

## Minutes of the Audit Committee

Held on: 20 January 2022

Location: MS Teams

Start time: 14:00

Finish time: 16:30

### Present

Mark Tattersall (MT)  
 Geoff Broadhead (GB)  
 Asutosh Yagnik (AY)

Non-Executive Director (Chair)  
 Non-Executive Director  
 Non-Executive Director

### In attendance

James Thomson (JT)  
 Joanne Bowden (JB)  
 Margaret Saunders (MS)  
 Simon Davies (SD)  
 Peter Case-Upton (PCU)  
 Sadia Ghazanfar (SG)  
 Jane Wilkinson (JW)  
 Hassan Rohimum (HR)  
 Faizan Muhammad (FM)  
 Roger Causer (RC)  
 James Crowther (JC)

Director of Finance  
 Deputy Director of Finance  
 Associate Director of Corporate Governance  
 MIAA  
 Interim Information Governance Manager (MIAA)  
 Head of Financial services  
 Lead Governor  
 Ernst Young (External Auditor)  
 Ernst Young (External Auditor)  
 Anti-Fraud (MIAA)  
 Head of IT Operations (AUD-014-22)

### Observer

Janice Smith  
 Emily Kelso  
 Catherine Leith  
 Naomi Frazer (NF)

Senior Consultant -Good Governance Institute (Observing as part of the Well-Led Review)  
 Corporate Governance Manager (recording meeting)  
 Head of Financial Services  
 Information Governance Manager

Item no.	Agenda item	Action
AUD-01-22	<p><b>Welcome &amp; Apologies:</b></p> <p>The Chair welcomed colleagues to the meeting. A particular warm welcome was extended to HR and FM on behalf of Ernst Young, attending their first Audit Committee of the Trust, following EY's recent appointment as external auditors.</p>	

# MEETING NOTES

	<p>The Chair confirmed that Anna Rothery, Non-Executive Director (NED) had stepped down as a member of the Committee with AY joining the Committee from January 2022. AY would be a valuable member of the Committee with a skill set complementary to those of the existing NED members. Developmental support is being provided via MIAA over the coming months to enable a smooth transition into the role.</p> <p>Janice Smith, Senior Consultant with the Good Governance Institute was also welcomed, attending in an observing capacity as part of the Trust Well-Led Development Review. Catherine Leith, Head of Financial Services and Naomi Frazer, Information Governance Manager at the Trust were also present for observer purposes.</p>
AUD-02-22	<p><b>Declarations of Interests</b></p> <p>Declarations of Interests of Committee Members and other attendees' interests concerning agenda items were noted as follows:</p> <ul style="list-style-type: none"> <li>* Mark Tattersall (MT) as CCC designated Non-Executive Director for PropCare</li> <li>* Geoff Broadhead (GB) designated Non-Executive Director for CPL</li> <li>* James Thomson (JT) as CCC Executive Lead for PropCare and CPL</li> <li>* Jo Bowden (JB) as CPL Director</li> <li>* Margaret Saunders (MS) as Company Secretary for PropCare and CPL</li> <li>* Simon Davies (SD) as MIAA representative re Agenda Item AUD-014-22</li> </ul>
AUD-03-22	<p><b>Minutes of last meeting: 14 October 2021</b></p> <p><b>The Audit Committee:</b></p> <p>Approved the minutes as an accurate record of the meeting. It was also agreed from 1 April 2022, the approved minutes would be signed by the Chair as required by the Standing Orders.</p>
AUD-04-22	<p><b>Confirmation of Quoracy</b></p> <p>The Audit Committee will be deemed to be quorate when two of the three Non-Executive Directors are in attendance. MT, GB and AY were in attendance. Quoracy was confirmed</p>
AUD-05-22	<p><b>Matters arising:</b></p> <p>The Chair confirmed the Corporate Governance Manual is an agenda item and thanked colleagues for submitting to Committee following a lengthy revision process.</p> <p>An update would be provided within the Internal Audit Progress Report regarding the implementation of the digital MIAA Teams+ Database to support reporting of progress of Internal Audit recommendations.</p> <p>JT confirmed the Oversight Framework and Guidance were awaited pending final confirmation of the performance metrics for 2022/2023. It was agreed the item would remain on the Action Log.</p> <p>The Annual Declarations of Interest 2021-2022 was an agenda item and would also be referred to within the Internal Audit Progress Report.</p> <p>It was noted the Audit Committee Annual Work Plan 2021/2022 is an agenda item and acknowledged the timing presented limitations in the final quarter of the year. However the Plan did provide a baseline framework for 2022/2023 which would be beneficially for 2022/2023.</p>



The 2021/2022 Gifts and Hospitality and Fit and Proper Person Registers would be submitted to Committee in April 2022.

It was confirmed the actions from the VFM Internal Audit Report has been included within the Annual Work Plan however it will also be cross reference within the Finance Report and the Audit Tracker. Future submissions of the Audit Tracker would clarify the status of the relevant actions and detail the Trust reporting processes to provide assurance.

JB confirmed a list of KPIs for the Finance Review had been forwarded to MIAA and the action is now complete.

The Data Security Toolkit Update would remain on the Action Log as the agenda item at the meeting today addressed different issues. It was intended that future reports would focus on providing assurances to the Committee.

The Waiver Governance process would be an agenda item for the 14 April 2022 meeting.

In relation to the Audit Committee Annual Work Plan and the Committee Effectiveness Review SD confirmed a draft survey would be circulated to members for comment prior to issuing to members for completion. The results of the survey will then provide the basis for a facilitated session.

AY sought confirmation that the Action Log was the basis for Matters Arising which was confirmed by MT. It was noted there were a number of actions without an owner and some had passed the due date. MT explained some of the actions were referenced in the Audit Tracker Update and could be closed.

#### Internal Audit Progress report

SD presented the Report. The Executive Summary confirmed both the Health Roster and Key Financial Systems reports provided substantial assurance. The Medical Devices Report is currently draft with the Research and Innovation and Incident Management reviews in progress. Planning continues in relation to ESR, HR/Payroll Controls, Contract Management, Risk Management, Assurance Framework, Complaints/PALS and Data Security & Protection Toolkit (DSPT). Terms of Reference for a number of those reviews have recently been agreed and fieldwork commenced.

AUD-06-22

SD confirmed an Annual Update would be provided to the Committee on 14 April 2022. MT queried the follow-up work currently underway. SD confirmed follow-up work is progressing well in a number of areas with further information awaited for others.

SD continued there were no Audit Plan changes requested. In relation to the Insights and Briefings a governance checklist has recently been issued to support the Trust. Committee members were also made aware of a webinar regarding the ICS taking place on 21 January 2022 and were encouraged to attend.

It was confirmed with reference to the Contract Performance that all reviews were either complete, planned or in field work and anticipated to be completed prior to year-end.

JW queried the progress made on the follow up actions within the Key Finance System Review. MT clarified that a number of actions were not implemented as they had been superseded.

SD continued and provided an in-depth review of Appendix C of the Report focused on Key Areas for Action.

GB sought clarification regarding Appendix A, Contract Performance and the factors underpinning 'completion'. SD confirmed 'completion' required all field work to be finished albeit there maybe slippage in terms of producing draft and finalised reports for issue. It is not anticipated to carry forward any element of the plan into 2022/2023.

MT sought assurance there would be sufficient finalised internal audit reviews to enable a Head of Internal Audit Opinion; SD confirmed there would be.

JB wished to update the Committee regarding the recommendation that the Accounts Payable Team should not have access to the whole Oracle system. It was intended to channel NHS Professionals invoices via the Deputy Director of Finance however to date this has proved impractical. In order to mitigate the risk further enquiries will be made of colleagues and in the event a solution is unable to be found the current process will be re-instated.

MT commented on the reasonableness of this approach and welcomed input from MIAA in finding a best practice solution. SD responded positively and noted the mitigations in place currently to ensure appropriate access.

SD confirmed MIAA is currently working on updating the system to align the Trust Internal Audit Tracker with the MIAA tracker, Teamate+, as the system will be fully updated with evidence received to demonstrate completion of actions. A Data Protection issue was identified which has stalled implementation however this will be resolved following which the system will be rolled out to all staff across the Trust with responsibility to manage and provide updates.

MT commented on the benefit of utilising the system in relation to follow-up work as it will enable a common understanding and remove inconsistencies regarding updates and completion of actions by both MIAA and the Trust enabling one version of the truth to be provided.

GB did bring a note of caution as it would not be desirable to introduce a system and processes which could be retrograde given the progress made over several years in the quality of the Audit Tracker.

#### Audit Tracker:

MS introduce the Audit Tracker noting progress has been made. In the body of the text with updates provided detailing the current position with Actions on track, or off track and recoverable. The key denoting the states of the updates will be reviewed to determine if further assurance could be provided.

AUD-07-22

MS considered there were two outstanding issues, the speed of progress, notwithstanding the operational pressure since December 2021 and the speed of implementation of MIAA Teamate+ Audit Tracker which having used a similar program in a different trust, the benefits cannot be underestimated. It is an effective mechanism for requesting updates, entered directly onto the system along with uploading the evidence by the action owner.

AY sought clarity regarding the basis of risk ratings within the tracker and the corresponding risk ratings within the Trust Risk Registers and Board Assurance Framework (BAF). MS responded the two ratings were scored utilising two independent risk management processes

rather than one. MS continued that as Internal Audit Reports are being finalised the risk/s identified should be cross referenced with the Trust Risk Registers and BAF as the risk/s may be identical or similar however recorded slightly differently.

MT highlighted that the Annual Internal Audit Plan is informed by the key strategic/other risks within the Trust. The Deep Dive conducted by management into Complaints and PALS was provided as an example where a further review was incorporated into the Internal Audit Plan to provide additional objective assurance to the Board.

AY also queried the definition of assurance ratings within the Internal Audit Reports. SD confirmed each Internal Audit Report appendix provided assurance definitions and risk classifications. The levels of assurance are given a description with a level of assurance, e.g. high or substantial for the overall report with individual recommendations classified using risk rates linked to an assessment rationale for that purpose. These are linked to control or operational weaknesses and their potential impact on the Trust.

MT clarified the importance of securing assurance from the actions taken to address identified control weaknesses and adherence to timescales for completion of actions. MT stressed that the actions are agreed by the Executives, and there should be a clear rationale when completion dates for actions are revised or when actions are superseded.

GB commended the progress made to date while acknowledging there was progress still to be made. MT concurred and considered much greater assurance was now available via the current management of the Audit Tracker. HR also commented the number of outstanding actions compared favourably with other NHS bodies EY work with.

The Committee agree to remove Recommendation 2 regarding Training within the Serious Untoward Incidents Outstanding Actions. The matter is an agenda item for Performance Committee and escalated to Board via that governance route. Members also agreed to remove, Recommendation 5 of the Financial Systems Key Controls Outstanding Actions as this action is complete with evidence provided to MIAA.

The Recruitment and Retention Outstanding Actions were now complete and the Trust Workforce and OD Strategy was presented to Board in October 2021.

The slippage relating to the Risk Management Review Actions was acceptable given the changes to the Executive and would remain on the Tracker.

It was agreed all actions classified as 'complete' would be removed from the Tracker and archived.

## Anti-Fraud Progress Report

RC presented the Anti-Fraud Progress Report for the period 1 October - 31 December 2021. The first stages of the fraud risk mapping exercise was complete which was encouraging as this element had received an Amber risk rating when the self-assessment was submitted in May 2021 and therefore was unable to achieve full assurance. A more detailed full fraud risk assessment covering the Trust and two subsidiary companies with over 40 separate fraud risks had been completed and was shared with the Trust in December 2021. It was agreed these risks would be recorded under seven strategic themes which was currently being completed. The intention is to secure a 'Green' compliance rating for Component 3 of the Functional Standards in April 2022.

Work continues with Inform and Involve requirements. Discussions have taken place with

AUD-08-22



	<p>Pharmacy regarding the provision of Fraud Prevention and Awareness Sessions with multiple checks taking place over the Christmas period to mitigate any attempts to defraud the NHS.</p> <p>The Bribery Act review is underway with a completion date imminent. Finally, as agreed in the Annual Plan, overtime is being reviewed and fieldwork is underway and sample testing commenced.</p> <p>RC confirmed there was no slippage in relation to the delivery of the work set out in the Annual Plan which is on schedule to be completed by the end of the financial year. RC also confirmed there were no fraud referrals to date.</p> <p>MT sought clarification regarding fraud work with the Propocare Board. RC confirmed work would be commencing shortly with the slight delay due to awaiting the start in post of the newly appointed Managing Director on 10 January 2022.</p> <p>MT also expressed concern in relation to achieving compliance with Component 12 of the Functional Standard, Policies and Registers for Gifts and Hospitality and Declarations of Conflicts of Interests (COI). RC noted that compliance for this standard is dependent on the work being completed by the Trust and confirmed by the submission date of 31 May 2022.</p> <p>MT considered this is an which should be escalated to Board as slippage may occur.</p>	
<p>AUD-09-22</p>	<p><b>Anti-Fraud Bribery and Corruption Policy Review</b></p> <p>RC presented the Report. The Committee is required to approve all policies in relation to fraud, bribery and corruption. The last policy review/update was January 2019 and following a review by RC and Finance a revised policy is presented to the Audit Committee for discussion and approval.</p> <p>The major change over the last three years has been the establishment of an updated NHS National Counter Fraud Authority (CFA) and there is an expectation that Trust policies will reflect the NHS CFA Policy format. The policy has been updated on this basis with reference now to the new Fraud Champion role, new government standards, slight rewording regarding the role of the Audit Committee, a new section regarding the Freedom to Speak Up Guardian, an update regarding inspections and some general rewording.</p> <p>RC also requested the frequency of the Policy Review approval is changed from three years to two.</p> <p>MT requested a minor amendment to the last sentence on page 11 of the document. He also sought clarification regarding the requirement referring to the Director of Finance within the first paragraph of Section 7.3 was met.</p> <p>JT considered this was delivered via the Head of Internal Audit Opinion (HIAO) submission as part of the Annual Accounts. However it was recognised the wording lacked clarity and therefore it was agreed to amend the text to clarify the position.</p> <p>MT queried the inclusion of a named individual at Section 7.7, Fraud Champion, page 16 of the document and other similar references throughout the document. It was agreed to retain named contacts throughout and include generic email addresses with appropriate controls to safeguard use supported by a Standard Operating Procedure (SOP). It was also agreed to amend wording referring to the Head of Information Security to Cyber Information Security Manager</p> <p>AY raised the issue of clarifying with the Caldicott Guardian (DPO) the content that can and</p>	<p>RC</p> <p>MS</p>

# MEETING NOTES

	<p>cannot be released in terms of personal data or information as this was also raised at Quality Committee. MS would seek clarification.</p> <p>JT also confirmed the Policy would be subject to the internal Trust document control process and published on Sharepoint increasing accessibility.</p> <p>The Committee approved the Policy subject to the changes indicated above and the introduction of a two-year review cycle.</p>	
AUD-010-22	<p><b>CPL: MIAA Head of Audit opinion of CPL for 2020/21</b></p> <p>JB presented the Report to Committee as recommended by MIAA for assurance purposes. It was noted the HIAO was substantial assurance. The Committee noted the Report.</p>	
AUD-011-22	<p><b>External Audit Introduction: Ernst and Young (EY)</b></p> <p>Colleagues from EY were welcomed and they provided brief background information to members.          HR confirmed the Audit Plan would be presented to the 14 April 2022 Audit Committee meeting.</p> <p>GB queried if work had already commenced for 2021/2022. HR confirmed 'independence' checks were currently being completed with the Board to ensure no conflicts of interest which may prohibit EY undertaking the work. HR did however highlight that a 'hub' had been established with a dedicated team undertaking work across all the local relevant NHS bodies. The Team has been liaising with the Trust to supply analytics information to enable the establishment of planning procedures to interrogate the data and direct the audit focus on the key areas of audit risk.</p> <p>MT thanked EY colleagues, re-iterated the welcome of the Committee and looked forward to working together over the coming months/years.</p>	
AUD-012-22	<p><b>Director of Finance Report</b></p> <p>JT introduced the Report. The Report provided an update on the 2021/2022 financial planning and outturn position for the organization. The Trust planned for a balanced financial position by the end of the year and that continues to be the plan. There has been variability in Trust income streams this year, related to the Elective Recovery Fund (ERF) income, despite the Trust operating at a level which would independently generate extra income. However because of system performance the income position is at risk but the situation is currently being effectively managed and the intention remains to reach the break-even position in line with the required out-turn position.</p> <p>In relation to the pandemic from an operational performance perspective levels of staff absence have increased up to 10% at the time of writing albeit now reducing. All services have continued and maintained services to patients. There has actually been increased demands from patients over the last few months with the Trust responding well and does not present any risk to the underlying financial position in terms of missed income.</p> <p>It was brought to the attention of the Committee there may be an increased annual leave</p>	

liability for 2021/2022 due to staff absences from the pandemic and staff working to cover colleagues resulting in an inability to take leave. The Annual Leave review process will confirm the position and determine the level of provision required which will be reviewed by external audit at year end.

JW sought clarity regarding the potential recovery of locum and bank staff costs given the mutual aid the Trust is providing to partners in the area.

JT confirmed the associated additional costs relating to mutual aid was picked up during the financial planning process. Therefore, the Trust's plans included funding for an enhanced recovery throughout the second half of this financial year and the cost of providing mutual aid is being managed within the planned cost base. However, JT highlighted that if mutual aid was to significantly increase then the position may change.

JB explained that following publication of the NHS England Planning Guidance, which announced specific money would be made available to increase capacity in terms of beds and recovery activity, Cheshire and Mersey ICS had submitted a 'bed surge' bid. The bid was on the basis of nine beds for mutual aid for Wirral University and Liverpool University Hospital Trusts at a cost of £30,000 being £10,000 for January, February and March 2022. This would be nationally funded rather than by billing individual Trusts. Feedback is awaited.

JT continued that as all the nine beds have not been operational some of the cost has been absorbed into the baseline. However, going forward the Trust hopes to be working with partner hospitals, to increase surgical capacity and part of the conversation will be how to use the 'bed surge' bid monies, if successful, to support elective recovery.

JW thanked colleagues for the update.

JT confirmed planning guidance for 2022/2023 is currently incomplete with documentation to date shared with the Council of Governors and Performance Committee earlier in the week. In relation to the governance for the Audit Committee the salient point is the planning timetable has been re-scheduled due to the latest surge of the pandemic. Consequently provider trusts and systems are required to submit plans in draft on the 14th of March with final plans by the end of April 2022. This provides the opportunity to develop plans with operational colleagues and divisions and liaise with the ICS regarding the effect on the overall system position. The final plan will include workforce, finance and activity reflective of the full suite of usual planning requirements.

There will be a requirement to improve elective activity from the pre pandemic baseline by 10% and diagnostic services by 20%. The Trust is performing above that level because the new hospital has increased capacity and is able to respond to the demands for patient services.

The guidance does contain a requirement for the 62 day performance for first treatment for cancer, following the initial contact with a GP or via screening, to return to February 2020 levels. Individually the Trust is currently meeting the target however this may currently be unachievable as a system which is being addressed with colleagues.

The Trust individually and the ICS collectively is mandated to break-even in the next financial year with the management of overall financial risk managed at ICS level. Financial balance is key with surpluses and deficits managed within system.

Contracting has reverted from 'block' funding in 2021/2022 to a financial system that rewards fixed elements of activity, business as usual, and is also able to reimburse Trusts which



operate above the historical activity level at 75% of tariff.

In terms of resources and assets a three year capital settlement will be provided via the Cheshire and Merseyside ICB. The process is being developed including determining the allocation from the ICB for constituent Trusts in terms of capital which provides a degree of certainty regarding the three year settlement. However how this is prioritised will require consideration particularly from a risk and maintenance of asset point of view which will be a key element of Trust planning.

There is a net tariff uplift of 1.7% with an inflationary uplift of 2.8% however this is reduced because of the expected efficiency requirement to give an increase in prices of 1.7%.

JT confirmed NHS England/Improvement is required to undertake a statutory consultation with the provider community to explain the price base and prices and tariffs for activity during the period. The Trust will provide feedback at the end of January 2022.

The Trust will absorb the statutorily revised guidance and targets into the Trust strategic outcomes framework as these will be the key elements which will be considered by the ICB in relation to the Trust over the coming year.

JW queried if the efficiency target was achievable

JT considered 1.1% might be achievable. However there remains uncertainty regarding what the final overall efficiency target calculation might be. 1.1% is the common target to be achieved by all providers. At local level the efficiency target equates to the difference between Trust income and cost base. The difference starts to form what the efficiency ask is to reach a breakeven position. This year that has increased over time as traditionally organisations would operate a Cost Improvement Programme (CIP) of 2 – 2.5% of turnover in terms of an efficiency program.

The increase this year is due to the management of elements of system risk which has been returned to all organisations. Trusts have been required to deliver additional CIP this year than originally planned, which is considered the potential position for next year, i.e. more than 1.1% but potentially less than 5% which it is believed is the upper limit of any organizations' ability to deliver in relation to recurrent efficiencies. Further work is required across the system to fully determine the position however members were reassured the Trust would enter into discussions on the basis that our services are currently efficient and productive.

MT thanked JT for the update noting financial risks for the Trust, both revenue and capital have increased and require recording on the Board Assurance Framework (BAF) for 2022/23. The key driver to the change in the Trust's risk profile being the enhanced cost base following the extensive investment in new services.

MS

JT continued by informing members of a potential issue following a recent suggestions within NHSE/I that the North West Region is less productive than other areas of the NHS and this may become a feature in terms of the Trust's Risk Assessment and Board Assurance Framework. The Trust is however performing well on certain measures with increased activity and cost base which is of benefit. It is agreed to maintain a watching brief over the coming year regarding this issue.

JT provided the context regarding Section 3 of the report-Integrated Care Board (ICB) Progress-confirming the forming of the shadow Integrated Care Board (ICB), a non-statutory entity known either as the ICB or Cheshire and Mersey Health Care Partnership, which will be the NHS management function at the Cheshire and Merseyside level.

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	<p>It has now been confirmed that due to the second wave of the pandemic the ICBs will not become statutory entities until the 1st of July 2022 pending receipt of the White Paper by the House of Lords. In the interim the Trust will continue to work with the local commissioners/ CCGs and continue to be regulated by NHS England/Improvement pending the commencement of the ICB which will have a management and regulatory relationship with the Trust.</p> <p>Recruitment to the ICB Executive Team is complete, with the exception of the Chief Nurse. It is anticipated that during Q4 the Team will commence in post and begin to share operational details in terms of structures and programmes and the levels of assurance required.</p> <p>Finally the Trust procurement service continues to be provided by Health Procurement Liverpool, as the Trust is part of the consortium. The Terms of Reference and underlying Service Level Agreement (SLA) will be presented to the 14 April 2022 Committee for noting.</p> <p>JT was thanked for the update by MT. MT reminded colleagues it was the Value for Money Review from Grant Thornton which identified the requirement for an SLA with HLP. Because of time pressures the consideration of the SLA with HLP was deferred from the agenda today but will be presented to the 14 April Committee as indicated above.</p>	
<p>AUD-013-22</p>	<p><b>Key Finance Assurance Indicators</b></p> <p>MT congratulated the Finance Team on the positive report and the significant progress made on the indicators.</p> <p>JB confirmed this was the first month that performance for all areas of BPPC is &gt;95% denoted by a green rating. There has been significant improvements in reduction in age creditors, aged debtors and BPPC. Currently there are no system delays with the exception of an extremely small number of remaining dated issues.</p> <p>Age credit invoices are being paid with no issues as are debtors. The process for issuing invoices is robust and processed dynamically. There is improved interaction with budget holders to approve invoices efficiently. There were a small amount of write offs, small in value and outstanding for some time detailed within the appendix. JB confirmed the Team had been commended for the outstanding work.</p> <p>MT commented this area of financial control was within the Terms of Reference of the Committee and it was gratifying to acknowledge the work involved to reach this position. Noting that even the losses and special payments were relatively small amounts. Further information was requested to be included in future reports regarding outstanding debtors and issues in relation to Liverpool University Hospitals NHS Foundation Trust.</p> <p>GB concurred with the comments and thanked JB and the Team as did JW.</p>	<p>JB</p>
<p>AUD-014-22</p>	<p><b>Data Security Toolkit Update</b></p> <p>PCU introduced the Report divided into two sections. The first provided an update regarding the DSPT. Evidence gathering was progressing well. NF was in discussion with the IT Security Manager to determine the division between IT and none IT evidence. The IT Security Manager was confident the requirements of Cyber Essentials Plus (CE+) will also be met at the point of the DPST baseline submission. This will be helpful as many of the</p>	

questions within CE+ are mirrored in the DPST which will enable consistency of response.

It is also understood the IT Security Manager and Team are progressing ISO 27001 accreditation. This is a particularly onerous and demands rigorous assertion levels in terms of compliance, information technology systems and data protection. This would represent a significant achievement for the Trust and should be commended.

The Toolkit process also enables analysis of the Information Asset Registers and it was determined these would benefit from the inclusion of risk. This will involve assessing the level of residual risk once the information asset risk has been mitigated. A report was submitted to the Information Governance Board with an example spreadsheet which was well received and should enable the Trust to be sighted on each individual information asset risk and the potential impact on the Trust.

PCU continued by updating Members regarding IG Training Compliance for the period to December 2021. There was a slight reduction below the 95% threshold which was not unexpected given operational demands. Reporting now includes details of compliance for all individuals within departments which has assisted in encouraging staff to complete the training. Supportive work is targeted at areas where compliance remains challenging. It is anticipated the next report will demonstrate a return to the 95% metric.

The Report concludes by reporting governance incidents or data breaches. This has been conducted over a number of months which has identified the most common type of breach is data sent to a wrong recipient which accounts for approximately 80% – 90% of breaches.

Training is designed to remind staff to ensure only one copy personal confidential data is forwarded to the correct recipient.

A recent example of a data breach involved information containing personal information being placed on NHS Jobs and Trac jobs in error. The incident was reported via the DSPT module Reporter and Breach which determined the incident was not reportable to the Information Commissioner's Office (ICO). However, NHS Digital was contacted which recommended reporting within 72 hours to meet GDPR requirements. NHS Digital also advised further information was required from the website analytical resource to determine the number of views of the file to ascertain the level of risk the Trust was exposed to. The DPOs at NHS Jobs and the Trac Jobs were alerted and confirmation of the number of downloads, if any of the erroneous material, is awaited. Following which a decision will be reached regarding reporting to the ICO.

JT confirmed it was anticipated mandatory training compliance levels are likely to be reduced in January 2022 due to operational pressures.

MT commented data breaches are inevitable due to human error emphasising the key element is the system learning to avoid a further similar incident.

PCU concluded the report and stated he understood NF would be producing future reports. JT thanked PCU on behalf of the Committee in supporting the organisation along with his colleague, Suzanne Crutchley from MIAA prior to NF commencing in post. PCU commented it had been an interesting experience and he was impressed with the amount of research being undertaken and the level of complexity e.g. artificial intelligence being undertaken at the Trust.

Cyber Incident Log4j Update

JC provided a verbal update regarding the update and the current Trust position. Log4j is an open source logging library which is commonly used across the globe on a variety of systems, software and services.

Reason (or exemption code) 2

Reason (or exemption code) 2

The Digital Team immediately mobilized a response team to evaluate the risk, identify the affected assets and plan mitigation activity.

Priority was immediately placed on external facing services, e.g. the Internet, which enables agile working for Trust staff as this was calculated to be the highest risk exposure and the result of the scan, which was returned the following day, evidenced no vulnerability present on the external interfaces which was reassuring.

The Digital Team accessed a number of security tools which the Trust had invested in over the past 12 months to improve security. This included systems such as IT Health, ARMIS and Windows ATP which facilitated the ability to quickly identify the exposure and plan and prioritize the mitigation activity required. For the assets highlighted as vulnerable the Team logged high priority incidents with Trust vendors of those systems, as due to the nature of this zero day vulnerability patches were not readily available. However contingencies were found to reduce the immediate risk to the Trust pending release of patches.

Over the past four weeks since the zero-day vulnerability was published and patches actively released by vendors, the Team has been planning and applying those patches in a safe and controlled way with a degree of urgency without causing disruption to active services to reduce the potential impact on the availability of services

A recent Microsoft Threat protection score for Trust assets was in the low category, which demonstrates a proactive approach to this situation. The Trust holds the first position when scored across Cheshire and Merseyside.

It is anticipated this type of event will be a regular occurrence. The Team is actively planning and preparing to ensure the digital infrastructure is secure as possible, constantly evaluating Trusts assets and investment in solutions to protect those assets which are of critical importance and the benefits of those investments can be recognized in the national NHS digital ATP scores.

JT highlighted to the Audit Committee that this issue is captured in BAF risk, B11 Cyber Security. It was also noted that the tools and processes developed and implemented fully supported the CE+ rating. These developments also support the response to a number of actions from previous Internal Audit Reports which now provide a level assurance regarding Trust capability in this area.

MT thanked JT for highlighting the BAF point and noted the prominence of this digital risk due to the potential catastrophic impacts on frontline delivery, patients and services.

AY thanked JC for the update and as it was understood this issue may take up to 12 months to resolve sought details regarding the actions to be undertaken during this time to ensure the Trust is as secure as possible.

JC confirmed that the nature of zero-day vulnerabilities ensures the vendors software developers develop patches to apply to the affected systems. As discussed systems that were affected were prioritized, i.e. external facing infrastructure with a vulnerability assessment or penetration test conducted within the first 24 hours which reported no issues.

	<p>The next stage was focussed on internal assets present only on the Trust internal infrastructure. Many vendors had patches available which were immediately mobilized. For those vendors without patches contingency solutions were found. Going forward contingency solutions will continue pending the receipt of patches.</p> <p>AY referenced solutions such as Caesar and products on their GitHub repository, SING and Apache</p> <p>JC continued Log4j was a particularly challenging software as it was ingrained into the nuances of applications not just high level systems and difficult to solve. It was scored at a severity of 9.9 which was cause for concern. It was confirmed the Trust is utilizing GitHub and other development platforms to gain a greater understanding of those software nuances to apply that logic to the Trust infrastructure.</p> <p>MT confirmed the Trust was made aware of this incident and the potential severity at a Board meeting in December 2021.</p> <p>MT thanked JC for the update and assurance provided and stated that along with the work completed by PCU provides assurance regarding the significant progress being made in this area.</p>	
<p>AUD-015-22</p>	<p><b>Annual Accounts and Annual Report Approach and Planning Timetable 2021/2022</b></p> <p>JB presented the Report to provide assurance regarding the detailed Planning Timetable which had been established and with the progress being made towards the production of the Trust Annual Report and Accounts. Draft guidance and confirmation of dates has been received with no significant changes and none anticipated. Final guidance is awaited which will confirm submission dates and should be reflective of previous years deadlines.</p> <p>In relation to asset valuation Cushman &amp; Wakefield had been engaged to undertake a desktop exercise for the Trust. This will provide assurance to EY as new auditors and with increased scrutiny regarding accounting estimates it is considered to be a valuable exercise.</p> <p>Planning work is underway with meetings currently taking place on a weekly basis with the interim visit to be planned in March 2022 and the final visit of five weeks in May or June 2022. An extra-ordinary Audit Committee meeting is scheduled for 1 April 2022 to share information and assumptions regarding the key accounting estimates. It was agreed to re-schedule the 9 June 2022 Audit Committee slightly later in the month with sufficient time to meet the 22 June 2022 deadline.</p> <p>JB confirmed that the Finance and Corporate Governance Teams would work closely together to produce one full draft Annual Report and Accounts document.</p>	
<p>AUD-016-22</p>	<p><b>Review accounting standards/policy</b></p> <p>MT confirmed with JB that there are no proposed changes to the Accounting Standards/Policies.</p> <p>MT welcomed the initial assessment of the planned implementation of IFRS 16 from 1 April 2022. A request was also made to provide background details for changes within the report, e.g. what are the implications and impacts for the Trust, areas of concern, areas for discussion with the auditors, to fully understanding the accounting treatment. JB would use</p>	<p>JB</p>



	<p>this as a basis for future work going forward noting that most of the details within the report are reflective of the anticipated final position and the outstanding areas are expected to be minimal in terms of impact.</p> <p>MT acknowledged this and recognised the work required completion in order to reach the final position. It was requested that at the 1 April 2022 meeting the paper is represented with the recommendations above informing the content of the paper. GB concurred with this approach requesting the update paper details any changes that may have occurred as a result of previous audit recommendations or changes to accounting standards. This will aid understanding and provide assurance at that point.</p> <p>MT considered adopting this approach would be beneficial for future January meetings of the Committee so that proposed changes to accounting standards and/or policy changes can be considered ahead of the audit process..</p> <p>JB explained the lack of guidance hindered the production of a complete paper. It was also confirmed the provisional IFRS16 figures had been forward to NHS England/Improvement and it was understood that the impact of the standard on both extra capital required for 2022/2023 and the revenue impact would be funded. JB also confirmed that the accounting estimates will be presented to the Committee on 1 April 2022.</p> <p>JB is to bring a paper with background information on IFRS16 to the 14 April meeting.</p>	<p>JB</p>
<p>AUD-017-22</p>	<p><b>Draft Annual Governance Statement</b></p> <p>MS presented the Draft Annual Governance Statement and requested amendments, comments, suggestions be forward as soon as possible. MT suggested including the risk appetite statement and the Log4j Cyber incident in the IG section given the level of risk to the Trust. Additional comments will be forwarded via email.</p>	<p>MS</p>
<p>AUD-018-22</p>	<p><b>Corporate Governance Manual</b></p> <p>MT noted the majority of changes were cosmetic, e.g. changes to job titles or organisational name changes and changes to delegated limits.</p> <p>GB queried the content of Table B, the Delegator Financial limits, number 5 which appears to add income to petty cash disbursements and welcomed clarity regarding the context of adding income with petty cash and does this mean credit notes? He also highlighted a minor typing error, Disbursements rather than 'dispursements'. JB responded to GB's query by explaining this was included in response to an MIAA audit recommendation which noted that the manual lacked a specific reference to the approval of credit notes in the Scheme of</p>	

Redacted for third party information or data



Reservation and Delegation and it had proved challenging to include appropriately. GB suggested a separate section would be beneficial or alternatively Section 4 losses and special payments could incorporate credit notes.

AY suggested the inclusion of diagrams or flow charts as a visual may aid understanding for the future.

MT noted there were a number of issues outstanding in the Standing Orders (SO) which required resolving. MS also confirmed the SOs also required cross referencing and reconciling with the Constitution.

There was also the requirement to confirm that the title 'Deputy Chief Executive' which occurred throughout the document is applicable. It was confirmed this is not used as a job title within the Trust. JT did however confirm it is the Director of Finance who deputises for the Chief Executive in terms of financial matters.

MT noted there remained a reference to NHS Protect on page 191 of the pack.

MT queried the proposed changes outlined on page 157 of the pack, Section 3.7 Strategy and Business Plans and Budgets of the Scheme of Delegation and Reservation regarding approval of individual contracts, including purchase orders. GB noted the figures had reduced from £750,000 to £500,000 and £200,000 to £150,000.

JB confirmed this change was because the £750,000 figure does not exist in the current Scheme. The Trust Executive Group (TEG) approves payments up to £500,000 and payments above this figure requires Board approval. This now brings the Scheme in line with the Executive.

MT acknowledged the potential conflict of interest for JB in relation to the query on page 176 of the pack, 6, Requisitioning Goods and Services and Approving Payments, Proposed Financial Limits (Subject to funding available in budget) which related to CPL. JB confirmed the Trust Director of Pharmacy who has a dual role with CPL has delegated limits up to £2,000,000 for purchase orders only for drugs on behalf of the Trust. JB referred to the asterisk information and confirmed the £2,000,000 has always existed with the change made to ensure consistency.

Clarity was also provided regarding the issue of costs over £5000,000 requiring Board approval as for practical purposes an individual was required in the Oracle system to enact and approve those decisions. The Chief Executive and JT both have unlimited rights in the system and can act in this capacity on behalf of the Trust Board with appropriate documentation to support. The difficulty was the current limits in the manual individually for JT and the Chief Executive are £100,000 and £300,000 respectively and should change as they do not reflect the existing process. The changes proposed reflects the current position reflecting their individual limits and those when acting on behalf of the Board.

The final change is on page 211 of the pack, 9.7 choice, requisitioning, ordering, receipt and payment for goods and services in the Scheme. JB confirmed that the limit has reduced nationally from £50,000 to £10,000.

A revised paper would be submitted to the 1 April 2022 Committee meeting highlighting the changes made today as a result of the discussion.

## POST MEETING NOTE

Minutes reviewed at 14<sup>th</sup> April Audit Committee: JB commented on the Corporate

# MEETING NOTES

	<p>Governance Manual Standing Orders and Constitution. The minutes report the whole document would be brought back to Audit Committee but only minor changes were needed in the Standing Orders. MT agreed. The title 'Deputy Chief Executive' to be confirmed as applicable. Once finalised the Standing Orders will be uploaded to the internet.</p>	
AUD-019-22	<p><b>Audit Committee Annual Work Plan</b></p> <p>MS presented the paper for approval. SD requested two changes: the removal of the external quality assessment as this is conducted every five years and moving the Medical Devices Audit to 2022/2023. MS confirmed the 2022/2023 plan would be submitted to the 14 April 2022 meeting. The Committee approved the 2020/2021 Plan.</p>	
AUD-020-22	<p><b>Managing Conflicts of Interest Update</b></p> <p>The Report provided an update to some of the recommended actions from the recent MIAA internal audit report. The Committee welcomed the implementation of a digital solution to record declarations. SD commented the independent review of a declaration should be undertaken by the individual's line manager who would be best placed to determine and manage any potential conflict. It was also recognised the current Trust Managing of Conflicts Policy would require amending to reflect the actions agreed to be implemented following the internal audit review.</p> <p>GB considered the report provided an update however further updates are required to ensure the Committee is assured all the recommendations are implemented. MS confirmed implementation of the recommendations regarding Declarations of Gifts and Hospitality would be the next stage in the process.</p> <p>MT noted the cross reference with the 2020/2021 Value for Money Report, Component 12 of the Anti-Fraud work, see AUD-008-22 above and the Fit and Proper Person requirements highlighted previously by the Care Quality Commission (CQC).</p> <p>MT suggested it would be beneficial for MIAA to be asked to undertake a separate review due to the importance of the subject in due course</p> <p>It was agreed to retain the item as a separate agenda item going forward with a report being presented to the 14 April Committee meeting.</p>	
AUD-021-22	<p><b>Chair's Report to the Trust Board</b></p> <p>It was agreed to include the items below:</p> <ol style="list-style-type: none"> <li>1. Internal Audit Progress Report,</li> <li>2. Anti-Fraud Progress Report,</li> <li>3. Anti-Fraud Bribery and Corruption Policy,</li> <li>4. Introduction to the newly appointed External Auditors,</li> <li>5. Director of Finance Report,</li> <li>6. Key Finance Assumptions Indicators and</li> <li>7. Management of Conflicts of Interest.</li> </ol>	
<b>Any other business</b>		
AUD-022-22	<p>There was no other business. The Chair thanked members for attending.</p>	

# MEETING NOTES



The Clatterbridge  
Cancer Centre  
NHS Foundation Trust

## Next meeting:

Date: Extra-Ordinary 1<sup>st</sup> April

Location: MS Teams

Start time:09:30

Finish time:11:30

Signature:

Date:

Chair

(Insert date when minutes are signed)

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