

**Minutes of the Audit Committee
Tuesday 16 August 2022 at 15.00pm until 17.00pm
Via Zoom**

Present:

Mr Martin Wright, Non-executive Director (Chair of the Audit Committee)
Mr Cleveland Henry, Non-executive Director

In Attendance:

Mr Kieran Betts, Corporate Governance Assistant (meeting support)
Mrs Sharron Blackburn, Deputy Head of Internal Audit, NHS Audit Yorkshire
Mrs Dawn Hanwell, Chief Financial Officer, and Deputy Chief Executive
Dr Frances Healey, Associate Non-executive Director
Mrs Cath Hill, Associate Director for Corporate Governance
Mr Aiden Hugill, Head of Health and Safety (for item 8)
Ms Emma Shippey, Senior Internal Auditor
Mr Lee Swift, Local Counter Fraud Specialist for NHS Audit Yorkshire (for item 7)

		Action
	<p>Welcome and introduction</p> <p>Mr Wright opened the meeting at 15.00pm and welcomed everyone.</p>	
22/064	<p>Apologies for absence (agenda item 1)</p> <p>Apologies were received from Miss Helen Grantham, Non-executive Director, who is an outgoing member of this Committee.</p> <p>Apologies were received from; Ms Joanna Forster Adams, Chief Operating Officer; Mr Gerard Enright, Financial Controller; Dr Chris Hosker, Medical Director; Mr Rashpal Khangura, Director of Public Sector Audit for KPMG; and Ms Salma Younis, Senior Manager for KPMG; who are attendees of this Committee.</p> <p>The meeting was quorate.</p>	
22/065	<p>Declaration of any conflict of interest in respect of agenda items (agenda item 2)</p> <p>No one present at the meeting declared a conflict of interest in any of the items to be discussed.</p>	
22/066	<p>Minutes of the meeting held on the 19 April 2022 (agenda item 3)</p> <p>Mr Wright advised of a minor typographical error in minute 22/028. He noted that the sentence relating to Dr Hosker addressing issues with the monitoring</p>	

process of annual spending on drugs should read “He set out some of the reasons” instead of the singular ‘reason’.

The minutes of the meeting held on 19 April 2022 were **accepted** as a true record with one small minor amendment.

22/067 Approval for the minutes above to be uploaded to the Trust’s external website (agenda item 3.1)

The Committee **agreed** that the minutes of the Audit Committee meeting held on 19 April 2022 were suitable to be uploaded to the Trust’s external website.

22/068 Minutes of the meeting held on the 14 June 2022 (agenda item 4)

Mr Wright advised of an error in the date and time of the next meeting at the end of the minutes. He noted that the date and time provided was “Tuesday 19 July 2022 at 9:30am until 12:30pm” instead of the rescheduled time of the meeting which was “Tuesday 16 August 2022 at 15.00pm until 17.00pm”.

The minutes of the meeting held on 14 June 2022 were **accepted** as a true record with one small minor amendment

22/069 Approval for the minutes above to be uploaded to the Trust’s external website (agenda item 4.1)

The Committee **agreed** that the minutes of the Audit Committee meeting held on 14 June 2022 were suitable to be uploaded to the Trust’s external website.

22/070 Matters arising (agenda item 5)

The Committee **noted** there were no matters arising from the minutes.

22/071 Cumulative Action Log (agenda item 6)

The Committee agreed to close the actions on the cumulative action log that had been completed.

The Committee received an update on action 102 from Mrs Hill. She noted that this action had remained on the log for some time as a result of work with the Human Resources team having been paused due to the pandemic. She explained that working in collaboration with Mr Andrew McNichol, Head of

People Analytics and Temporary Staffing; Ms Jo Third, Talent Development and Retention Lead; Mr Curtis Abbott, Assistant HR Business Partner; and Ms Tracy Needham, Head of People Engagement that it had been discovered that a number of management checklists already existed for various systems and inductions across the Trust. She reported that more work was necessary than anticipated to overhaul, combine, and streamline these checklists together rather than adding to this number. She continued that this would provide assurance that managers were successfully completing and cascading annual checks of their staff. The Committee agreed that this work should be completed by and reported to the Audit Committee meeting scheduled for 17 January 2023.

CHill

The Committee was next provided with an update on action 112. Mr Swift informed the Committee that it was his intention to be able to provide the Internal Audit Charter to new senior managers as part of their induction, rather than the previously held marketplace events. It was agreed that Mr Swift would contact Ms Holly Tetley, Associate Director of Employment, in order to achieve this outcome, and that an update would be provided at the next Committee meeting.

LS

The Committee considered an update on action 141. Mrs Hill informed the Committee that she had a meeting scheduled with Ms Catherine Wardle, Head of Clinical Governance and Patient Safety, to review the Risk Management Policy so that it correctly reflects the governance arrangements for reporting risks that was already in place. The Committee agreed to receive an update on the outcomes of this meeting in the October 2022 meeting.

Finally, the Committee received an update on action 143. Mrs Hanwell informed the Committee that the investigation relating to this action had been completed and had reached the conclusion that no fault could be attributed, either deliberate or through negligence to any individual. As a result of this conclusion, a paper was authored to improve rigor in this area, which produced four key actions. Mrs Hanwell agreed to circulate this paper to the members of the Committee for assurance on the outcome of the investigation.

DH

The Committee was **assured** on the progress made on the actions on the cumulative action log.

22/072 Local Counter Fraud Annual Work Plan (agenda item 7.1)

Mr Swift presented the Local Counter Fraud Annual Work Plan and highlighted the main points.

The Committee noted that the plan requested an extra five days to complete, totalling 60 days overall. This was to address the extra demands of completing the new risk assessments specified by the new counter fraud requirements. Mr Swift noted that work needed to be completed with different service areas across the Trust in order to determine what risks were applicable to the Trust.

Dr Healey asked about whether it was possible to tailor the counter fraud mandatory training the Trust's delivers to focus on more local operating

procedures. Mr Swift confirmed that this was an area he was hoping to explore in his meeting with Ms Tetley.

The Committee expressed a view that the three-to-five-year period specified to implement and embed the new risk assessments was too long and that this suggested a level of complexity beyond typical requirements. Mr Swift agreed to pass this feedback on to the Head of Anti-crime for their meeting with the Counter Fraud Management Group. He informed the Committee that while it may take up to five years to fully embed the new risk assessments, they would be able to start identifying risks at a much earlier stage.

LS

Mr Wright asked whether there was anything that the Trust could learn from best practises at other Trusts. Mr Swift cited an example at other Trusts of staff members not always declaring secondary employment. He noted that this risk could be pre-emptively mitigated by encouraging staff to declare secondary employment or conflict of interests.

The Committee **received** and **approved** the Local Counter Fraud Annual Work Plan.

22/073 Local Counter Fraud Annual Report (agenda item 7.2)

Mr Swift presented the Local Counter Fraud Annual Report to the Committee. It noted that one item was rated red, while two others were rated amber.

Mr Swift noted that the item rated red, related to the new risk assessments methodology that had been implemented. He reported that no organisations with Audit Yorkshire were able to achieve compliance with this component due to the length of time required to implement them. The Committee was reassured that the component was projected to be amber upon completion of the fraud risk descriptor work by next year.

The Committee questioned why the component relating to the process of managing conflicts of interests and tests of effectiveness of this process was rated amber. It was discussed that in the opinion of the Committee, the Trust already implemented a robust and tested declaration process. Mrs Hill agreed to discuss these measures with Mr Swift so that there could be a better understanding as to how to improve this rating next year.

CHill

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

22/074 Local Counter Fraud Progress Report (agenda item 7.3)

Mr Swift presented to the Committee a Local Counter Fraud Progress Report. It was questioned whether the Trust was sending sufficient staff numbers onto the training courses that had been made available to them. Mr Swift informed the

Committee that he would have the quarter 1 statistics of attendance available to him at the next meeting. He noted more generally that the Trust's staff attendance was performing pretty much in line with other organisations.

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

Mr Swift left the meeting.

22/075 **Health and Safety Annual Report** (agenda item 8.1)

Mr Hugill presented the Health and Safety Annual Report. He drew attention to highlights of the report. These included improvements in Health and Safety such as increase in engagement with staff, and the establishment of a Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) rating designed to benchmark this organisation against other Trusts. He also noted that eight of the 14 objectives set had been achieved halfway through a two-year cycle. Finally, he reported that there had been 61 lost time instances (LTIs) and 25 RIDDOR reports generated in the past year, and of these 43 LTIs and 19 RIDDOR reports, were relating to incidents relating to violence and aggression.

The Committee discussed the large proportion of LTI's and RIDDORs that related to incidents of violence and aggression and how this was being addressed at a workforce level. The Committee was reassured by Mr Hugill that he regularly reported to the Violence and Aggression Reduction Group.

The Committee next addressed improvements that could be made to the report going forward. It was suggested it could better introduce the scope of what was covered under Health and Safety. Another suggestion included how the language and evidence of the report could be improved so it was more accessible to the public. Finally, it was suggested that the report should show benchmarks and comparisons against other mental health Trusts to put the data into context. Mr Hugill noted that he had three further meetings with other Trusts about benchmarking for the future, but that other Trusts were not necessarily receptive to the suggestion of collecting and sharing benchmarking data.

The Committee discussed how the report reached the conclusion that there had been "significant improvement" whilst it indicated that there had been an increase of RIDDOR reports generated. Mr Hugill explained to the Committee that reports had increased, but when factored against the bigger staff headcount overall, the RIDDOR rate was lower compared to that of last year. Mr Hugill conceded that this could be communicated better in the report.

The Committee discussed how best to disseminate the report across the governance pathways. It was noted that the Health and Safety Annual Report did not go to the Board of Directors meetings, but instead it was the responsibility of the Audit Committee to accept it on its behalf and provide assurances of the content of the report. The Committee agreed that the content of the report was beyond just the scope of the Audit Committee. It was agreed that Mrs Hill and

CHill /
AH

Mr Hugill would meet in order to decide where else this report should be presented and whether this was at Board or sub-committee level.

The Committee **received** and **accepted** the Health and Safety Annual Report on behalf of the Board of Directors. The Committee **agreed** that options to make the full content of the report available across multiple governance pathways, including the option for the report to go to the Board of Directors in its entirety in the future, should be explored.

22/076 Workplace Standards Report (agenda item 8.3)

Mr Hugill presented the NHS Workplace Standards Action Plan. He reported that all the targets in the previous financial year had been met or exceeded. He stated that this work was ahead of schedule and that it was on course to be fully implemented by early 2023.

The Committee **received** and **accepted** the NHS Workplace Standards Action Plan.

22/077 Health and Safety Quarterly Update (agenda item 8.2)

Mr Hugill presented a verbal update of work that had been undertaken by the Health and Safety team in the quarter. He reported that two new Health and Safety advisors and one Health and Safety administrator had been appointed. The Committee was advised that a Health and Safety Audit had been undertaken and returned a result of significant assurance. Finally, it was reported that work had been started of reviewing the suitability and reliability of the Datix report system with Ms Wardle. Mrs Hanwell encouraged Mr Hugill to involve the informatics team in any such review, as they had valuable insight into the usability of the system which would be helpful to factor in.

The Committee **received** and **discussed** the update on the work undertaken by the Health and Safety team in the quarter.

22/078 Internal Audit Progress Report (agenda item 9.1)

Mr Wright explained that the Non-Executive Directors on the Committee had met with Mrs Blackburn and Ms Shippey prior to the meeting, and they were assured that there were no areas of concern that were required to be raised by Internal Audit with the Committee.

Mrs Blackburn presented a summary of the Internal Audit Progress Report to the Committee. It was noted that ten final reports had been received, of which seven provided significant assurance, two limited assurance and one was advisory only. In addition, Mrs Blackburn reported that a salary overpayment briefing had

been prepared in response to the discovery that another Trust had made significant overpayments and the learning from this would be disseminated. Finally, Mrs Blackburn provided an update of the timeline and progress of the audit plan around the NHS England / HFMA (Healthcare Financial Management Association) Improving NHS financial sustainability checklist.

The Committee then turned its attention to the two limited assurance reports. It was noted that the Executive Directors with oversight of these areas, Dr Hosker, and Ms Forster Adams, were not available to attend this meeting due to the change in date. The Committee agreed to defer receiving updates on these two audit reports until the 18 October 2022 Audit Committee meeting. However, the committee looked at these in summary ahead of the October meeting.

Mrs Blackburn presented a summary of the limited assurance report for Service Users' Property and Money. She explained that it was the opinion of Audit Yorkshire that whilst the procedures in place offered significant assurance, they had identified issues with the application and compliance of these procedures. The Committee was reassured that existing procedures would provide sufficient assurance should evidence of compliance be available going forward.

Mrs Blackburn then presented a summary of the limited assurance report for Care Plans and Clinical Risk Assessments. She advised on the policies and procedures in place and also talked about the monitoring of compliance with these procedures. She then reassured the Committee that a detailed action plan had been created in response to this limited assurance audit report. The Committee noted that 39% of Service Users in the Trust did not have a care plan recorded in CareDirector. Mrs Hanwell reassured the Committee that this was a formatting issue and that a simple standard template was being created for to address this within CareDirector. The Committee noted that this area was core to evidencing the care the Trust provides and looked forward to receiving further assurances on this area.

The Committee **received** and **considered** the Internal Audit Progress Report.

22/079 Reports from Internal Audit Network (agenda item 9.2)

The Committee **received** the Internal Audit Network Reports and **noted** their contents.

22/080 Future Areas for Internal Audit as Proposed by Board Sub-Committees (agenda item 9.3)

The Committee received a report from the Quality Committee informing them that no future areas for internal audit had been identified. Mr Wright questioned whether a formal return from each Board Sub-Committee would be more appropriate going forward. The Committee noted that the Draft Audit Plan is already received by each Board Sub-Committee and that requests for additional

audits can be made through Chair Reports which go to the Board of Directors. It was agreed that Mrs Hill would send an email reminder to Chairs of the Board Sub-Committees reminding them of this process and of the Audit Schedule. In addition, it was agreed that this would be included on the Chair's report that was generated for the Board from the outcomes of this meeting.

The Committee **noted** that the Quality Committee had considered areas for future internal audit, and it has agreed that there were no areas to be added at this stage.

22/081 Outstanding Audit Actions (agenda item 10)

The Committee received a report which reviewed the Trust's performance relating to the completion of internal audit actions. In total nine actions were identified as being outstanding. The Committee was reassured that the Executive Risk Management Group (ERMG) was sighted on this report and was content with the current situation, even though it acknowledged that nine was a higher number than previously reported.

Mrs Hanwell provided some further insight into some of the outstanding actions noting that the Board was well-sighted on issues relating to Cyber Security and staffing levels which underpinned the majority of the outstanding actions in the report.

The Committee **received** the Outstanding Audit Actions report and **noted** the number of actions outstanding.

22/082 Tender and Quotation Exception Report (agenda item 11)

The Committee **received** the Tender and Quotation Exception Report and was **assured** that the tender and quotation waivers had been adequately explained and signed off.

22/083 HFMA Committee Processes (agenda item 12)

The Committee **received** the HFMA Committee Processes questionnaire completed by Mr Wright and **noted** the responses made. It **agreed** that no further action was required.

22/084 HFMA Committee Effectiveness (agenda item 13)

The Committee received a summary of the findings from the HFMA Committee Effectiveness Questionnaire. Mr Wright identified six statements which had

responses requiring further consideration which the Committee discussed in more detail:

- “The Committee receives assurances from third parties who deliver key functions to the organisation” – Mrs Hanwell stated that the annual assurance statement was not normally shared with the Audit Committee. The Committee agreed that the way these assurances statements are reported to the Committee could be more explicit, however, it was assured that the external auditors see these reports and would raise any concerns if necessary.
- “The Committee has structured its agenda to cover quality, data quality, performance targets and financial control.” – The Committee expressed the opinion that they do have a good structure which is often informed by the rolling internal audit work and that the agenda does not need to be structured in the way suggested.
- “Other Committees provide timely and clear information in support of the Audit Committee.” – The Committee agreed that this is addressed by chairs of other Board Sub-Committees requesting areas of future audits.
- “Decisions and actions are implemented in line with the timescale set down.” – The Committee agreed that matters were dealt with in a timely fashion, but that it was sometimes appropriate for delays to occur, such as in response to the COVID-19 pandemic.
- “At the end of each meeting the Committee discuss the outcomes and reflect on decisions made and what worked well.” – The Committee noted that these topics were covered in the private meeting held before the main meeting, and that any issues identified would be brought forward into the main Committee meeting.
- “The Committee receives clear and timely reports from other governing body committees which set out the assurances they have received and their impact on the organisation’s assurance framework.” – The Committee noted that other Board Sub-Committee chairs give positive affirmation of assurance when they receive an update to the assurance framework.

The Committee **received** a summary of the HFMA Committee Effectiveness Questionnaire results and **discussed** areas of concern identified in the feedback.

22/085 Key Messages and Any Matters to be Escalated to the Board (agenda item 14)

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

- Local Counter Fraud Annual Work Plan
- Health and Safety Annual Report
- Internal Audit Meeting
- Internal Audit Progress Report
- Outstanding Audit Actions Tender and Quotation Exception Report
- HFMA Committee Processes and HFMA Committee Effectiveness

- Support for other Board Sub-Committees

22/086 Any Other Business (agenda item 15)

Mr Wright informed the Committee that the Rehabilitation provider collaborative business plan had been reviewed. He noted that this had raised an issue about how audit information is shared across the governance structure of provider collaboratives. Noting that whilst information is shared with the lead provider, there is no agreed pathway (or obligation on the lead provider) to disseminate this information to the other member organisations. He informed the Committee that Audit Yorkshire had agreed to look at his matter and would return with their recommendations at a future meeting.

The Committee **discussed** the issue of audit information being shared across Provider Collaborative governance structures and **noted** that Audit Yorkshire had been tasked with looking at this matter.

Mr Wright thanked everyone for attending and closed the meeting at 17:00pm.

Date and time of next meeting:

Tuesday 18 October 2022 at 9:30am until 12:30pm