

Minutes of the Audit Committee
Tuesday 18 July 2023 at 10.30am until 12.30pm
Via Microsoft Teams

Present:

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

In Attendance:

Mr Kieran Betts, Corporate Governance Assistant (meeting support)
Ms Rose Cooper, Deputy Head of Corporate Governance (for items 12 – 14)
Mr Jonathan Campbell, Associate Director of Estates and Facilities (for item 8.1 and 8.2)
Mr Gerard Enright, Financial Controller
Mrs Dawn Hanwell, Chief Financial Officer, and Deputy Chief Executive
Ms Helen Higgs, Managing Director and Head of Internal Audit, NHS Audit Yorkshire
Mrs Cath Hill, Associate Director for Corporate Governance
Mr Jonathan Hodgson, Internal Audit Manager, NHS Audit Yorkshire
Mr Lee Swift, Local Counter Fraud Specialist for NHS Audit Yorkshire (for item 7.1 – 7.3)

		Action
	<p>Welcome and Introduction</p> <p>Mr Wright opened the meeting at 10.30am and welcomed everyone.</p>	
23/063	<p>Apologies for absence (agenda item 1)</p> <p>No apologies were received from members of the Committee.</p> <p>Apologies were received from Mr Aiden Hugill, Head of Health and Safety; Mr Rashpal Khangura, Director of Public Sector Audit for KPMG; Ms Nichola Sanderson, Director of Nursing and Professions; and Ms Salma Younis, Audit Manager at KPMG, who are attendees of the meeting.</p>	
	The Committee was quorate.	
23/064	<p>Declarations of any conflict of interest in respect of agenda items (agenda item 2)</p>	
	No one present declared a conflict of interest in respect of agenda items.	
23/065	<p>Minutes of the meeting held on the 18 April 2023 (agenda item 3)</p>	
	The minutes of the meeting held on 18 April 2023 were accepted as a true record.	

23/066 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 18 April 2023 were suitable to be uploaded to the Trust’s external website.

23/067 Minutes of the meeting held on the 19 June 2023 (agenda item 4)

The minutes of the meeting held on 19 June 2023 were **accepted** as a true record.

23/068 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 19 June 2023 were suitable to be uploaded to the Trust’s external website.

23/069 Matters arising (agenda item 5)

The Committee **noted** that there were no matters arising that were not either on the agenda or on the action log.

23/070 Cumulative Action Log (agenda item 6)

The Committee confirmed that actions 164, 165, 166, 170, and 171 were complete and could be closed on the log. The Committee also confirmed that actions 161, 162, and 169 related to items on the agenda of the meeting and an update on these actions would be considered during the presentation of these items. The Committee then discussed the remaining open actions and received the following updates:

Action 167: Mrs Hanwell informed the Committee that the Executive Risk Management Group (ERMG) meeting scheduled for the 12 July 2023 had been cancelled due to the industrial action occurring on this date. She confirmed that she would reiterate the requirement for a higher level of control on granting extensions for implementation dates at the next ERMG meeting. The Committee agreed to close this action.

Action 168: Mr Swift updated the Committee that the dates of upcoming counter fraud masterclasses had been shared with Mrs Hanwell and subsequently circulated to relevant members of staff across the Trust. He added that this had not significantly impacted on the number of staff booking to join these

masterclasses, but it was hoped that uptake would be improved in subsequent months. He confirmed that he would share the dates for August 2023 masterclasses when they were available. The Committee agreed that this action had been completed and could be closed.

Action 172: Mrs Hanwell informed the Committee that she had determined that the Annual Report did not require updating to add narrative on the Trust's use of resources being determined at the system level as opposed to by the Trust in the finance section of the Annual Report, as this information would not provide any additional clarity. The Committee noted that the contents of the Annual Report had been reviewed and approved by both the internal and external audit team and was therefore satisfied that this information was unnecessary overall. The Committee agreed to close this action.

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

23/071 Local Counter Fraud Annual Work Plan 2023/24 (agenda item 7.1)

Mr Swift highlighted the main points of the counter fraud annual work plan to the Committee. He informed that the work plan would consist of 60 days of counter fraud work, which was the same level of resource dedicated to the 2022/23 plan. He added that this plan also contained two local exercises designed to proactively address concerns regarding potential recruitment fraud and fraud which utilised artificial intelligence. The Committee was satisfied with and approved the plan.

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

23/072 Local Counter Fraud Annual Report 2022/23 (agenda item 7.2)

The Committee received the report, which provided a summary of the counter fraud work completed by Audit Yorkshire for the Trust in 2022/23 in alignment with the Counter Fraud Work Plan agreed by the Committee in August 2022. Mr Swift drew the Committee's attention to the summary of compliance, which showed that the Trust was RAG rated green in 11 out of the 12 components set by the NHS Counter Fraud Authority, with only component three rated amber. Mr Swift reminded the Committee that this amber rating was anticipated due to the amount of work required to embed the new fraud risk assessment methodology into the Trust and was in-line with the compliance achieved by other comparable organisations.

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

23/073 Local Counter Fraud Progress Report (agenda item 7.3)

Mr Swift presented the local counter fraud progress report to the Committee. He reported that he had been contacted by the Trust's widening participation officer who had informed the counter fraud team that international recruits were often more susceptible to fraud in their personal lives. He explained that work would be conducted to add mitigations to this risk in the cyber fraud training, and that in the meantime these colleagues would be encouraged to join the counter fraud masterclasses. Mrs Hanwell informed the Committee that this work could be linked into work conducted by the Trust's own cyber security team led by Mr Hargurpan Galsinh, Head of Network Services and Cyber Security. It was agreed that Mrs Hanwell would share this contact information with Mr Swift, and that Mr Swift would work to ensure that the Trust and the Local Counter Fraud Team could collaborate efforts in this area.

DH / LS

Next, Mr Swift informed the Committee that a counter fraud Twitter group had been created, and this would be used to distribute additional information across the counter fraud network. Finally, the Committee heard an update on the current and concluded fraud investigations taking place within the Trust.

The Committee discussed the topic of electronic signatures being used to authorise forms across the Trust. Mrs Hanwell updated the Committee that this was a complex issue which had been raised at the Information Steering Group meeting. Mr Enright additionally explained to the Committee that based on this work it had been recommended that there would be three different layers of security based on risk:

- For areas of little financial risk – approval through email would be accepted on the basis that NHS emails were encrypted and secure.
- An intermediate second layer - an electronic signature through Microsoft Word, Excel, and PDF. He additionally advised the Committee that there had been some issues regarding this method, such as Microsoft Office documents only supporting one e-signature.
- For areas of significant risk, such as external agreements and contractual law – use of external e-signature programmes would be explored. He added that this would be at significant cost to the organisation.

Mr Enright further reported to the Committee that there was a need for an organisational solution to this issue as its potential scope was beyond just financial considerations. Mr Henry drew the Committee's attention to the existence of external e-signature programme solutions which integrated with Microsoft Office applications to permit multiple authorised signatures within a single document and advised that these solutions did not come at considerable cost. The Committee noted that this topic would be discussed further at the Finance and Performance Committee as part of their ongoing assurance on IT development.

GE /
DH

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

Mr Campbell joined the meeting.
Mr Swift left the meeting.

23/074 Health and Safety Annual Report (agenda item 8.1)

The Committee discussed the contents of the Health and Safety report. The Committee agreed that it was not fully satisfied with the explanation of the scope of the statutory duties of the Health and Safety Team and how it was separate from issues involving patient safety. It also noted that Mr Hugill would be leaving the Trust in July 2023. Dr Healey suggested that a temporary solution would be for the Datix data included in the report to break down the single “Accident / Health and Safety Incident involving Patients” category into more categories to differentiate between health and safety issues and patient safety issues.

The Committee next examined the increase in violence and aggression incidents experienced by staff in 2022/23 as expressed in the report. The Committee commented that the report stated that this issue was being reviewed by the Violence and Aggression Reduction Steering Group but did not cover any of the actions implemented to mitigate this risk. The Committee additionally noted that the report raised the issue of several non-conformities found in the conduction of clinical audits but did not cover how this was or would be addressed. Mr Wright also commented that the report listed all of the relevant legislation the Trust was required to be compliant with but did not actually report on whether compliance was being achieved. Overall, the Committee was not satisfied that the annual report demonstrated what the Trust was doing to mitigate issues in these areas. It also pointed out that there was some ambiguity in the language used by the report which could cause some confusion if released to the general public.

The Committee considered the issue of reporting Health and Safety at a governance level within the Trust. It highlighted that the topic of Health and Safety was covered at multiple meetings, such as the Workforce Committee for “safe people” and the Finance and Performance Committee for “safe place” and that it was the role of the Audit Committee to be a central group to seek assurance in this area on behalf of the Board of Directors, however, it was unclear how any potential issues should be escalated and addressed. It noted that violence and aggression towards staff was a workforce issue and as such should be considered at the Workforce Committee, however, by separating Health and Safety matters into “safe people, safe place” there was a risk that a holistic view on Health and Safety could be lost. Mrs Hill added that she had previously discussed with Mr Hugill the topic of which Committees should receive specific individual elements of the Health and Safety report. The Committee agreed that a summary of this division should be included in the Health and Safety Annual Report for clarity.

The Committee agreed that the Health and Safety Annual Report 2022/23 was not in a satisfactory condition to be circulated for discussion at the July 2023 Board of Directors meeting. It was agreed that the report would be updated to address the issues raised by the Committee and circulated to members of the Audit Committee for approval ahead of the 28 September 2023 Board of Directors meeting. It was also agreed that the increase in violence and aggression incidents experienced by staff in 2022/23 would be raised at the private Board of Directors meeting on the 27 July 2023.

JC / DH

The **Committee** received the Health and Safety Annual Report. It **agreed** that the report was not in a satisfactory condition to be discussed at the July 2023 Board of Directors meeting and would need to be revised and recirculated to Audit Committee members for approval and reported to the September Board of Directors meeting instead. It also **agreed** to raise the issue of increasing violence and aggression experienced by staff in 2022/23 at the July 2023 Board of Directors meeting.

23/075 Health and Safety Quarterly Update (agenda item 8.2)

The Committee queried whether the update was accurate in reporting that there had been no RIDDOR incidents so far in the financial year 2023-24. Mr Campbell agreed to look into the validity of this figure and report back to the Committee.

JC

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

Mr Campbell left the meeting.

23/076 Internal Audit Progress Reports (agenda item 9.1)

Mr Hodgson presented the Internal Audit Progress Report to the Committee. He reported to the Committee that four audit reports had been completed in full, three of which had been returned with significant assurance and one of which was advisory only. He additionally explained that three additional audit reports were in draft at the time of papers being circulated. Mr Hodgson noted that there were three management requests to defer planned audit reports until later into the 2023/24 financial year. The Committee noted the reasons stated for these deferrals and agreed to support the plan to defer these reports. Finally, Mr Hodgson highlighted to the Committee that the key performance indicators were at 100% at the time of writing, but that this rating would be dependent on management responses from the Trust being received within the allotted time.

The Committee considered the West Yorkshire Children and Young People Mental Health Inpatient Services Provider Collaborative report. It discussed its current understanding of provider collaborative governance arrangements, and how the Trust's Board Sub-Committees linked into these arrangements as this was not defined in the Terms of Reference of these Committees. Mrs Hill suggested to the Committee that the Trust should aspire to create a governance document which described the governance arrangements between the Trust, the Integrated Care System, and the provider collaboratives it was a part of, and also where information was reported to within the Trust for assurance. It was agreed that the Committee would recommend that the Board of Directors should schedule time at an upcoming workshop discussion to refresh its understanding of its governance and operating arrangements with provider collaborative Boards, and how it sought assurance in this area. Mr Hodgson additionally agreed to share any additional intelligence from regional partners in this area with the Committee.

The Committee **received** and **considered** the Internal Audit Progress Report. It **noted** that four reports had been completed. It also **agreed** to support the deferral of three planned reports to later in the 2023/24 financial year.

23/077 Reports from the Internal Audit Network (agenda item 9.2)

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

23/078 External Audit – Assurance on Previous Sector Updates (agenda item 10)

The Committee was **assured** on the actions taken in relation to the sector updates.

23/079 Tender and Quotation Exception Report (agenda item 11)

The Committee received an update on Tender and Quotation Exception Reports. It heard that there were two tender waivers and three quotation waivers in the first quarter of the 2023/24 financial year, which was fewer than typically reported.

The Committee **received** the report and **supported** the reasons for the exceptions.

Ms Cooper joined the meeting.
Ms Higgs left the meeting.

23/080 Sponsorship, Hospitality, and Gifts Registers (agenda items 12, 13, and 14)

The Committee received an update of all sponsorship, hospitality, and gift declarations which were made in the 2022/23 financial year. The Committee queried items 69 and 70 in the Hospitality Register, which related to members of the Trust receiving tickets to a rugby match from a supplier. The Committee noted that while this offer of hospitality may have been compliant with the Trust's existing Hospitality, Sponsorship, and Gifts Policy and Procedure, it questioned whether such an offer was appropriate and queried whether such an offer should have been considered a gift instead. It was agreed that Mrs Hanwell would contact Mr Keith Rowley, Managing Director of North of England Commercial Procurement Collaborative, to seek clarity on the rationale behind the acceptance of this offer and feedback on the current state of the Policy and Procedure. It was also agreed that this insight would help inform a review of the Policy and Procedure by Ms Cooper and Mrs Hill to ensure that it was robust and clear to understand.

DH

**RC /
CHill**

The Committee **received** the Sponsorship, Hospitality, and Gifts Registers and **noted** their contents.

Ms Cooper left the meeting.

23/081 HFMA Committee Processes (agenda item 15)

The Committee **received** the HFMA Committee Processes questionnaire completed by Mr Wright and **noted** the responses made.

23/082 HFMA Committee Effectiveness Results (agenda item 16)

The Committee received a summary of the findings from the HFMA Committee Effectiveness Questionnaire and discussed the results of this feedback in detail. In particular it considered a response to the statement “The Committee has set itself a series of objectives for the year.” It was determined that the Audit Committee’s Terms of Reference was used to inform its annual cycle of business, which in turn was implicitly used as its objectives for the year. The Committee agreed to consider whether any explicit objectives could be set when the Committee next considered its annual cycle of business at the October 2023 meeting. It was agreed that this would be added to the agenda of this meeting.

KB

Next the Committee discussed possible solutions to address the quantity of paperwork often received by the Committee, which was an issue raised in response to the questionnaire. Mr Hodgson agreed that he would conduct a benchmarking exercise to examine how other organisations present their Audit Committee paperwork and present these findings to Mr Wright for wider Committee consideration. Mr Henry noted that there could be an issue where important details in the papers might be missed due to their length, and whether a technological solution could be explored to reduce paper length whilst still providing access to greater detail if required by the reader. It was agreed that the Committee would suggest to the Board of Directors that colleagues across the Trust should be reminded of the purpose of executive summary pages to summarise the key points of full papers as a potential solution to reduce the overall paperwork provided at all Board Sub-Committees.

JH

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

23/083 Key Messages and Any Matters to be Escalated to the Board (agenda item 17)

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

- The Committee received and approved the Counter Fraud Plan for 2023/24.
- The Committee received and noted the contents of the Annual Counter Fraud Report for 2022/23.
- The Committee received the Health and Safety Annual Report for 2022/23. It was agreed that the report required multiple amendments, and that the report would be reported to the September Board of Directors meeting instead.
 - The Committee additionally noted that staff reporting violence and aggression had increased during 2022/23 and that this would be referred to the July 2023 private Board of Directors meeting.
- The Committee received the internal audit progress report which comprised of four final audit reports – three returned with significant assurance and one advisory report.
 - The Committee agreed to defer three audit reports until later into the 2023/24 financial year based on management requests.
- The Committee noted that the topic of electronic signatures being used to approve forms would be considered further at the Finance and Performance Committee through reports sent by the Information Steering Group.
- The Committee agreed that the Board of Directors should consider and review how provider collaborative governance arrangements were reported across the governance structure of the Trust.
- The Committee received the Tender and Quotation Exception report.
- The Committee received the Sponsorship, Hospitality and Gift registers for 2022/23. It agreed that additional clarity on the Trust's Policy and Procedure in this area should be sought.
- The Committee completed and reviewed its HFMA Committee Processes and Committee Effectiveness results.
 - It was recommended that the importance of succinct executive summaries of papers was re-emphasised across the Trust as a means of reducing the length of papers received at Board Sub-Committee level.

23/084 Any Other Business (agenda item 18)

The Committee noted that this would be the last meeting attended by Mrs Hill in her role as Associate Director for Corporate Governance. The Committee thanked Mrs Hill for her work and collaboration over the years in this role and wished her well in her future endeavours.

Mr Wright thanked everyone for attending and closed the meeting at 12:30pm

Date and time of next meeting:

Tuesday 17 October 2023 at 9:30am until 12:30pm