

**Minutes of the Audit Committee
Tuesday 18 April 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)
Mrs Sharron Blackburn, Deputy Head of Internal Audit, NHS Audit Yorkshire
Mr Jonathan Campbell, Associate Director of Estates and Facilities (for item 9)
Mr Gerard Enright, Financial Controller
Mrs Dawn Hanwell, Chief Financial Officer, and Deputy Chief Executive
Mrs Cath Hill, Associate Director for Corporate Governance
Mr Aiden Hugill, Head of Health and Safety (for item 8)
Mr Rashpal Khangura, Director of Public Sector Audit for KPMG
Mr Jonathan Saxton, Deputy Director of Finance
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 10.30am and welcomed everyone.</p>	
23/023	<p>Apologies for absence (agenda item 1)</p> <p>Apologies were received from Ms Salma Younis, Audit Manager at KPMG, who is an attendee of the meeting.</p> <p style="background-color: #cccccc;">The Committee was quorate.</p>	
23/024	<p>Declarations of any conflict of interest in respect of agenda items (agenda item 2)</p> <p style="background-color: #cccccc;">No one present declared a conflict of interest in respect of agenda items.</p>	
23/025	<p>Minutes of the meeting held on the 17 January 2023 (agenda item 3)</p> <p>Mr Betts informed the Committee that the date of the meeting specified in minute 23/003 inaccurately recorded the meeting having taken place on 18 October 2023 instead of the correct date of 18 October 2022, and that this would be amended.</p>	

Dr Healey advised the Committee that the references to a “patient safety incident reporting framework” in minute 23/007 should be amended to an “incident response framework” as the former carried a different meaning than intended.

Finally, Mr Khangura advised that in minute 23/014 the sentence “Ms Younis explained that this was due to increased annual revenue for the Trust, which was used to benchmark materiality” should be amended to instead read “was used as the benchmark for materiality”. Mr Betts agreed to make all of these amendments to the minutes, prior to their upload to the Trust’s external website.

The minutes of the meeting held on 17 January 2023 were **accepted** as a true record subject to the amendments identified by the Committee being made.

23/026 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 17 January 2023 were suitable to be uploaded to the Trust’s external website, subject to the amendments identified by the Committee being made.

23/027 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.

23/028 Cumulative Action Log (agenda item 5)

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

The Committee first discussed action 140, which related to Audit Yorkshire’s KPI measures for management responses. Mrs Blackburn informed the Committee that it had been agreed that the indicator would remain at 15 working days, however, there would be no performance target set against this indicator. Instead, only performance would be reported. The Committee noted this update and agreed to close this action.

Next, the Committee considered action 158 which related to changes in how the Audit Committee would receive assurance on the process of developing the Quality Account. Dr Healey noted that the action had been completed as an agreement on the process had been reached but questioned the timing of the process going forward. It was agreed that the Audit Committee would receive assurance on the process of developing the Quality Account at its April meeting, as this would allow it more time to be assured of the process of developing the Quality Account ahead of its completion.

Following this, the Committee noted that actions 159 and 160 related to items on the agenda for the meeting and so could be closed. The Committee noted that actions 161 and 162 both related to the Health and Safety Quarterly update and so an update would be received once Mr Hugill joined the meeting to present this item. Finally, the Committee recorded that action 163 which related to the creation of management checklists had been remitted to the Workforce Committee and so could be closed on the Audit Committee's action log.

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

23/029 Assurance on Previous Sector Updates (agenda item 10.3)

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

23/030 Board Assurance Framework (agenda item 14)

Mrs Hill presented to the Committee the Board Assurance Framework (BAF). She informed the Committee that the BAF was presented to the Committee for scrutiny as part of its normal cycle of business, and that it had been presented at other Board Sub-Committees for additional scrutiny. Mr Wright additionally pointed out to the Committee that an internal audit review of the BAF had been returned with significant assurance.

The Committee **received** the Board Assurance Framework and was **assured** that it was comprehensive.

23/031 Draft Annual Governance Statement (agenda item 15)

Mrs Hill introduced the Draft Annual Governance Statement to the Committee. She reported to the Committee that the document referred to items of governance which related to the management of risk in the organisation, adding that the governance processes had not changed substantially in the year since the previous statement. The Committee noted the content of the draft and did not recommend any additions or amendments to the draft.

The Committee **received** the draft statement, **noted** the content, **agreed** that it presented a consistent view based on internal controls, and recommended no amendments to the statement.

Mrs Hill left the meeting.

23/032 Internal Audit Progress Report – April 2023 (agenda item 6.1)

Mrs Blackburn presented the Internal Audit Progress Report to the Committee. She reported to the Committee that seven audit reports had been completed in full, six of which had been returned with significant assurance and one of which was advisory only, with one other advisory report finished in draft. She added that work to complete the 2022/23 Internal Audit Plan was closer than reported in the document as work had continued in this area since the report was finalised.

The Committee first discussed the CQC Preparedness audit report which was a finalised advisory report. Mrs Blackburn reported that based on the findings of the report that she was satisfied that there was sufficient responses and preparation in place at the Trust. Dr Healey noted that this audit report was significant to the work of the Quality Committee. The Committee agreed that this audit report should be shared with the Quality Committee.

QC

The Committee next examined the data Quality audit report which was returned with significant assurance. The Committee discussed whether the name of the audit report could be amended in the future, as the report did not relate specifically to data quality in a general sense, but rather focused on patient data, and as such the title could be misleading. Mrs Blackburn agreed to amend the title of the audit report to make this clearer going forward.

SB

Following this, the Committee considered the Physical Health Monitoring (Follow Up) audit report which had been returned with significant assurance. Mrs Blackburn reported to the Committee that this demonstrated a significant improvement from the limited assurance reported in 2022, but that there were still areas for improvement in performing and reporting on annual health checks on service users. Dr Healey queried whether a system could be implemented to inform other Board Sub-Committees of internal audit reports being issued in areas relevant to that Board Sub-Committee. Mr Wright agreed to raise this issue in his chairs report for further discussion at the Board of Director's meeting in May 2023.

Mr Henry left the meeting.

Subsequently, the Committee discussed the Equality (Race and Disability) audit report which was returned with significant assurance. The Committee questioned the "lack of engagement of operational staff" cited in the report. Mrs Blackburn provided additional context to the Committee, informing that reduced engagement reflected how busy operational staff had been and the lack of applications received in this period. Mrs Blackburn agreed to amend the wording of this statement in the audit report to reflect that the reduced engagement was caused by these factors rather than a deliberate attempt to obfuscate the normal process.

SB

Mrs Blackburn finally raised the issue of the limited assurance aspects of the BAF report, which had overall been returned with significant assurance. She informed the Committee that in order to strengthen the assurance provided by the BAF, that any limited assurance reports issued by the internal audit team should be listed as potential gaps in controls in the BAF. The Committee noted this update.

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

Mr Campbell and Mr Hugill joined the meeting.

23/033 Draft Head of Internal Audit Opinion 2022/23 (agenda item 6.2)

The Committee considered the Draft Head of Internal Audit Opinion, noting that this draft was currently demonstrating an overall opinion of significant assurance. Mrs Blackburn informed the Committee that the draft Disciplinary and Grievance Procedure audit report was expressing a limited assurance opinion, but this report was still to be finalised. The Committee noted that this area was also issued a limited assurance opinion in 2021/22.

The Committee next discussed the outstanding audit reports to be issued in accordance with Internal Audit Plan 2022/23. Mrs Blackburn commented to the Committee that in her opinion it was unlikely that the results of remaining audit reports would impact the overall assurance expressed in the Head of Internal Audit Opinion, which was scheduled to be finalised and reported to the June 2023 extraordinary Audit Committee meeting. The Committee agreed that all future internal audit assurance reports finalised before the extraordinary June 2023 meeting would be deferred to the July 2023 Audit Committee meeting. The Committee added that an exception would be made if the outcome of an assurance report would materially impact the overall Head of Internal Audit Opinion, in which case that report should be issued to the members of the Audit Committee in advance of the June extraordinary meeting so that its implications could be discussed.

The Committee **received** and **noted** the draft Head of Internal Audit Opinion. It **agreed** that all internal audit assurance reports finalised and issued before the June 2023 extraordinary Audit Committee meeting would be deferred until the July Audit Committee meeting, unless the result of that assurance report would impact the final Head of Internal Audit Opinion.

23/034 Draft Internal Audit Annual Plan 2023/24 (agenda item 6.3)

Mrs Blackburn informed the Committee that the Draft Internal Audit Plan had been presented to each of the Board Sub-Committees as well as to the Chief Executive, the Chair of the Audit Committee and the Chair of the Trust for comment. The Committee approved the plan.

The Committee **received** and **approved** the Draft Internal Audit Annual Plan for 2023/24.

23/035 The Internal Audit Network Reports (agenda item 6.4)

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

23/036 Benchmarking of Internal Audit Recommendations Follow-up (agenda item 6.5)

Mrs Blackburn reminded committee members that in January 2023, a report had been presented which outlined the findings from a recommendation benchmarking exercise across ten provider clients. She went on to provide a further verbal update.

She advised that members of the Committee had received additional information on the two exemplary organisations identified in the benchmarking report, noting that this had been achieved due to the high involvement of the Chief Executive at both of these organisations. Mrs Blackburn added that one of these organisations did not track minor recommendations at the time the benchmarking exercise was completed so the actual compliance rate may be different from the one reported.

The Committee recalled that the Trust was performing well in terms of the number of recommendations it was implementing, but that it made more deferrals to the timescale agreed to implement those recommendations than the average organisation benchmarked. The Committee noted that it had already reported this to the Executive Risk Management Group (ERMG) and additionally noted that ERMG papers now included any timescale revisions for implementing audit recommendations. Mrs Hanwell agreed to reiterate that extension requests for implementation dates needed to be scrutinised to a higher degree at ERMG meetings.

DH

Finally, Mrs Blackburn informed the Committee that she would be leaving her position at Audit Yorkshire at the end of June 2023. She confirmed that there were efforts to ensure that the Trust and the Leeds Community Healthcare NHS Trust would share the same internal audit manager as this arrangement had been mutually beneficial to all parties. The Committee thanked Mrs Blackburn for all of her hard work and commitment performed in her role and wished her all the best for her future endeavours.

The Committee **received** a verbal update on the follow-up work performed on the Benchmarking of Internal Audit Recommendations and **discussed** these updates in detail. It also **noted** that Mrs Blackburn was leaving Audit Yorkshire at the end of June 2023 and thanked her for her services provided to the Trust.

23/037 Local Counter Fraud Progress Report (agenda item 7)

Mr Swift presented the Local Counter Fraud Progress Report to the Committee. He reported to the Committee that there had been two counter-fraud referrals made since the previous meeting, one of which had been resolved with details recorded on the national case management system for intelligence purposes, and

the other which was still ongoing. Mr Swift concluded by confirming that the Counter Fraud Annual Report would be presented at the July 2023 Audit Committee meeting, and that this report would include the feedback from the counter-fraud survey distributed across the Trust and regional partners.

The Committee drew attention to the fact that only 17 Trust staff had attended counter fraud masterclasses over the 2022/23 period and questioned whether this was a satisfactory turnout. Mr Swift reported to the Committee that this was a somewhat disappointing turnout, but that this was mitigated by the fact that there had been greater attendance in previous years and that this drop-off could be explained by colleagues not wishing to attend duplicate masterclass sessions. He also informed the Committee that he had received a distribution list of Operational Leads and that it was hoped that attendance would be improved in the year 2023/24 by using this distribution list to advertise opportunities for staff to attend masterclasses. Mr Swift agreed to provide Mrs Hanwell a schedule of masterclass sessions planned so she could forward the information to relevant staff.

LS /
DH

Finally, the Committee considered the embedding of the new Fraud Risk Assessment methodology as required by the NHS Counter Fraud Authority. The Committee noted that only partial compliance against this new standard could be reported and questioned whether this was in-line with other organisations. Mr Swift confirmed that the Trust was operating in-line with other organisations, and noted the amount of time it would take to fully embed the methodology in an organisation.

The Committee **received** the report and was **assured** on the actions being taken.

Mr Swift left the meeting.

23/038 Cumulative Action Log (agenda item 5)

Mr Hugill provided the Committee with an update on the open actions assigned to himself. First, Mr Hugill shared an update of Action 161 with the Committee, which related to the scope of "Health and Safety" being defined. He informed the Committee that he had consulted other Trusts on this matter, and from this consultation had produced a draft document which defined the scope, responsibilities, and priorities of the Health and Safety team. He added that this would be finalised following further consultation with Mrs Hill, before being presented to the Committee as part of a future quarterly update.

He also provided an update to action 162 to the Committee, which related to Health and Safety reports going to the Workforce Committee and the Finance and Performance Committee in areas relevant to their domain. He explained that data driven reports were being prepared for these Committees based on work in this area.

The Committee **noted** the updates to the open actions provided by Mr Hugill.

23/039 Health and Safety Quarterly Update (agenda item 8)

Mr Hugill provided the Committee with an update of the work that had been undertaken by the Health and Safety team in quarter four of 2022/23. He highlighted to the Committee that incidents categorised as “Violence or Aggression” remained the largest reported incident type across the Trust, and that work was continuing to reduce the risk of this type of incident occurring. He added that aside from this category, the Trust was performing well.

Following this, he highlighted to the Committee that the NHS Health and Safety Workplace Standards completion rate was over the 95% threshold, meaning that work could now be commenced to audit against these standards across the organisation.

Finally, Mr Hugill reported to the Committee that the two-year audit programme had been completed in the quarter, with 39 audits being completed in this period. He informed the Committee that overall, the findings from these audits demonstrated an excellent position in terms of patient safety, but that there was room for improvement when considering the health and safety of staff in the workplace. He confirmed that work had commenced on a new two-year audit programme which was scheduled to be completed by the end of financial year 2025.

The Committee thanked Mr Hugill for the report and discussed areas where the report could be improved in the future. It suggested that while the report contained great quantitative data, it also needed to include more qualitative data to show the impact of health and safety challenges in the workforce. It also questioned whether the 5% target benchmark used in the report to assess workforce absence was the correct benchmark to use. Finally, it suggested that the report could link back to data presented in previous Health and Safety updates to demonstrate a narrative of improvement or diminishment in certain areas, as well as to identify challenges and present what the Trust was doing to mitigate risk in these areas. Mr Hugill informed the Committee that the Annual Health and Safety Report included data from the previous three-years, but that he would also include this information in Quarterly Reports. He also confirmed that the Health and Safety Annual Report would be presented to the Committee at the July 2023 Audit Committee meeting. Mr Hugill thanked the Committee for the feedback.

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

23/040 Schedule and Outcomes of Rearranged Fire Drills (agenda item 9)

Mr Campbell presented an update on the schedule and outcomes of rearranged fire drills which had been delayed in 2022/23 due to the Covid-19 pandemic. He informed the Committee that work to catch up on these delayed fire drills and fire safety inspections had been undertaken, and that work was expected to be caught up in both of these areas by the end of July 2023. He reported to the Committee

that aside from some challenges regarding the safe storage of waste on sites, that no issues had been identified so far in the fire drills and inspections performed as part of this work. Finally, he added that additional layers of oversight in these areas had been created with the introduction of a Fire Safety Working Group and the addition of Fire Safety Compliance as a standing agenda item at monthly site meetings.

The Committee discussed issues that had been identified at previous fire drills and inspections where fire panels would display the incorrect location of a suspected fire. Mr Campbell confirmed that assessing the accuracy of fire panels was performed monthly with inspections and that an error at Red Kite View had been discovered and rectified. He also explained to the Committee that room function or labelling changes which could cause these errors were now picked up at site meetings to ensure the accuracy of the fire panels across Trust sites.

The Committee **received** and was **assured** by the progress reported on the scheduling and outcomes of rearranged fire drills.

Mr Campbell and Mr Hugill left the meeting.

23/041 External Audit Health Sector Updates (agenda item 10.1)

Mr Khangura presented the March 2023 Health Sector Update to the Committee. The Committee discussed the date of the extraordinary Audit Committee meeting that would be held to sign off the final annual accounts. The Committee confirmed that this meeting would be held on the 19 June 2023.

The Committee **received** and **noted** the contents of the Health Sector Update. It also **confirmed** that the extraordinary meeting of the Audit Committee would be held on 19 June 2023.

23/042 External Audit Updated Audit Plan with Value for Money Risk Assessment 2022-23 (agenda item 10.2)

Mr Khangura introduced an updated external audit plan to the Committee. He confirmed that there had been two updates made to the document since it was last presented to the Committee at the January 2023 meeting. The first update related to the Audit fees which had been agreed between the Trust and KPMG at £98,000 for 2022/23. The second update related to the completion of the vast majority of the Value for Money (VfM) risk assessment, which was now included as part of the plan. He reported to the Committee that the one area which remained outstanding was the assessment of the Trust's 2023/24 financial plan which had not been finalised at the point the risk assessment was done. He added that the VfM risk assessment had identified no significant risks in terms of financial sustainability; governance; and improving economy, efficiency, and effectiveness; and that because the risk assessment had been completed close to the end of the financial year that it was unlikely any new risks would emerge.

The Committee discussed the dates where the Trust would provide its financial statements for KPMG to review. Mrs Hanwell confirmed that the statements would be provided from week commencing 1 May 2023. The Committee also noted that the Trust had finalised a break-even financial plan for 2023/24 at the March 2023 Board of Directors meeting. Mr Khangura confirmed that it was unlikely that the assessment of this plan would materially impact the overall VfM Risk Assessment, and as such he was happy for this to be reported to the Board of Directors. The Committee also noted the finalised fees included in the plan.

The Committee **received** an updated External Audit Plan and was **assured** with the progress made. It **noted** that the vast majority of the Value for Money Risk Assessment had been completed and that this had identified no significant risks. It also **noted** that the external audit fees had been finalised and agreed.

23/043 Tender and Quotation Exception Report – 1 January to 31 March 2023
(agenda item 11)

Mr Enright presented the Tender and Quotation Exception report to the Committee. He informed the Committee that there had been three tender waivers and 15 quotation waivers completed in the period covered by the report. The Committee noted that it was pleased that some progress had been made in ensuring that the tender exception reports provided a justification for why it required to go through the exceptions process, but that there were still some reports which did not provide this justification.

The Committee discussed the fact that some of the tender and quotation exceptions used a typed in signature as opposed to a handwritten or e-signature. Mr Enright confirmed that the Trust accepted typed signatures so long as there was a clear email trail from the individual providing the signature, as the Trust did not currently use a formal document signing system. The Committee noted that it did not receive evidence of this email trail. Mrs Hanwell agreed to review this process. The Committee supported the reasons for the exceptions.

DH

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

23/044 Losses and Special Payments (agenda item 12)

The Committee noted that there were eight payments in lieu of notice made in the year which added up to a total of £74,982.37 and questioned whether there was a pattern to this that it should be aware of. Mr Enright reported that there was no pattern to highlight to the Committee regarding these payments.

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

23/045 Going Concern and Use of Specialist Advisors (agenda item 13)

The Committee **received** the report and was **assured** that the Trust was a going concern.

23/046 Audit Committee Annual Report 2022-23 (agenda item 16)

The Committee reviewed the contents of its Annual Report. Mr Wright suggested to the Committee that the “Attendance of Members of the Audit Committee” table included in the report should be amended to demonstrate that Dr Healey attended the meetings in the capacity as an Associate Non-executive Director (ANED) prior to her becoming a substantive Non-executive Director (NED) and member of the Committee. He also informed the Committee that he would provide a number of minor grammar and spelling corrections to be made to Mr Betts. Mr Betts agreed to make these amendments. The Committee agreed to approve its Annual Report subject to these amendments being made.

KB

The Committee **received** the report and **agreed** the content prior to this going to the Board, subject to a number of minor amendments being made.

23/047 Review of the Terms of Reference for the Audit Committee (agenda item 17)

Mr Wright informed the Committee that he had noticed a number of small grammatical and spelling corrections that would need to be made, and that he would provide these to Mr Betts. Dr Healey additionally noted that the Audit Committee’s Terms of Reference (ToR) should be amended to include an updated role description for NEDs and ANEDs to ensure that they were consistent with changes made to the Quality Committee’s ToR. The Committee agreed to approve the ToR for the Audit Committee subject to these amendments being made and noted that the ToR would be presented to the Board of Directors for ratification at its next meeting.

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

23/048 Key Messages and Any Matters to be Escalated to the Board (agenda item 18)

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

- The decision to share the Internal Audit advisory “CQC Preparedness Report” with the Quality Committee.
- The request for the “Data Quality” internal audit report to have its name amended to avoid confusion.
- The recommendation from Internal Audit that in order to strengthen the assurance provided by the BAF, any limited assurance reports issued by the internal audit team should be listed as potential gaps in controls in the BAF.
- The suggestion that the Board of Directors should discuss a process in which internal assurance reports could be referred to relevant Board Sub-Committees.
- The Draft Head of Internal Audit Opinion that had been received and demonstrated overall significant assurance.
- The Audit Committee had seen and approved the Draft Internal Audit Plan for 2023/24.
- The Committee had been assured by the progress demonstrated in the Fire Drills update.
- The External Audit fee for 2022/23 had been agreed.
- The External Audit Value for Money Risk Assessment had been mostly completed and did not identify any significant risks.
- The Committee had agreed the updates made to the Terms of Reference of the Audit Committee.
- Concerns around the length of committee papers received.

23/049 Any Other Business (agenda item 19)

The Committee discussed the length of the papers received for the meeting, noting that it ran into 462 pages in length. The Committee agreed to raise this issue at the next Board of Directors meeting.

The Committee **agreed** to raise the issue of the amount of paperwork received for the Audit Committee and other Board Sub-Committees at the next Board of Directors meeting.

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

Date and time of next meeting:

Monday 19 June 2023 at 10:00am until 11:00am
(Extraordinary Meeting)