

**Minutes of the Audit Committee
held on 19 October 2021 at 9.30am 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 M Callaway, Deputy Director of Estates (for agenda item 13 & 14)
Mr G Enright, Financial Controller (for agenda item 21)
Mrs D Hanwell, Chief Financial Officer and Deputy Chief Executive
Dr C Hosker, Medical Director (for agenda item 20.1)
Mr R Khangura, Director – Public Sector Audit, KPMG
Miss B King, Corporate Governance Assistant (Secretariat of the Committee)
Mr L Swift, Local Counter Fraud Specialist – NHS Audit Yorkshire

Action

	Mr Wright opened the meeting at 10.05am and welcomed everyone.	
21/082	Apologies for absence (agenda item 1)	
	No apologies were received from members of the Committee.	
	Apologies were received from Mrs C Hill, Associate Director for Corporate Governance; Miss K McMann, Head of Corporate Governance; and Mr A Hugill, Head of Health and Safety, who are attendees of the Committee.	
	The meeting was quorate.	
21/083	Declaration of any conflict of interest in respect of agenda items (agenda item 2)	
	Mr Khangura declared a conflict of interest in item 21, on the basis that he was the Trust's External Auditor, and the Committee would be discussing the provision of External Audit services for 2022.	
	The Committee noted Mr Khangura's declaration of interest in agenda item 21 and it was agreed that Mr Khangura would leave the meeting before that item was discussed.	

21/084 Minutes of the meeting held on the 20 July 2021 (agenda item 3.1)

The Committee drew attention to an error in the final paragraph of minute number 21/067. It was also noted that there were some errors regarding the data quality audit in minute number 21/072. Mrs Blackburn clarified that the care planning function was not included in the scope of the data quality audit but assured the Committee that it would be a separate piece of work in quarter four.

The Committee suggested that a formal action should be captured in minute number 21/069 in relation to extending the target audience of surveys to those who had been subject to phishing emails. Mrs Hanwell assured the Committee that those who had received phishing emails automatically received extra support.

Miss Grantham drew attention to the Annual Checklist for Managers in minute number 21/076, noting that further assurance was required on the progress made with this. It was agreed that the update would be provided in January 2022.

Miss King agreed to make all the necessary changes to the minutes, as requested by the Committee, before uploading to the website.

CH

BK

The minutes of the meeting held on the 20 July 2021, subject to some minor changes, were **accepted** as a true record.

21/085 Approval for the minutes above to be uploaded to the Trust's external website (agenda item 3.3)

The Committee **agreed** that the minutes of the Audit Committee meeting held on the 20 July 2021, subject to some minor changes, were suitable to be uploaded to the Trust's external website

21/086 Matters Arising (agenda item 4)

There were no matters arising.

21/089 Cumulative Action Log (agenda item 5)

The Committee agreed to close the actions on the cumulative action log that had been completed. Miss Grantham drew the Committee's attention to log number 99, regarding the Disclosure and Barring Service (DBS) and the referrals to the general medical council. She clarified that the work was ongoing and that the Workforce Committee had oversight of this. Mr Wright asked Mrs Hanwell to provide an update on log number 95, regarding the issues around the Microsoft Licensing. It was agreed that Microsoft Licensing should be added to the agenda for the next Finance and Performance Committee meeting.

RC

The Committee agreed to defer log number 102, regarding the annual checklist for managers, to the next meeting in January 2022. Mr Wright drew attention to an error in log number 98. It was agreed that the narrative should refer to 'to the Committee' rather than 'by the Committee'. Ms King agreed to make the necessary changes.

BK

Mrs Hanwell provided an update on log number 53, regarding the penetration testing exercise, and explained that it had been completed. She reported that she would write to NHSX following the outcome of the report to upgrade the toolkit. The Committee noted that the action would be escalated to the Finance & Performance Committee.

DH

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

21/090 Local Counter Fraud Progress Report (agenda item 6.1)

Mr Swift presented the Local Counter Fraud Progress Report. He reported that 11 participants had attended the fraud prevention masterclasses and a further 15 were due to attend. He assured the Committee that the results from the counter fraud surveys would be presented to the next meeting in January 2022. Mr Swift highlighted that he would be using the International Fraud Awareness Week in November 2021 to promote the training sessions. Mr Swift reported on the post-event assurance exercise with the Procurement Team. He explained that the Procurement Team was unable to submit it by the deadline.

He next drew the Committees attention to a case regarding a declaration of information in relation to a job application. He provided further details on this case and agreed to provide an update to the Committee before the next meeting in January 2022.

LS

Mr Henry questioned the effectiveness of the messages that were shared with staff on counter-fraud and how to ensure the right level of engagement was taking place. Mr Swift informed the Committee that the effectiveness of the messages was measured in a number of ways. This included: general surveys and surveys following masterclasses.

Mr Wright drew attention to the table outlining the 'number of days used'. He expressed concern regarding the 'inform and involve' element in which the number of days was behind. Mr Swift assured the Committee that this would be improved by the masterclasses and the International Fraud Awareness Week.

The Committee **received** and **noted** the contents of the Local Counter Fraud Progress Report.

21/091 Update on the counter fraud surveys to staff (item 6.2)

The Committee was **assured** that the update on the counter fraud surveys to staff had been covered in the Local Counter Fraud Progress Report.

Mr Swift left the meeting.

21/092 Internal Audit Progress Reports (agenda item 6.3)

Mrs Blackburn presented the Internal Audit Progress Report and explained that the work due to be carried out in quarter two was almost complete. She highlighted that the Data Quality Audit was complete and confirmed that the report would be sent out in draft. The committee also noted that since the last meeting there had been one audit report finalised in relation to Creditor Payments and that this had been issued with a rating of 'significant assurance'. Mrs Blackburn went on to highlight the changes that had been made to the internal audit plan which included: taking a specific care planning risk assessment audit in quarter four; and deferring the service user engagement audit to 2022. She informed the Committee that the recruitment procedures would also be addressed in quarter four. Mrs Blackburn outlined that, following the six-monthly verification exercise of completed recommendations, there was one which was awaiting further evidence.

Mr Wright highlighted the progress made in relation to the clearance of outstanding issues. Miss Grantham questioned the progress of the days used. Mrs Blackburn informed the Committee that they were 10 days behind but explained that this was a result of staff members' annual leave.

Mr Wright asked Mrs Blackburn to provide an update on the progress of the CareDirector Data Quality audit. Mrs Blackburn agreed to provide an update to the Committee before the Audit Committee meeting in January 2022, once the report had been reviewed in final. The Committee asked Mrs Blackburn to clarify the change of scope in the provider collaborative audit and how the Controls Improvement audit was different to the previous audit. Mrs Blackburn outlined that a process had been put in place to audit a new system when it was too early to provide an assurance opinion. She explained that the process included two stages: an initial review with early feedback; and an agreement with the Trust to do the audit as an assurance piece.

SB

The Committee **received** the Internal Audit Progress Report and was **assured** with the findings.

21/093 Reports from the Internal Audit Network (agenda item 6.4)

Mrs Blackburn presented the reports from the Internal Audit Network (TIAN). She informed the Committee that she had collated a register of guidance that had been released regarding integrated care systems. It was agreed that Mrs Blackburn should include the register as an attachment to the future reports from TIAN. It was also agreed that the reports should be circulated to the Board of

SB

SB

Directors after the meeting.

The Committee acknowledged the pressures being faced by staff and a lack of capacity for innovation. It agreed that as a learning organisation innovation was essential. The Committee agreed that there should be a discussion with the Board to determine how the information in the reports can be used to inform Board development sessions and Board thinking. It was agreed that this would be included in the chairs report to the Board meeting on 25 November 2021.

The Committee **received** and **noted** the contents of the reports from the Internal Audit Network.

21/094 Internal Audit Charter (agenda item 6.5)

Mrs Blackburn presented the Internal Audit Charter. She explained that it had been included in the Audit Plan in April 2021 and that one minor change had been made following the Audit Yorkshire Board in June 2021. The Committee noted the change.

The Committee was assured with the Internal Audit Charter and agreed to approve it on behalf of the Board. Miss Grantham suggested that the charter could be shared with new senior managers. Mrs Hanwell agreed to ensure that the Internal Audit Charter was shared with new senior managers at their inductions.

DH

The Committee **received** and **approved** the Internal Audit Charter.

21/095 Outstanding Audit Actions (agenda item 7)

The Committee noted that since the last report in July 2021 there were two outstanding audit actions. Mrs Hanwell informed the Committee that the details of the actions had been discussed at a recent Executive Risk Management Group meeting and confirmed that progress had since been made.

Mrs Blackburn clarified that the Budgetary and Accounting Control action had been consciously deferred and the Clinical Records (Data Quality) action would be picked up in the Data Quality audit. The Committee noted this.

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

21/096 External Audit Progress Report / Sector Updates (agenda item 8.1)

Mr Khangura informed the Committee that Miss Salma Younis had been appointed as the new Audit Manager for KPMG. He went on to present the

External Audit Progress Report and sector updates. He informed the Committee of the 'red' actions and highlighted the 'updated pay disclosure requirements' action in the report. Mr Khangura assured the Committee that the action would be looked at with the finance team in 2021/2022.

Mrs Hanwell questioned whether any national discussions had taken place around the duty for integrated care systems to be in balance and how external auditors would consider this going forward. The Committee acknowledged that the external audit arrangements for integrated care systems had not yet been announced. Mr Khangura outlined his duty as the Trust's External Auditor and explained that until national guidance had been released, he was unable to comment.

The Committee **received** and **noted** the External Audit Progress Report and sector updates.

21/097 Assurance on Previous Sector Updates (agenda item 8.2)

The Committee received a report which showed the responses from directors to the sector updates that had been presented to the July Committee meeting. It was assured that the directors had taken action or provided sufficient evidence against the technical updates provided by KPMG.

The Committee **received** the update and was **assured** that action had been taken against the updates provided by KPMG.

21/098 Tender and Quotation Exception Report (agenda item 9)

Mrs Hanwell presented the Tender and Quotation Exception Report. Miss Grantham drew the Committee's attention to the pharmacy item in the report. She questioned whether the item could be made a sustainable footing. Mrs Hanwell explained that the issue would be picked up as part of the work around pharmacy spending. Mr Henry drew attention to the Rose Rouse tender waiver and how a single individual was responsible for the piece of work. He questioned whether there was any risk to the procurement if something happened to the individual. The Committee suggested that a further conversation should be had around this. Mrs Hanwell agreed to liaise with Mr Darren Skinner, Interim Director of Human Resources, outside of the meeting.

DH

Mr Wright questioned why management consultancy contracts were highlighted in the report but not featured in the Management Consultants Register. Mr Enright informed the Committee that there was a delay in updating the register as the payments had not yet been made and the forms had not yet been submitted. Mrs Hanwell agreed to liaise with Mr Skinner and Mr Keith Rowley, Managing Director of NOECPC, outside of the meeting to look at training for the Procurement Team and to ensure the management consultancy protocols were being met. It was agreed that Mr Enright should present the updated Management Consultants Register to the Audit Committee meeting in January 2022.

DH

GE

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

21/099 Losses and Special Payments Register (agenda item 10)

Mrs Hanwell presented the losses and special payments register. Mr Wright drew attention to the salary over-payments and questioned whether there were any emerging themes. Mr Enright confirmed that no trends had been identified. Mrs Blackburn informed the Committee that the Internal Auditors had been working on a piece of benchmarking work around salary over-payment. She agreed to share the report with the Committee once it had been completed.

SB

The Committee **received** the losses and special payments register and **noted** the content.

21/100 Management Consultants Register (agenda item 11)

The Committee **noted** that this had been discussed under agenda item 9.

21/101 Annual declarations of interest process – progress update (agenda item 12)

The Committee **received a report on** the annual declarations of interest process and was **assured** on the progress made.

Mr Callaway joined the meeting.

21/102 Health and Safety Annual Report (agenda item 13)

Mrs Hanwell informed the Committee that the Health and Safety Annual Report was a draft and explained that it would be presented to the Health and Safety Committee for approval on 19 October 2021. Mr Callaway presented the Health and Safety Annual Report. He explained that during 2021 the health and safety management systems for NHS workplace standards had been embedded and a new Head of Health and Safety had been appointed. The Committee reviewed the report. It questioned whether the long-term absences were being cross-referenced. Miss Grantham suggested adding clarification to address who sat on each committee and levels of attendance. The Committee also suggested including a SMART (specific, measurable, achievable, realistic, timely) action plan to the report. It questioned what the priorities were in the workplace standards and when the Committee would see a change in the priorities. Mr Callaway agreed to circulate the updated health and safety action plan to the Workforce Committee. It was agreed that the issues raised would be picked up at the next

MC

Health and Safety Committee meeting.

The Committee agreed that the Audit Committee Terms of Reference should be updated to reflect that the Committee would continue to have oversight of the health and safety action plan by receiving quarterly updates from Mr Aidan Hugill, Head of Health and Safety.

CHill

Mr Wright suggested including benchmarking information within the health and safety annual report. It was agreed that the final version of the report would go to the Executive Management Team meeting for approval and return to the Audit Committee meeting in January 2022. Mr Henry questioned whether the report could be expanded from a health and safety perspective to address the working from home aspect. Mrs Hanwell informed the Committee of the Trust's Hybrid Working Policy which would launch in April 2022.

**MC /
DH**

The Committee **considered** the contents of the Health and Safety Annual Report and **provided** feedback to be shared with the Health and Safety Committee.

Mr Callaway left the meeting.

21/103 Health and Safety Update (agenda item 14)

The Committee noted that an update on health and safety had been provided under agenda item 13.

21/104 Board Assurance Framework (agenda item 15)

The Committee **received** the Board Assurance Framework and was assured that it was fit for purpose.

21/105 Annual review of the Terms of Reference (agenda item 16)

The Committee reviewed its terms of reference. It noted the amendments that had been made. Miss Grantham pointed out the narrative in relation to the Health and Safety Committee. She suggested that further narrative could be agreed to reflect that the Committee received quarterly updates from Health and Safety and that it was a standing item on the agenda. The Committee agreed to continue to have quarterly oversight over the Healthy and Safety updates.

Mr Wright drew attention to some minor errors on page nine of the document. It was agreed that these should be amended. Mr Wright questioned the meaning of 'dispute between any groups in the hierarchy'. It was agreed that the sentence should be amended to add clarity.

CHill

CHill

With regard to the duties of the Chair, Mr Henry questioned whether governors

were invited to observe the meeting. Mr Wright confirmed that governors were encouraged to observe the meetings.

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

Dr Hosker joined the meeting.

21/106 Meeting dates for 2022 – for information only (agenda item 17)

The Committee reviewed the meeting dates for 2022. Mr Khangura expressed concern around the May 2022 date on the basis that the deadline for the audit had not yet been set. The Committee acknowledged this and agreed to wait for the announcement before finalising the meeting dates for 2022. Mrs Hanwell agreed to liaise with Mr Khangura to establish a new date for the May 2022 Audit Committee meeting.

**DH /
RK**

The Committee **noted** the meetings that had been scheduled for 2022.

21/107 Review of the cycle of business for 2022 (agenda item 18)

The Committee received and considered the cycle of business for 2022. Mrs Blackburn highlighted that the draft internal audit opinion was not on the cycle of business for 2022. Mr Enright informed the Committee that the draft internal audit opinion was included in the annual accounts.

The Committee **reviewed** and **approved** the cycle of business for 2022.

21/108 Any other business: CareDirector Governance update (agenda item 20.1)

Dr Hosker presented an update on the governance around CareDirector. He highlighted that the implementation phase was due to end in December 2021. He explained that the report had been to the Quality Committee and Finance & Performance Committee.

Mr Henry questioned whether the report could be included in the Audit Committee's cycle of business. Mr Wright assured the Committee that the Finance & Performance Committee would have oversight of the report. Mrs Hanwell assured the Committee that any concerns had been reported through the Finance & Performance Committee.

Mr Wright drew attention to the reference of the patient portal and questioned whether there was a timeline for when the portal became part of CareDirector. Dr Hosker informed the Committee that the instalment was six months off and six months to implement. Mrs Hanwell suggested presenting a closure report the

Finance & Performance Committee on the CareDirector project. It was agreed that the Committee would ask the Board of Directors to delegate the oversight to the Finance & Performance Committee.

The Committee **received** the CareDirector Governance update and were **assured** with the findings.

Dr Hosker left the meeting.

21/109

Key messages and any matters to be escalated to the Board (agenda item 19)

Issues to advise the Board on:

- **The Internal Audit Network (TIAN) Reports** – the committee noted the TIAN reports were now on a more formal reporting footing and were being included on the Audit Committee agenda. The committee suggested the TIAN reports should be circulated to all Board members and there should also be a discussion with the Board to determine how the information in the reports can be used to inform Board development sessions and Board thinking.
- **Terms of Reference** – the Terms of Reference were reviewed by the committee and agreed they should be amended to include clarity around governor observers, duties in respect of Health and Safety, and clarity about the dispute resolution process. It was noted that the refreshed Terms of Reference would need to be presented to the Board of Directors for ratification.

Things on which the Board is to be assured:

- **Internal audit progress report** – the committee reviewed the Internal Audit Progress report and noted progress against the Internal Audit Plan. The committee also noted that since the last meeting there had been one audit report finalised in relation to Creditor Payments and that this had been issued with a rating of 'significant assurance'.
- **Management consultants register** – the committee received the register and noted that this needed to be updated to reflect some information which had not been included due to timing issues. It was agreed that a further report would be returned to the Audit Committee meeting in January 2022.
- **Tender and quotation exception report** – the committee reviewed the Tender and Quotation exception report and was assured on the reasons for the exceptions that had been made
- **Losses and special payments register** – the committee reviewed the Losses and Special payments register and was assured on the details provided.

- **Health and Safety draft annual report 2020-2021** – the committee reviewed the draft annual report. It welcomed the developments that had been made to the report, noting this had more data driven information. The committee was assured by the updated format of the report, however it noted there needed to be more detail and reference to the people aspect of health and safety and links to the governance arrangements around workforce and wellbeing. It was also noted there needed to be a SMART action plan linked to the report; with the Audit Committee receiving ongoing updates on progress against actions. The committee noted the final version of the Annual Report would be presented to the Audit Committee in January 2022.
- **Board Assurance Framework** – the BAF was reviewed by the committee and was assured in relation to the governance arrangements for the document, and that it remained fit for purpose.
- **CareDirector governance update** – the Committee received an update on the refreshed governance arrangements for CareDirector and supported the changes that had been made. The committee noted that the project to implement the CareDirector system was coming to an end and would be moving to business as usual. The committee also noted that the Chief Financial Officer had recommended that a closure report in relation to the project be presented to the Finance and Performance Committee.

The Committee **agreed** the key messages and any matters to be escalated to the Board.

Mr Khangura left the meeting.

21/110 **Restricted Item: Provision of External Audit Services for 2022** (agenda item 21)

See confidential annex for more information.

The Chair of the Committee thanked everyone for attending and closed the meeting at 12.40pm

Date and time of next meeting:

18 January 2022 at 9.30am until 12.30pm