

**Minutes of the Audit Committee**  
**Tuesday 17 October 2023 at 10.00am 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 Officer (meeting support)  
Mr Chris Boyne, Deputy Head of Audit Yorkshire (observing the meeting)  
Mr Jonathan Campbell, Associate Director of Estates and Facilities (for item 6.2)  
Mrs Clare Edwards, Associate Director for Corporate Governance  
Mr Gerard Enright, Financial Controller  
Mrs Dawn Hanwell, Chief Financial Officer, and Deputy Chief Executive  
Mr Jonathan Hodgson, Internal Audit Manager, NHS Audit Yorkshire  
Mr Andrew McNichol, Head of People Analytics and Temporary Staffing (for item 6.1)  
Mrs Nichola Sanderson, Director of Nursing and Professions (for items 6.2 and 7)  
Mr Lee Swift, Local Counter Fraud Specialist for NHS Audit Yorkshire (for item 8)  
Ms Salma Younis, Audit Director for KPMG

		<b>Action</b>
	<p><b>Welcome and Introduction</b></p> <p>Mr Wright opened the meeting at 10.00am and welcomed everyone.</p>	
<b>23/085</b>	<p><b>Apologies for absence</b> (agenda item 1)</p> <p>No apologies were received from members of the Committee.</p> <p>Apologies were received from Mr Darren Skinner, Director of People and Organisational Development. The Committee noted that Mr McNichol was deputising on behalf of Mr Skinner for item 6.1.</p>	
	<p>The Committee was quorate.</p>	
<b>23/086</b>	<p><b>Declarations of any conflict of interest in respect of agenda items</b> (agenda item 2)</p> <p>No one present declared a conflict of interest in respect of agenda items.</p>	
<b>23/087</b>	<p><b>Minutes of the meeting held on the 18 July 2023</b> (agenda item 3)</p> <p>The minutes of the meeting held on 18 July 2023 were <b>accepted</b> as a true record.</p>	

**23/088 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 July 2023 were suitable to be uploaded to the Trust's external website.

**23/089 Matters arising (agenda item 4)**

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

**23/090 Cumulative Action Log (agenda item 5)**

The Committee confirmed that action 178 was complete and could be closed on the log. The Committee then discussed the remaining open actions and received the following updates:

Actions 161, 162, 175 and 176: The Committee noted that the Health and Safety Quarterly Report and the Health and Safety Annual Report would not be presented at this meeting. It was agreed that an extraordinary Audit Committee meeting would be arranged in advance of the November 2023 Board of Directors meeting which would consider the Health and Safety Annual Report, as well as the actions associated with these reports.

Action 173: The Committee noted that this action had been remitted to the Finance and Performance Committee, and agreed as such could be closed on the Audit Committee's action log.

Action 174: Mr Swift confirmed he had received contact details for the Trust's Cyber Security Team. He added that he would be collaborating with this team on cyber security counter fraud work, including the use of artificial intelligence, and that this work would be presented at the January 2024 Committee meeting.

Actions 177 and 180: The Committee noted that the Trust's Hospitality, Sponsorship and Gifts Procedure had been amended so that offers of hospitality from potential or actual suppliers should be refused unless agreement is sought by an executive director prior to acceptance, and to clarify that event tickets should be classified as a gift as opposed to hospitality. The Committee agreed that these actions were complete.

Action 179: The Committee heard that the results of the benchmarking exercise had been circulated to members of the Committee. The Committee was assured that the manner in which its paperwork was presented and received was in-line with Audit Committee's at similar organisations and agreed that the action had been completed.

**KB**

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

**23/091 Limited Assurance Report – Utilisation of the E-rostering System** (agenda item 6.1)

Mr Hodgson introduced the limited assurance report to the Committee. He reported that since the draft report had been published, many of the objectives and recommendations set had since been changed to ongoing or complete, which was reflective of the fact that many of these areas were business-as-usual recommendations.

The Committee discussed the report in detail. It drew attention to the fact that there was limited assurance on alerts being in place in the E-rostering system as this could have a negative impact on staff welfare. It also drew attention to the fact that bank staff were disproportionately rostered during out-of-hours, and that extra shifts and the use of agency staff were being authorised at a ward level.

The Committee considered the issue of alerts in more detail. Mr McNichol informed the Committee that the system generated multiple alerts based on rules which had been implemented to allow users to use an auto-rostering feature, but that this feature was rarely utilised by users of the system. He informed the Committee that a decision had been made to withdraw these auto-rostering rules so that critical rules, such as working time directives, would be prioritised instead. He assured the Committee that the critical rules were being followed and that all breaches were reported to the monthly Safer Staffing Group.

The Committee next considered the issue of the use of agency staff to fill in gaps in the roster. Mrs Sanderson assured the Committee that the Safer Staffing Group reviewed all requests made for additional staff. She explained that she endorsed the current process which permitted ward managers to request additional staff without requiring senior management approval as it was an effective way to manage risk. She added that out-of-hours shifts typically had less staff resources available during them which explained the increased use of agency staff at these times. Mrs Hanwell acknowledged these points, but additionally noted that the Trust was committed to reducing agency usage. Mrs Sanderson acknowledged that the Safer Staffing Report which would be generated by April 2024 would consider this issue in more detail.

Mr McNichol reported to the Committee that of the 19 actions recommended by the report, nine had been completed and six were in progress. Mr McNichol expressed that in his opinion the actions fell into two categories, technical and cultural. He stated that he was confident that the technical issues with the system would be addressed in the short-term, but that the cultural issues which would be addressed through the Rostering in Partnership Programme, would take longer.

The Committee was assured by the steps taken to address the issues raised in the limited assurance report. It added that staff vacancies was one of the most important issues affecting the Trust and therefore the effective use of staff

resources through the E-rostering system was important. It also acknowledged that this issue fell across multiple executive directors' domains. It agreed that Mrs Hanwell, Mrs Sanderson, and Mr Skinner should collaborate to bring a timescale and approach to address the outstanding issues raised by the assurance report and bring this plan to the January 2024 meeting.

The Committee **received** and **discussed** the limited assurance report on the Utilisation of the E-rostering System. It was **assured** by the steps to address the issues identified in the report and **agreed** that the executive directors whose portfolio covered these issues should collaborate to bring a plan to address any outstanding issues to the next Committee meeting.

**23/092 Limited Assurance Report – Safeguarding: Sexual Safety** (agenda item 6.2)

Mrs Sanderson provided the Committee with an overview of the limited assurance report. She informed the Committee that the three inpatient areas which had been audited were part of a pilot scheme for embedding sexual safety in the Trust, and that when the audit had been conducted the Trust's Sexual Safety Policy had only just been introduced. She added that the three incidents highlighted by the report demonstrated clear learning required about the Trust's documentation process for sexual safety incidents but was assured that the correct actions were taken from a patient care perspective.

Next, Mrs Sanderson provided the Committee an overview of some of the actions taken to address the limited assurance opinion. She reported that all wards now had sexual safety ambassadors, that a quarterly audit of sexual safety incidents on inpatient areas would be conducted going forward, and that the Safeguarding Team would automatically be alerted to any sexual safety Datix reports. She added that development of Trustwide e-learning on sexual safety was almost complete and that additional face-to-face training would also be available.

The Committee pointed out that the audit only looked at three inpatient areas over a limited period of time and questioned what would be done to address further historical sexual safety incidents. Mrs Sanderson suggested that other inpatient areas could be reviewed over the same period to see if similar issues could be identified. She also suggested that colleagues from the West Yorkshire Integrated Care Board could be invited to provide an independent review of other inpatient areas. The Committee supported these proposals.

Next the Committee outlined the fact that the Trust's Sexual Safety Policy primarily concerned itself with the wellbeing of service users and visitors but did not cover the wellbeing of staff. Mrs Sanderson assured the Committee that the Organisational Development team were in the process of creating a policy to address violence experienced by staff which would also address sexual violence.

The Committee was assured on the actions taken to address the limited assurance opinion expressed in the report. It also noted that a follow-up audit to assess the implementation of the recommended actions was scheduled for

February 2024, with the aim that a significant assurance opinion would be expressed by the end of the financial year 2023/24.

The Committee **received** and **discussed** the limited assurance report on Safeguarding: Sexual Safety. It was **assured** of the actions taken so far to address the issues raised in the report and **noted** that a follow-up audit was scheduled for February 2024.

Mr Campbell joined the meeting.

### 23/093 Low Assurance Report – Security Management (agenda item 6.3)

Mrs Hanwell outlined the low assurance opinion received on the Trust's Security Management arrangements. She reported to the Committee that as a result of the low assurance opinion the executive directors had met to discuss their individual and collective responsibilities to address the issues outlined in the report. She added that work to provide clarity on governance arrangements, policies and procedures, and responsibilities had started. She added that assurance work had also started, for example, inviting members of the Leeds Teaching Hospitals NHS Trust to assess the Trust's physical security arrangements.

Mr Campbell highlighted additional measures to address the low assurance opinion. He stated that a report had been commissioned to provide benchmarking feedback on the Security Management policies used by other Trusts so that they could be incorporated into the development of the Trust's own policy. He noted that the assurance report included a 29-point action plan which was being reviewed. Finally, he advised the Committee that upgrades in the Trust's CCTV system were entering the design phase, with plans for an installation to be completed during the 2024-25 financial year.

Mrs Hanwell concluded by acknowledging that this was a significant issue facing the Trust, noting that there was a risk of a potential resource gap in addressing some of the identified issues, for example, the costs associated with hiring additional security personnel. She explained that individual and collective responsibilities needed to be clarified before a solid business case could be drafted to address the issues identified in the report. Finally, she informed the Committee that it was planned for the key actions identified in the report to be completed by the end of the 2023-24 financial year. The Committee was assured by the measures in place to address the low assurance opinion.

The Committee **received** and **discussed** the low assurance report on Security Management. It was **assured** by the measures in place to address the low assurance opinion and **noted** that the key actions identified in the report were planned to be addressed by 31 March 2024.

Mr Campbell and Mr McNichol left the meeting.

**23/094 Internal Audit Progress Report** (agenda item 6.4)

Mr Hodgson highlighted the main conclusions of the Internal Audit Progress Report to the Committee. He informed the Committee that five audit reports had been issued in full, three of which were the limited/low opinion reports which had already been discussed at the meeting. The Committee heard that the remaining two reports comprised of audits conducted on Business Security Planning which was returned with an overall opinion of significant assurance, and Data Security and Protection Toolkit which was returned with an assessment of moderate risk and an overall opinion of high assurance. He also informed the committee that there were three reports available in draft.

Next, Mr Hodgson drew the Committees attention to the Independent Verification of the Implementation of Internal Audit Recommendations. He explained that following circulation of the papers for the meeting, Audit Yorkshire had received evidence for the implementation of all 18 internal audit recommendations.

Mr Wright highlighted to the Committee that the key performance indicators for both submission of and management response to internal audit reports were at 100% and thanked the teams involved for this achievement.

The Committee noted that there were two management requests to defer planned audit reports, one on Clinical Governance and one on Health Inequalities. It additionally noted that there had been three management requests for additional audit areas on Security Management, Patient Flow and Follow-up of Limited/Low Assurance Reports for the 2023/24 financial year. The Committee noted the reasons stated for these deferrals and additions and agreed to support the plan to defer and add these reports respectively.

The Committee **received** and **considered** the Internal Audit Progress Report. It **noted** that five reports had been completed. It also **agreed** to support the deferral of two planned reports and the addition of three extra audit reports to the Audit Plan for 2023/24.

**23/095 Internal Audit Charter** (agenda item 6.5)

The Committee **received** and **approved** the Internal Audit Charter for Audit Yorkshire, **noting** that no changes had been made to it since it was last approved by the Committee in April 2023.

**23/096 Reports from the Internal Audit Network** (agenda item 6.6)



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

**23/097 Risk Management Annual Report** (agenda item 7)

Mrs Sanderson drew the Committee’s attention to the main elements of the Risk Management Annual Report. She explained to the Committee that the report covered the period from October 2022 to March 2023, and had been shared with the Executive Risk Management Group (ERMG).

Dr Healey noted that the report highlighted the new Patient Safety Incident Response Framework and shared that the Board of Directors had discussed some limitations of this model, in particular the reliance on services being able to identify issues within its own service and escalate that information across the Trust. She questioned whether there were plans to alter the model further during its implementation. Mrs Sanderson confirmed that there were additional plans to review clinical governance structures to enable information to flow through all governance structures more easily, with the aim of providing Ward-to-Board assurance that any issues identified would be shared across the Trust.

Mr Wright drew attention to a section of the report which stated that each of the operational service lines have had discussions about their clinical and operational risks at “appropriate governance meetings”. It was noted that future reports should be more specific and identify the meetings where these discussions had taken place. Finally, Mr Wright reflected that the implementation date of the new clinical governance framework had been extended from March 2024 to March 2025, and questioned whether this extension length was still appropriate. Mrs Sanderson confirmed that once the framework had been implemented at an operational level that the length of the extension would be reassessed.

The Committee **received** the Risk Management Annual Report and **noted** that the report demonstrated continued improvement within the risk management systems and processes.

Mr Henry left the meeting.

**23/098 Local Counter Fraud Progress Report** (agenda item 8)

Mr Swift outlined the key points contained within the local counter fraud progress report to the Committee. He presented an update on a number of counter fraud investigations involving current or former members of staff. He reported to the Committee that as a result of one of these investigations, a message would be included on future Trust payslips to remind staff of the safe disposal of confidential information and to advertise the opportunity to attend the Counter Fraud Masterclasses. He also assured the Committee that the service had addressed the alert issued by the NHS Counter Fraud Authority regarding the increased risk of undeclared secondary employment. He explained that this had been done

through contacting the Trust's recruitment team to ensure that staff were aware of their obligations to declare secondary employment to the Trust. The Committee noted these updates, and additionally noted that staff attendance at the counter fraud masterclasses had increased in this quarter.

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

Mr Swift left the meeting.

**23/099 External Audit Progress Report / Sector Updates** (agenda item 10)

Ms Younis drew the Committee's attention to the two key health sector updates included in the report. These included the proposed changes to the Department of Health and Social Care (DHSC) Group Accounting Manual which would mean International Financial Reporting Standard (IFRS) 16 liability measurement principles would need to be applied to Private Finance Initiative (PFI) liabilities in addition to non-PFI liabilities from the 2023-24 financial year, and changes to the "Fit and Proper Person Test Framework for Board members" published by NHS England.

Mr Enright reported to the Committee that additional guidance from the Treasury regarding the impact of IFRS 16 being applied to PFI assets was expected to be issued by the end of October 2023, but assured the Committee that it was not anticipated that this would have any capital-element related impact on the Trust. Mrs Hanwell added that it had been decided nationally that resource allocations would be placed on IFRS 16 arrangements and that this would be monitored and controlled by the West Yorkshire Integrated Care Board. The Committee noted this update.

Finally, the Committee noted that Ms Younis had been promoted and would now be the lead external audit director for the Trust going forward. The Committee congratulated Ms Younis on her promotion.

The Committee **received** and **noted** the contents of the External Audit Progress Report.

**23/100 Outstanding Audit Actions** (agenda item 11)

Mrs Edwards presented the outstanding audit actions report to the Committee. She assured the Group that these outstanding actions would be considered in more detail at the November 2023 ERMG meeting. She reported that there were 14 outstanding actions detailed in the report, which was noted to be more than the number typically reported. The Committee noted that the manner in which updates for outstanding audit actions were reported operationally would also be discussed at the November 2023 ERMG meeting to ensure that action updates were received in a timely manner.



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

**23/101 Board Assurance Framework** (agenda item 12)

Mrs Edwards outlined the latest Board Assurance Framework (BAF) to the Committee. She reported that the BAF was presented twice a year to the Audit Committee for assurance that it was fit for purpose. She added that it was anticipated that an updated BAF would be presented at the November 2023 Board of Directors meeting, including an update around risks relating to the Trust's PFI arrangements. The Committee was assured that the BAF was fit for purpose.

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

**23/102 Annual Declarations Process – Progress Update** (agenda item 13)

The Committee **received** the Annual Declarations of Interest Process Progress Update and was **assured** that all declarations for 2023/24 had been made by the identified decision makers able to do so, and that these declarations were publicly available in accordance with the DHSC directive. The Committee was also **assured** that staff members with outstanding declarations due to being on leave from the Trust would be monitored through a locally managed system to ensure that their declaration is made upon their return to work.

**23/103 Tender and Quotation Exception Report** (agenda item 14)

The Committee received the updated Tender and Quotation Exception Report. Mr Enright informed the Committee that a review of the Tender and Quotation procedure was being conducted to make the process more efficient, which would also review the current reporting thresholds and the use of electronic signatures as a means to authorise waivers. The Committee noted this update.

Mr Wright drew the Committees attention to a waiver signed for DA Languages Ltd for the provision of telephone interpretation services. Mr Wright noted that the waiver stated that the rate would remain fixed on the condition that an agreement was reached by the 11 July 2023, but that the waiver request was not signed until the 17 July 2023. Mr Enright reported that he would confirm whether the services were procured at the fixed rate or not at the next Audit Committee meeting.

**GE**

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.

**23/104 Losses and Special Payments** (agenda item 15)

Mr Enright presented the Losses and Special Payments report to the Committee for the period from 1 April to 30 September 2023. He established that the overall financial value detailed in the report was lower compared with previous reports received by the Committee. He highlighted the lower than typical salary overpayments reported in this period and confirmed that this had been challenged and confirmed by the external team who provided this data. He added that this area would continue to be monitored and that any updates would be provided to the Committee at its upcoming meetings.

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

**23/105 Management Consultants Register** (agenda item 16)

The Committee noted that there was one query outstanding that may be classified as management consultancy. Mr Enright informed the Committee that this was regarding annual leave and that no resolution had been reached at this time.

The Committee **received** the Management Consultancy Register report and **noted** the contents.

**23/106 Review of the Audit Committee's Terms of Reference** (agenda item 17)

The Committee **received** and **reviewed** the Audit Committee's Terms of Reference (ToR). It **noted** that there had been no updates to the ToR since it was last updated and ratified by the Board of Directors on 25 May 2023, and it did not recommend any additional amendments.

**23/107 Review of the Audit Committee's Cycle of Business for 2024** (agenda item 18)

The Committee received its Cycle of Business for 2024. Ms Younis pointed out that work to complete the final External Auditors Annual Report would not be completed until June 2024 at the earliest. As such, it was agreed that the proposed 14 May 2024 extraordinary Audit Committee meeting date should be cancelled, with the alternative June 2024 date to be used instead.

**KB**

Next, Ms Younis noted that the external audit items still listed Mr Rashpal Khangura, Director of Public Sector Audit for KPMG, as the paper author, however, Ms Younis informed the Committee that she was now responsible for providing these papers. The Committee agreed to approve its Cycle of Business for 2024 on the provision that this correction was made to the document.

**KB**

The Committee **reviewed** and **approved** the Cycle of Business for 2024 on the provision that the recommended amendments were made.

**23/108 Setting of Annual Objectives of the Audit Committee** (agenda item 19)

The Committee noted that most of its long-term objectives were covered by its Cycle of Business. It agreed that it should set an additional objective to improve how the Audit Committee conducted its business by aiming to make the papers received for the meeting as succinct as possible whilst still retaining the necessary detail required for assurance. It was suggested that two paper packs could be created, one with the full details of the reports and a second which provided a summary of these reports.

Mrs Hanwell suggested whether a Microsoft Teams channel could be created for the Audit Committee where full reports could be uploaded for information which would reduce the need for this complete information to be included in the paper pack circulated ahead of the meeting. The Committee agreed that this idea should be explored further.

DH

The Committee **agreed** to set an annual objective to improve the succinctness of the papers received by the Committee in order to improve its efficiency.

**23/109 Meeting Dates for 2024 – For Information Only** (agenda item 20)

The Committee **received** and **noted** the meeting dates of the Audit Committee in 2024.

**23/110 Key Messages and Any Matters to be Escalated to the Board** (agenda item 21)

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

- The Committee received two limited assurance reports (Utilisation of the E-rostering System and Safeguarding: Sexual Safety) and one low assurance report (Security Management) and discussed these in detail.
  - It additionally received a report on Business Continuity Planning which received a significant assurance opinion and Data Security and Protection Toolkit which received a moderate/high assurance opinion.
- The Committee agreed to defer two audit reports based on management requests.
- The Committee noted that the key performance indicators for both submission of and management response to internal audit reports were at 100%.
- The Committee received and discussed the Risk Management report.
- The Committee received the local counter fraud report.

- The Committee noted that there were 14 outstanding audit actions and the plans to resolve these outstanding actions.
- The Committee received the Board Assurance Framework and was assured that it was fit for purpose.
- The Committee received the Tender and Quotation Exception Report, the Losses and Special Payments Report, and the Management Consultancy Report and noted their contents.
- The Committee reviewed its Terms of Reference and agreed that there were no amendments required to be made to it at this time.
- The Committee agreed its Cycle of Business for 2024.
- The Committee set an additional annual objective to improve the succinctness of the papers received by the Committee.

**23/111 Any Other Business** (agenda item 22)

The Committee did not discuss any other business.

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

**Date and time of next meeting:**

Extraordinary meeting held on 17 November 2023 at 11am until 12pm