

**Minutes of the Audit Committee
held on 20 October 2020 at 10.00am via Zoom**

Present:

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

In Attendance:

Mrs S Blackburn, Deputy Head of Internal Audit, NHS Audit Yorkshire
Mr L Swift, Local Counter Fraud Specialist, NHS Audit Yorkshire
Mr R Khangura, Director – Public Sector Audit, KPMG
Mrs D Hanwell, Chief Financial Officer and Deputy Chief Executive
Mrs C Hill, Associate Director for Corporate Governance
Professor S Proctor, Chair of the Trust (observing the meeting)
Mrs C Woffendin, Director of Nursing, Professions and Quality (for agenda item 6)
Mrs S Marshall, Legal Services and Complaints Lead (for agenda item 6)
Mr M Callaway, Interim Head of Finance (for item 9)
Mr C Marston, Corporate Governance Assistant (Secretariat of the Committee)

		Action
	Mr Wright opened the meeting at 10:00am and welcomed everyone.	
20/061	Apologies for absence (agenda item 1)	
	There were no apologies from any member of the Committee. The Committee welcomed Professor Proctor who was attending to observe the meeting.	
	The meeting was quorate.	
20/062	Declaration of any conflict of interest in respect of agenda items (agenda item 2)	
	No one present at the meeting declared a conflict of interest in any of the items to be discussed.	
20/063	Minutes of the meeting held on the 21 July 2020 (agenda item 3)	
	Mr Khangura brought item 20/055 to the Committee's attention, and noted that there were two full stops at the end of the paragraph.	
	Mr Wright suggested that minute 20/053 should be amended to show that he would be meeting with Mrs Hall to sign off the Local Counter Fraud Plan, when this should have referred to the filing of the Local Counter Fraud Return. Mr Wright also sought clarification in relation to minute 20/058. Mrs Hanwell noted that it should have shown that the procurement of the document management system was being paused rather than stopped and this should be reflected in the minutes.	
	She then provided an updated position in relation to the document management system which was that the business case had now been revisited and was likely to be brought to the Board in January 2021.	

Mr Marston agreed to make the necessary changes to the minutes.

CM

The minutes of the meeting held on the 21 July 2020 were **accepted** as a true record subject to the changes outlined above

20/064 Matters arising (agenda item 4)

There were no matters arising.

20/065 Cumulative Action Log (agenda item 5)

The Committee discussed the cumulative action log. It noted the actions that had been closed since the last meeting and those that were still open.

With regard to Log no.18, it was agreed that Mrs Hill and Mrs Hanwell would arrange a meeting with Mrs Holmes in order to look at the checklist and complete the action.

CHill /
DH

It was also noted that actions 6 and 31 were essentially the same and it was agreed that Mrs Hill would provide a form of words and bring these actions together.

CHill

With regard to Log no. 34, Mr Swift reported that this action had been completed and the information had been shared with Mrs Forster Adams. The Committee agreed that this action was closed.

With regard to Log no. 36 Mrs Hanwell and Mr Khangura advised on the position relating IFRS16, It was reported that there were no further delays and would be implemented in April 2021 and that work was ongoing to prepare for this. Mr Khangura confirmed that he had been linked into the discussion and that he was content with progress to date. It was agreed that further assurance would be provided to the Committee in January.

DH

It was also confirmed to the Committee that Mr Verity had been appointed as the Champion for Local Counter Fraud and as such action 51 could be closed.

With regard to Log no.53, Mrs Hanwell suggested that the Cyber audit was brought forward to early in the new year and that this is carried out ahead of there being any penetration testing. This was agreed as a way forward by the Committee.

Mrs Hanwell then updated the Committee on Log no. 56 in regard to the governance arrangements for the capital programme. She noted that the arrangements had been reviewed, and had taken account of the CQC's new inspection requirements for capital. The Committee noted that there would be an audit of the Capital Programme in quarter 4 and that this would provide the Committee with details of the outcome of the audit at a future meeting. It was agreed that the action log would be updated to reflect this.

CM

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

20/066 Quality Report and Accounts 2019/20 (agenda item 6)

Mrs Woffendin presented the Quality Report and Accounts for 2019/20 and requested the Committee's support for the content prior to it being presented to the Board. She explained that the timescale for its completion had been amended due to COVID-19, and that NHS England and Improvement had recommended that Trusts aim to provide the draft report to stakeholders by the 15 October 2020 in preparation for these to be finalised for publication by 15 December 2020. Mrs Woffendin added that this had been co-produced with service users, carers, staff and governors to ensure it was accessible.

She noted that the draft report had been presented to the Quality Committee, and that they had received feedback from the CCG and Healthwatch. She informed the Committee that the Clinical Commissioning Group's feedback was very positive, but that she would pick up Healthwatch's response with their Chief Executive and talk through the points raised.

Mrs Woffendin thanked both Mrs Marshall and Mrs Walker for their hard work in putting the document together. Mrs Marshall noted that it was a long document and informed the Committee of plans to produce infographics and a video to promote the document and make it even more accessible particularly to people with learning disabilities.

Mr Khangura explained to the Committee that KPMG would usually provide assurance on the report, but that NHS Improvement and England had advised that the Quality Report and Accounts were not audited for 2019/20, but that the assurance regime was expected to be back in place for the audit of the 2020/21 report.

Mr Wright asked if the Freedom to Speak Up Ambassadors should be referenced in the document, given that this was an important development that had been achieved in the following year. Mrs Marshall explained references would be provided in next year's Quality Accounts and that sections in which these could be included had been identified and agreed to include the Reciprocal Mentoring Programme also.

The Committee thanked Mrs Marshall and the team for all their hard work in putting the document together and noted that it was highly professional and accessible to a wide audience.

The Committee **received** the Quality Account and supported the content noting that this was to be presented to the Board in October for final approval.

Mrs Woffendin and Mrs Marshall left the meeting.

20/067 Local Counter Fraud Progress Report (agenda item 7.1)

Mr Swift presented the Local Counter Fraud Progress Report. He first spoke about the fraud awareness work and explained that the team had continued to send out newsletters, and that many of the Covid-related scams were very similar and related mainly to phishing emails.

He informed the Committee that he had spoken with the Freedom to Speak Up Guardian, who was now also the Fraud Champion, and agreed to carry out a counter fraud session with the new Freedom to Speak Up Ambassadors. He also reminded the Committee that it would be National Fraud Week in November, and that a communication would be sent out to staff regarding this.

In relation to reports of fraud, Mr Swift noted that following further investigation the two cases reported on had been passed onto HR to deal with. He agreed to update the Committee on any further information regarding these two cases should this be received.

LS

Mr Swift informed the Committee that there had been a change in the counter fraud standards as issued by the NHS Counter Fraud Authority. He noted that these had been issued part-way through the year and that there would be more information released in January 2021. He explained that because the standards had been released part-way through the year the Authority would not be too concerned if organisations didn't fully meet those standards in the first instance. The Committee noted that the Trust was likely to breach the standards due to the timing of these being released and the opportunity to put mechanisms in place to meet these going forward.

Mr Swift informed the Committee that due to the need to pause some of the work as a result of COVID the team had a number of days unused. Mr Wright suggested they ask teams within the Trust if they would be interested in holding virtual training in order to use some of these unused days. This was supported by the Committee.

Mr Henry enquired about the potential for the number of fraud and scams to be increased due to the second wave of the COVID-19. He noted that the penetration testing referred to earlier in the meeting would not test phishing emails, and asked if anything had been considered around the challenges of these scams. Mr Swift spoke about the ways in which this could be tested, including sending out 'test' emails to staff and monitor how many were acted on which was discussed by the Committee. It was agreed that Mr Henry and Mr Swift would meet with Mr Fawcett, Chief Information Officer, to further discuss what is included in the penetration test to ensure it adequately tested phishing emails.

CH/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.

20/068 Internal audit progress report (agenda item 7.2)

The Committee received the Internal Audit Progress Report. It noted that the audit of two areas that had previously been awarded 'limited assurance', Management of Contracts and Service Users' Money and Property, had been completed and had now been awarded 'significant assurance'; Mrs Blackburn noted that the audit had been in respect of the redesign of the process and that further work would need to be carried out later in the year on the application of the new processes. The Committee noted the responses from management and agreed that the timescales that had been put in place to complete these actions were appropriate. The Committee was satisfied with the progress made on the audits which previously had limited assurance.

Mrs Blackburn informed that the audits that had been hibernated due to Covid-19 had been picked up again, and that they would be discussed at the next Audit Committee meeting. She noted that the Cyber-Security audit would remain in Quarter 3 rather than Quarter 4, and that there had been a request to defer the Data Quality audit into Quarter 4 pending the Audit Committee's approval. She also informed the Committee that there had been a request for the audit relating to Job Planning to be deferred into 2021/22, and noted that this would be kept under review. Mrs Blackburn advised that subject to any major disruption by the second wave of COVID, the audit plan was deliverable. However, she noted that if there was any significant deferral into the following year there was the potential for this to not be sustainable by the audit team. She added that she had discussed with Mrs Hanwell innovative ways in which this might be approached should it be needed. The Committee confirmed that it was keen to ensure that the plan was on track and that it could be completed by the end of the year.

The Committee was informed that Mrs Blackburn had shared the key areas for this year's Head of Audit Opinion with Mrs Hanwell, who had agreed to share with the Executive Team.

With regard to data quality the Committee noted the need to ensure that the data that comes from CareDirector to information the performance report was complete and on track, noting that there had been a delay in this being fully extracted from the system. Mrs Hanwell noted that there would be a report to October Finance and Performance Committee to clarify what was outstanding and what progress had been made.

DH

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

20/069 External Audit progress report / sector updates (agenda item 8.1)

Mr Khangura presented the External Audit Report which contained the Technical Update Report and also the Sector Update Report. He firstly outlined some of the changes that had been made to the Audit Code of Practice and the impact this would have to the requirements for providing assurance over value for money for the 2020-21 accounts and onwards. He outlined how the auditors would approach these changes in the context of the work they will carry out and how this would potentially impact on the audit of the Trust's annual accounts.

With regard to the Contracts and Payments Guidance, Mr Khangura advised the Committee that on 31 July 2020 the 'Third Phase of NHS Response to COVID-19' set out the key principles of the financial framework for the period 1 October to 31

March 2021. He noted that the purpose of this guidance was to outline further detail of the financial arrangements for the NHS for this period. He explained that this would be key to the end of year audit in terms of the assessment of financial sustainability.

Finally, Mr Khangura referred to the Redmond Review. He noted that this focused on local government but will have an impact on auditing within the NHS and that this was something that Audit Committees should be aware of

Mr Henry invited Mrs Hanwell to give her thoughts on the first two items raised by Mr Khangura. Mrs Hanwell reported that the change in ICS governance and the impact on the way financial targets were managed had an impact on the way we work with partners and a whole system rather than directly on financial management. However, she noted that this would not change the Board's responsibilities accountabilities for the Trust as an individual organisation, and that could only change with a legislative change.

The Committee **received** and **noted** the technical and sector updates.

Mr Callaway joined the meeting.

20/070 **Health and Safety Annual Report** (agenda item 9)

Mrs Hanwell presented the Health and Safety Annual Report and explained that this was part of the oversight and governance relating to health and safety. Mr Callaway informed the Committee of some of the detail within the report and gave a general introduction to the content which set out the work in 2019/20 and a also the work required going forward.

Miss Grantham recognised the achievements identified within the report, and noted the way the report detailed the work that had been done within the Trust. She outlined some of the areas that future reports could contain, including more evidence based information and the impact of the work carried out. She then spoke about the general structure of the report and how it could be presented in the future,

With regard to Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) she asked how this was reported on within the organisation and also suggested that the Annual Report should report on these in a consistent way. Mr Callaway explained that these were reported through the Health and Safety Committee, and that the Committee seeks assurance that RIDDORs are correctly reported.

With regard to food safety, Miss Grantham asked for details on how these areas of assurances were reported. Mr Callaway explained that the operating procedures were mirrored throughout the estates in relation to catering and cleaning. Miss Grantham suggested that this assurance is reported in a more narrative style rather than within a table.

Mr Wright suggested a discussion takes place between himself, Miss Grantham, Mrs Holmes and Mrs Hanwell in order to look at and discuss the format and focus

MW /
HG /

of future documents, and the elements that will be included in the Annual Report Mrs Hanwell agreed to ensure a meeting was arranged.

The Committee **received** the Health and Safety Committee Annual Report and **noted** its content.

Mr Callaway left the meeting.

20/071 Board Assurance Framework (agenda item 10)

Mrs Hill presented the Board Assurance Framework (BAF) to the Committee. She explained the process for updating the framework, and advised that it would be presented to the Board of Directors meeting on 29 October 2020.

She explained that the BAF had last been seen by the Committee in March, and that many of the risk ratings had increased due Covid-19. She noted that as requested lead executives had looked at the BAF risks and had revised the information and rating and also the target dates for the completion of the gaps to be more realistic and take account of the current position.

Professor Proctor suggested that the workforce risk did not completely capture the issues around equality, diversity and culture, nor did it reflect the work that had been undertaken regarding this. Miss Grantham agreed and explained that this issue had been raised in a previous Workforce Committee meeting and that it would be brought back for discussion in December's meeting.

The Committee discussed where the BAF would be next presented and when it would go to the sub-committees, which Mrs Hill clarified. Mr Wright also noted some minor changes which may need to be made to the details in the BAF which Mrs Hill agreed to look at.

CHill

The Committee **received** the Board Assurance Framework and was **assured** on the work underway to mitigate the strategic risks.

20/072 Outstanding audit actions (agenda item 11)

Mrs Hill presented the Outstanding Audit Actions report to the Committee. She explained that at the last meeting there had been a number of overdue outstanding actions due to much of the work of the Trust being paused due to Covid-19, but that over the recent months a lot of work had been undertaken and that the report now showed 14 outstanding actions overall.

She informed the Committee that the Executive Risk Management Group (ERMG) would normally see the detail behind the actions and discuss them prior to them being reported to the Audit Committee, but that they had not met since March due to pausing work as a result of Covid-19, however she noted that ERMG would meet in November and that the detailed information had been sent to the Executive Directors in preparation for that meeting.

Mrs Blackburn assured the Committee that the process around the outstanding audit actions was working well, and advised that the Liaison Psychiatry action had been completed. She also noted that she would provide oversight in due course on the Health and Safety action plan audit actions.

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

20/073 The Committee took agenda items 12 to 17 together and confirmed that there were no issues with the content of any of the registers.

Tender and Quotation Exception Report (agenda item 12)

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

20/074 Losses and Special Payments Register (agenda item 13)

The Committee **received** the Losses and Special Payments Register and **noted** the content.

20/075 Management Consultant Register (agenda item 14)

The Committee **received** the Management Consultancy Register and **noted** the content.

20/076 Hospitality Register (agenda item 15)

The Committee **received** the Hospitality Register and **noted** the content.

20/077 Gifts Register (agenda item 16)

The Committee **received** the Gifts Register and **noted** the content.

20/078 Sponsorship Register (agenda item 17)

The Committee **received** the Sponsorship Register and **noted** the content.

20/079 Outcome of Committee Effectiveness Questionnaires (agenda item 18)

The Committee received a report on the outcome of the effectiveness questionnaire and the comments that had been offered by the members and those who attend meetings. The Committee considered the scores and comments and concluded that there were no changes to be made to the way in which the Committee operates. However, with regard to the question about the Committee receiving assurances from third parties who deliver key functions to the organisation, it was agreed that Mrs Hill and Mr Wright would meet to look at this matter in greater detail.

**CHill/
MW**

The Committee **agreed** with the outcome of the Committee Effectiveness Questionnaire.

20/080 Terms of Reference (agenda item 19)

Mr Wright pointed out that there were two references to the alternate chair in section 3. It was agreed that Mrs Hill would make this amendment.

It was also noted that as this was a minor change there was no need for these to be presented to the Board for ratification.

The Committee **reviewed** the Terms of Reference and **approved** them subject to the minor amendment.

20/081 Meeting dates 2021 (agenda item 20)

The Committee reviewed the forward dates for the committee. Mr Khangura raised an issue around the 18 May 2021 meeting date, and asked if this could be pushed back due to the timing of the completion of the audit of the accounts. Mr Hill acknowledged that there might need to be a change to this date, but that the Board meeting at which the accounts would be adopted was fixed. However, she agreed that the date would be revisited closer to the time.

The Committee **noted** the meetings that had been scheduled for 2021.

20/082 Cycle of Business 2021 (agenda item 21)

The Committee received and considered the forward plan of business for 2021. It agreed the timing of the items. It also noted that references to Mr Hill in relation to the Health and Safety item could be changed on the document Mr Marston agreed to make this change.

CM

The Committee **reviewed** the cycle of business for 2021 and **approved** the content subject to the minor amendment.

20/083 Key Messages and Any Matters to be Escalated to the Board (agenda item 22)

- The Committee received the Quality Accounts and were happy with work that had been done.
- The Internal Audit limited reports now showed significant assurance, although they are subject to further audit.
- The Committee received the Health and Safety Annual Report and noted the useful information it contained. It noted that there was still work to be done in order to improve it and a meeting would be set up in to discuss this.
- The Committee received the Board Assurance Framework and acknowledged it would go to the Board and sub-committee meetings. The Committee were pleased that it reflected the updated timetable.
- The Committee received the various registers and noted the content of each.
- The Terms of Reference would be tabled to Board and noted that there had been no changes.
- The Committee reviewed their effectiveness and were satisfied.
- The Committee were made aware of the outstanding audit dates.

20/084 Any Other Business (agenda item 23)

The Committee did not discuss any other business.

The Chair of the Committee thanked everyone for attending and closed the meeting at 12.30pm.

Date and time of next meeting:

Tuesday 19 January 2021 at 9.30am until 12.30pm