent external review undertaken in January/February 2019. The Committee noted the progress against the 26 contraventions ahead of the HSE's proposed return to the Trust.

The Committee **acknowledged** the pace of the progress being made with the Health and Safety action plan, and was **assured** that the capacity to carry out this work would be strengthened by additional resources.

20/016 Tender and Quotation Exception Report (agenda item 11)

The Committee received the Tender and Quotation Exception Report. It noted that there had been two tender waivers and seven quotation waivers completed during the period of 1 October to 31 December 2019.

The Committee **received** the Tender and Quotation Exception Report and **noted** the content.

20/017 Key Messages and Any Matters to be Escalated to the Board (agenda item 12)

Mr Wright noted that he would be raising the following points to the next Board meeting:

- **Estimated Discharge Dates** – The Committee received a report regarding the inconsistent application of an estimated date of discharge in the inpatient services and any cultural barriers there were to providing the dates. The Committee noted the actions taken and the increase in performance as a result. It also noted that there would be a follow-up audit next year which would test out the efficacy of the actions taken, and that an update on the matter would be taken to the Finance and Performance Committee by the Chair of

the Audit Committee.

- **Deferral of audits** – The Committee noted and supported the requests from management to defer audits to later in the audit cycle. It noted that these requests had been supported by the Auditors.
- **IT Security and housekeeping controls internal audit report** – The Committee received significant assurance on the Trust's arrangements for securing information technology and data. The Committee noted that this was an important area and was assured by the finding in this report.
- **Management response times** – The Committee noted there had been a decrease in performance against the KPI for the receipt of management responses. Internal audit explained the reasons for this, noting that delays had been caused due to some of the audit reports being carried out over multiple areas and responses being gathered from a number of contributors.
- **Limited assurance internal audit reports:**
 - Contract Management – The Committee received a report from the Chief Financial Officer, noting that the recommendations had been accepted by management and had provided sufficient actions and responses for each of the recommendations. The Committee then received assurance on the steps being taken to address the findings. In particular, the proposals for there to be greater levels of professional support for the procurement functions, which the Committee welcomed.
 - Service User Money and Property – The Committee received a report from the Chief Operating Officer on the procedures being carried out across the Trust, noting that the report had highlighted that the procedure was being applied inconsistently. The Committee was concerned at some of the findings but was assured that management and the staff who implement the procedure had accepted all of the recommendations, had completed some of the work, that there was support for staff going forward and that the learning from this audit will be factored into training, and that improvements were being seen in operational areas.
- **Outcome of the West Yorkshire Fire and Rescue Service (WYFRS)** – The Committee was advised that the West Yorkshire Fire and Rescue Service had reviewed the actions that had been taken following a number of fire incidents over the past 2 years. It was noted that they had carried out an unannounced inspection in December 2019, and had confirmed they were satisfied with the actions taken to improve fire safety arrangements. As a result of

this, the Committee noted that the action plan had now been completed and that WYFRS would be taking no further action.

- **Health and Safety Action plan** – The Committee noted that there had been good progress made against the Health and Safety Executive action plan, that the governance arrangements were being reviewed and finalised, and that this would likely have a resource implication in terms of an additional management role.
- **The Risk Management Annual Report** – The Committee received the report and received a good level of assurance on the controls and processes in place.
- **Local Counter Fraud Report** – The Committee reviewed the report in some detail and the issues raised. It was assured of the proactive and investigative actions being taken, but asked for further action to be taken in relation to one of the investigations which had been ongoing for some time.
- **The External Audit Fees** – The fees were considered and agreed, noting that these were consistent with the contract value that was agreed at the commencement of the auditors' appointment.

20/018 Any Other Business (agenda item 13)

Mrs Hill noted that a question had been received from Ms Le-Hair as to whether the Committee should continue to receive the Risk Management Annual Report. Mr Wright noted that there had been a high level of assurance received in the meeting with regard to the risk management arrangements in place, and that it had been noted that reports and assurances in relation to serious incidents, deaths etc. were received by the Quality Committee. Mrs Hill also noted that assurance is received by the Committee on risk management arrangements and controls through the audit reports, and also through the Annual Governance Statement. On the basis that the Audit Committee could request any report (standard or bespoke) on any area of risk management where it was not assured, it agreed not to continue to receive a Risk Management Annual Report on a regular basis each year.

The Committee did not discuss any other business.

20/019 Restricted Item: Re-appointment of the Auditors (agenda item 14)

See Part B of the 23 January 2020 Audit Committee minutes.

The Chair of the Committee thanked everyone for attending and closed the meeting at 12.00pm.

Date and time of next meeting:

Tuesday 21 April 2020 at 9.30am until 12.30pm in Meeting Room 1&2, Trust HQ,
2150 Century Way, Thorpe Park, Leeds, LS15 8ZB