

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 5 November 2015

COMMITTEE: Audit Committee

CHAIRMAN: Richard Moore, Non-Executive Director

DATE OF COMMITTEE MEETING: 17 September 2015

RECOMMENDATIONS MADE BY THE COMMITTEE FOR CONSIDERATION BY THE PUBLIC TRUST BOARD:

- Minute 49/15 – External Audit Annual Audit Letter 2014-15, and
- Minute 50/15 – updated UHL corporate governance policies (Standing Financial Instructions, Standing Orders, Reservation of Powers to the Trust Board/Scheme of Delegation)

OTHER KEY ISSUES IDENTIFIED BY THE COMMITTEE FOR CONSIDERATION/ RESOLUTION BY THE PUBLIC TRUST BOARD:

- Minute 54/15 – update on UHL reconfiguration programme.

DATE OF NEXT COMMITTEE MEETING: 5 November 2015

**Richard Moore
Non-Executive Director and Audit Committee Chair
30 October 2015**

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON
THURSDAY 17 SEPTEMBER 2015 AT 1PM IN THE BEECH ROOM, KNIGHTON STREET
OFFICES, LEICESTER ROYAL INFIRMARY**

Present:

Mr R Moore – Non-Executive Director (Chair)
Col (Ret'd) I Crowe – Non-Executive Director
Dr S Dauncey – Non-Executive Director

In Attendance:

Mr J Adler – Chief Executive (for Minutes 56/15 and 57/15 inclusive)
Mr C Benham – Director of Operational Finance (excluding Minute 69/15)
Miss M Durbridge – Director of Safety and Risk (for Minutes 57/15 and 58/15)
Mr R Manton – Risk and Safety Manager (for Minutes 57/15 and 58/15)
Mr W Monaghan – Director of Performance and Improvement (for Minute 56/15)
Mr N Sone – Financial Controller (excluding Minute 69/15)
Ms H Stokes – Senior Trust Administrator
Ms N Topham – Project Director, Strategy (for Minutes 54/15 and 55/15)
Mr M Traynor – Non-Executive Director
Mr P Traynor – Director of Finance
Mr S Ward – Director of Corporate and Legal Affairs
Ms E Wilkes – UHL BCT Programme Director (for Minutes 54/15 and 54/15)
Ms J Wilson – Non-Executive Director

Mr M Curtis – Local Counter Fraud Specialist (EM Internal Audit Services) (excluding Minute 69/15)

Mr D Hayward – KPMG (the Trust's External Auditor) (excluding Minute 69/15)

Ms J Watson – Manager, PwC (the Trust's Internal Auditor) (excluding Minute 69/15)

Ms N Shaw – PwC (the Trust's Internal Auditor) (excluding Minute 69/15)

RECOMMENDED ITEMS

ACTION

49/15 EXTERNAL AUDIT ANNUAL AUDIT LETTER 2014-15

Paper N provided the 2014-15 Annual Audit Letter from External Audit, which summarised the key issues arising from External Audit's 2014-15 audit of the Trust. As noted in the Annual Audit Letter, External Audit had issued an unqualified opinion on UHL's 2014-15 financial statements (including an emphasis of matter paragraph re: the Trust's financial performance); a qualified value-for-money opinion; an unqualified Group Audit Assurance Certificate to the National Audit Office regarding the Whole of Government accounts, and its audit certificate closing the audit following completion of the Quality Accounts work (unqualified opinion) on 4 June 2015. The Annual Audit Letter also outlined External Audit's fees for its 2014-15 work.

Recommended – that the External Audit Annual Audit Letter 2014-15 be endorsed and recommended for Trust Board approval on 1 October 2015.

**AC
CHAIR/
CFO**

50/15 UPDATE OF UHL CORPORATE GOVERNANCE POLICIES

Paper P sought Audit Committee endorsement for the following updated UHL Corporate Governance policies: Standing Orders, Standing Financial Instructions, and Reservation of Powers/Scheme of Delegation, which had been revised in light of the Public Contracts Regulations 2015. The Scheme of Delegation would be further updated once the Trust Board as Corporate Trustee approved changes to the Charitable Funds Committee terms of reference (work in progress). In discussion on the updated Corporate Governance Policies, the Director of Operational Finance advised that a user guide would be developed for staff and he also suggested

**CFO/
DCLA**

<p>reviewing the documents again at the March 2016 Audit Committee, ahead of the new 2016-17 financial year. Noting some benchmarking work undertaken, the Chief Financial Officer was content with the authorisation limits within the Reservation of Powers/Scheme of Delegation, which he felt were appropriate given the Trust's current financial position. In response to a comment from External Audit, the Chief Financial Officer confirmed that the wider communication of the updated policies to budget managers would also cover appropriate performance management aspects.</p>	<p>DCLA</p>
<p><u>Recommended</u> – that (A) the updated SFIs, SOs and Reservation of Powers/Scheme of Delegation be endorsed and recommended for Trust Board approval on 1 October 2015;</p>	<p>CFO</p>
<p>(B) a staff user guide be developed re: the updated corporate governance policies.</p>	<p>DCLA /CFO</p>
<p>(C) performance management elements be covered in the communication to budget managers re: the updated corporate governance documents, and</p>	<p>CFO</p>
<p>(D) the corporate governance policies be re-reviewed at the March 2016 Audit Committee (ahead of the new financial year).</p>	<p>CFO</p>

RESOLVED ITEMS

51/15 APOLOGIES

Apologies for absence were received from Ms A Breadon, Director, PwC (UHL's Internal Auditors).

52/15 MINUTES

Resolved – that the Minutes of the meeting held on 27 May 2015 be confirmed as a correct record.

53/15 MATTERS ARISING FROM THE MINUTES

Paper C advised members of progress on actions from previous Audit Committee meetings, noting in particular:-

- **Minute 37/15/2 of 27 May 2015** – the Chief Information Officer had now confirmed that requests to withdraw UHL IT access from leaving members of staff were closed within 3 days. Col (Ret'd) I Crowe Non-Executive Director, considered that this was too long and queried whether this could be fast-tracked in cases involving (eg) disciplinary action. Internal Audit representatives suggested that they could investigate this further as part of their forthcoming work on UHL's general IT controls. It was agreed to pursue this matter further with the Chief Information Officer outside the meeting;

IA
DCLA
- **Minute 38/15/1(c) of 27 May 2015** – progress against the Referral to Treatment review was included in paper K1 (Internal Audit progress report);
- **Minute 38/15/1(d)(i) of 27 May 2015** – the Audit Committee Chair thanked the Chief Financial Officer for his role in taking forward the e-rostering review actions;
- **Minute 40/15b) of 27 May 2015** – the updated Local Security Management report would be included on a future Audit Committee agenda, and
- **Minute 7/15/1(b)(ii) of 8 January 2015** – the November 2015 Audit Committee would receive an update on the Empath governance arrangements review (update also to be provided to UHL's Integrated Finance, Procurement and Investment Committee). Non-Executive Directors noted the need to learn appropriate lessons from the joint venture model and its operation, and it was agreed to review the partnerships element of this general model at a future Audit Committee meeting.

CFO/
DCL A

CFO/
DCL A

Resolved – that (A) the matters arising report and any associated actions be

noted and taken forward by the appropriate lead.

54/15 **UHL RECONFIGURATION PROGRAMME – GOVERNANCE, RISK MANAGEMENT AND PROJECT ASSURANCE**

Ms E Wilkes, UHL BCT Programme Director and Ms N Topham, Strategy Project Manager introduced paper D, seeking to assure the Audit Committee on the governance in place to deliver UHL's reconfiguration programme. Paper D also proposed a lead role for the Audit Committee in commissioning the major projects Health Checks (formerly Gateway reviews) as a mechanism to oversee the delivery and provide independent challenge to the process. As detailed in paper D, the internal assurance process for the Reconfiguration Programme had recently been reviewed to develop the reporting arrangements further and provide appropriate assurance at various levels throughout the organisation. In response to a query, the UHL BCT Programme Director outlined the nature of Health Checks in respect of overarching and specific project governance.

DS/
Strategy
leads

In discussion the Audit Committee noted ongoing discussions between the IFPIC Non-Executive Director Chair and the UHL BCT Programme Director about an improved process for considering Reconfiguration business cases through that Committee. The IFPIC Non-Executive Director Chair also queried whether the Health Checks could be factored into that process, noting however that Health Check feedback would be submitted to the Audit Committee. Following discussion it was agreed to develop an expanded overall governance map for the UHL reconfiguration programme, with all stages of the business case lifecycle mapped out (including overall timescales, project interdependencies, Health Check scheduling, IFPIC and Trust Board submission dates, initial OBC dates, a schematic of Committee reporting, nature of Non-Executive Director involvement in Health Checks [Minute 55/15 below also refers] etc), to appropriately inform agenda-setting and governance flows. This would be considered at the November 2015 Audit Committee.

DS/
Strategy
leads/
CFO/
DCLA

The UHL BCT Programme Director also advised that feedback from the 30 September 2015 reconfiguration session with the Director of Estates and Facilities and other colleagues would be provided to the October/November 2015 Trust Board thinking day on the wider reconfiguration agenda.

DS/
Strategy
leads

With regard to receiving assurance on post project evaluation, it was noted that value-for-money considerations were an integral part of the business case and so were routed through the Executive Team, IFPIC and Trust Board (latter where appropriate). In response to a query from the Audit Committee Chair, the Strategy Project Manager confirmed that all projects were managed broadly to PRINCE 2 principles.

Following discussion, the Audit Committee agreed to its proposed role in commissioning major projects Health Checks, and noted its assurance that UHL was working towards having a robust governance structure in place to develop and monitor the delivery of the Trust's Reconfiguration Programme.

Resolved – that (A) an expanded overall governance map for the UHL reconfiguration programme be developed as detailed above, with all stages of the business case lifecycle mapped, to appropriately inform agenda-setting and governance flows;

DS/
Strategy
leads/
CFO/
DCLA

(B) feedback from the 30 September 2015 reconfiguration session with the Director of Estates and Facilities and other colleagues be covered at the October/November 2015 Trust Board thinking days, and

DS/
Strategy
leads

(C) the Audit Committee assume a lead role in commissioning the major projects Health Checks as a mechanism to oversee the delivery and provide independent challenge to the process (recommendation 2 of paper D).

DS/
Strategy
leads

55/15 **WOMEN'S SERVICES PROJECT HEALTHCHECK – LESSONS LEARNED**

Ms N Topham, Strategy Project Manager introduced paper E, noting the 'amber' rating of the Women's Services Project Health Check ('successful delivery appears feasible but issues require management attention. The issues appear resolvable at this stage of the programme/project if addressed promptly'), which had been commissioned in light of the crucial consultation aspects. Paper E also detailed the Strategy team's response to each recommendation from the Health Check, noting the progress made. In discussion, the Audit Committee:-

(a) noted the need for an agreed UHL position re: involvement of Non-Executive Directors in projects (in response to the Health Check recommendation that a Non-Executive Director should be appointed to the Project Board). Although UHL Non-Executive Directors would not be members of project boards, it was possible that individual Non-Executive Directors could be aligned to specific major projects. The Audit Committee Chair agreed to confirm the position with the Trust Chairman and advise the Director of Corporate and Legal Affairs accordingly, so that this aspect could be reflected in the overall governance map being developed in Minute 54/15 above;

AC
CHAIR/
DCL A

(b) queried the current position regarding resourcing of the Women's Services project and further development of the benefits realisation plans, in light of the Health Check comments. In response, robust benefits realisation plans would be developed by December 2015 (given the current focus on consultation issues), and Ms E Wilkes, UHL BCT Programme Director outlined progress in assessing wider Reconfiguration Programme resourcing requirements. Executive Directors were currently reviewing what internal resource was available and whether any external resource might be required – the outputs of this work (which would be pursued through the Reconfiguration Board and the Executive Strategy Board) would be shared with Audit Committee members for information, and

CFO/DS

(c) requested that a tracking report (similar to TrAction) showing progress on the Health Check actions be provided to future Audit Committee (and ESB) meetings.

CFO/DS

Resolved – that (A) the Audit Committee Chair confirm the position re: Non-Executive Director involvement in Health Checks with the Trust Chairman, and advise the Director of Corporate and Legal Affairs accordingly for inclusion in the overall UHL reconfiguration governance process report (Minute 54/15 above);

AC
CHAIR/
DCL A

(B) the reconfiguration resourcing assessment (being reported to the September 2015 Reconfiguration Project Board and ESB) be shared with Audit Committee members for information, and

CFO/DS

(C) the outcome of Health Check reviews be routinely reported to the ESB and Audit Committee (appropriate tracking report to be developed re: outstanding actions).

CFO/DS

56/15 **PLANNED WAITING LISTS**

Mr W Monaghan, Director of Performance and Information attended to report on an assurance exercise re: waiting lists and patient tracking lists across all specialties, in light of previous issues with orthodontics and endoscopy waiting lists (paper F). The investigation into the root cause of the system failure had identified 3 key causes, with 6 resulting recommendations as detailed in paper F. In terms of underlying trends, there appeared to have been a fundamental misunderstanding of the use of planned waiting lists, and as a result all appropriate staff were now required to undertake Referral to Treatment training or have their HISS access removed.

In response to a Non-Executive Director query on the education and cultural changes required, the Director of Performance and Information noted that he had spent

dedicated time with relevant teams in challenged areas, reinforcing the key relationship between efficient administration processes and good patient care and experiences. Non-Executive Directors also queried why wider action had not been taken previously, when initial ophthalmology waiting list issues had been identified.

In further discussion, Internal Audit suggested bringing forward its 2015-16 quarter 4 review of elective waiting lists, and External Audit noted a communication from the NTDA advising Trusts of best practice in commissioning an External Audit review of waiting lists within a 3-year period (thus required by 2016-17). It was agreed to discuss these aspects with the Chief Financial Officer outside the meeting, to assess how best the Internal Audit work could provide appropriate assurance in light of the External Audit work required by 2016-17.

**CFO/
IA/EA**

Resolved – that (A) the update on planned waiting list issues be noted, and

(B) the Chief Financial Officer discuss the scheduled IA review of elective waiting lists and assess how it could appropriately feed in to the EA work on waiting lists required to be commissioned by 2016-17.

**CFO/
IA/EA**

57/15

PROPOSAL FOR A REVISED BOARD ASSURANCE FRAMEWORK (BAF) TEMPLATE AND BAF REPORTING PROCESS

In a change to the agenda running order, this item (paper H) was taken before considering the latest iteration of the current BAF (paper G – Minute 58/15 below). The Chief Executive, Miss M Durbridge Director of Safety and Risk and Mr R Manton Safety and Risk Manager attended to introduce the proposed new BAF template and reporting process. Paper H set out proposals to render the UHL BAF more concise and consistent and providing a greater degree of assurance and management of the risks to the achievement of UHL's annual priorities. The new format included an 'at a glance' dashboard for Trust Board use, a RAG-rated action tracker for each principal risk entry, 4 types of control (preventive, corrective, directive, detective), and a division between internal and external assurances (controls and assurance changes as per the Audit Committee Handbook). It was also proposed that the Trust Board would review both the overarching dashboard and 1 strategic objective each month.

The Chief Executive noted the crucial role of the format of the BAF in identifying what was important to UHL. He also noted the need to be aware of the full list of Trust priorities when deciding whether the proposed new format was appropriate. He confirmed that the October 2015 Trust Board thinking day would also largely be used to discuss the proposed new BAF format further, taking account of the Audit Committee's comments today. Noting that planned further discussion, the Audit Committee therefore:-

CE/AMD

- (a) noted the need for the Trust Board also to be sighted to new risks, and any material changes to other risks;
- (b) welcomed the additional clarity provided by the trend analysis and assurance comments for each risk entry;
- (c) suggested that risks with a very high score needed to be reviewed each month;
- (d) queried whether the interdependency of risks could be shown without over-complicating the document;
- (e) welcomed Internal Audit support for the 1-page per risk and dashboard format. Internal Audit suggested, however, that further thought could be given to the colour gradations of the RAG ratings including a new colour for extreme risks (and that the letters R/A/G should actually be written on for each of reference);
- (f) agreed that it was useful for the dashboard to capture risk trending information, and discussed how best this could be depicted (eg use of arrows);
- (g) noted the need to include an appropriate referencing mechanism to align the action tracker to the controls/assurances;
- (h) noted that guidance would be provided to all Executive Directors and risk leads on the new format (once finalised), in the form of meetings with the Risk

- Assurance Manager and the Safety and Risk Manager;
- (i) agreed that relevant risks within the BAF should be streamed to the most appropriate Executive meeting, rather than the BAF as a whole being considered at the EPB. Members agreed that the summary dashboard on the Trust Board BAF report should then set out which risks had been considered at which Executive meeting, and
 - (j) suggested that future Audit Committee agendas should include a risk ‘horizon-scanning’ item.

Resolved – that (A) the revised BAF template be discussed further at the October 2015 Trust Board thinking day, taking account of the Audit Committee comments above;

AMD/CE

(B) individual sections of the risk report be discussed at the most appropriate Executive Committee, rather than the report going in totality to EPB, and

AMD/CE

(C) the summary table on the Trust Board version of the report identify which section of the report had been considered by which Executive Committee (see (B) above).

AMD/CE

58/15 UHL RISK REPORT (INCORPORATING THE STRATEGIC RISK REGISTER/ BOARD ASSURANCE FRAMEWORK) – PERIOD ENDING 31 JULY 2015

Paper G presented the latest iteration of the existing UHL risk register/BAF (period ending 31 July 2015), noting slippage (to a red RAG-rating) on 2 actions relating to the emergency care pathway. Principal risks 12, 13 and 14 had also been significantly revised since the previous iteration. In discussion on paper G, the IFPIC Non-Executive Director Chair queried whether appropriate assurance could be taken from the document, given that some of the risks scoring 20 were significantly out of date. Although noting the Director of Safety and Risk’s comment that the Audit Committee was invited to take assurance from the overall process, the Director of Corporate and Legal Affairs noted the need for Executive Director colleagues to update the report appropriately before the October 2015 Trust Board.

In response to a query from the Audit Committee Chair, the Director of Safety and Risk considered that there were varying levels of Executive Team engagement with the risk report, which would benefit from greater confirm and challenge time at Executive Committee meetings. Audit Committee members suggested that it would be helpful to have the risk report/BAF positioned earlier in Executive Committee and Trust Board agendas. In further discussion, Mr M Traynor, Non-Executive Director, commented on the need for the BAF appropriately to influence rather than necessarily ‘drive’ the Trust Board agenda.

AMD/
DCLA

Resolved – that (A) the UHL risk report for the period ending 31 July 2015 be noted, and

(B) the risk report/BAF be placed earlier on the Trust Board and Executive Committee agendas.

AMD/
DCLA

59/15 LOCAL COUNTER-FRAUD SPECIALIST PROGRESS REPORT

Resolved – that this Minute be classed as confidential and taken in private accordingly.

60/15 ITEMS FROM INTERNAL AUDIT

60/15/1 Internal Audit Review Reports

60/15/1.1 2014-15 Performance Framework

Resolved – that the Internal Audit review of the Trust’s 2014-15 performance framework (paper J1) and its 5 low-risk findings be noted.

60/15/1.2 2015-16 CQC Inspection

Paper J2 detailed Internal Audit’s 2015-16 review of the CQC inspection of UHL. The report had been rated overall as medium risk, with 2 medium and 1 low rated findings, Members queried whether the medium rating was too harsh, but accepted that a lack of evidence to support progress had been a factor in reaching that rating. The Chief Financial Officer also noted that although the Executive Quality Board did review quality and CQC issues, progress on some estates-related issues had slipped. The Director of Corporate and Legal Affairs advised that a CQC Steering Group had been established, and commented that UHL’s new Chief Nurse was fully aware of the need for actions to be appropriately evidenced. This Internal Audit report would also be discussed at the 6 October 2015 EQB.

The Chief Financial Officer reiterated the need to mainstream the actions, and suggested that it would have been helpful to have the relevant lead officer present at this meeting. It was agreed therefore to develop a protocol for lead officer attendance.

AC
CHAIR/
DCLA

Resolved – that (A) the Internal Audit review of the 2015-16 CQC inspection be noted, and

(B) a protocol be developed to identify when it would be appropriate to invite lead officers to attend Audit Committee for discussion of IA reviews.

AC
CHAIR/
DCLA

60/15/2 Internal Audit Progress Report

Paper K1 provided an update on progress made against the 2015-16 Internal Audit risk assessment and plan, since the previous Audit Committee in May 2015. Noting a number of revisions to the plan, the Audit Committee Chair queried the process for making such changes – in response, Internal Audit advised that this would depend on the scale of the change; revisions would always be discussed with the Lead Director, with escalation to the Audit Committee Chair if material. Internal Audit agreed to develop a protocol for sharing changes to the plan with Audit Committee members. In further discussion on the Internal Audit progress report, the Audit Committee:-

IA

(a) noted that a revised scope for the medical staffing review would be agreed outside the meeting and shared with the Chief Financial Officer and the Audit Committee Chair;

IA

(b) noted further work was required to agree the scope of the planned risk management review, possibly involving IA input to a Trust Board workshop or around the use of the BAF in quarter 4 of 2015-16. The Audit Committee Chair advised that he would provide his views on this issue at the November 2015 Audit Committee;

AC
CHAIR

(c) noted (in response to a query) that the breast screening cancer performance audit would review waiting list/time issues rather than assessing diversity issues/the capture of disadvantaged groups. The IFPIC Non-Executive Director Chair queried whether future clinical impact audits could also include diversity issues – the Director of Corporate and Legal Affairs agreed to brief Internal Audit representatives on the context of this request so that they could respond appropriately outside the meeting;

DCLA/
IA

(d) commented on the need for appropriate scheduling (at the Audit Committee) of the 7 Internal Audit reviews due to report in quarter 4 of 2015-16. Internal Audit agreed to provide a reporting schedule to the Director of Corporate and Legal Affairs accordingly (with consideration also to be given to including interim work, although this was traditionally done after IA’s systems work), and

IA

(e) noted that progress on outstanding actions from Internal Audit reports was covered further in paper Q below (Minute 63/15/1 refers).

	<u>Resolved</u> – that (A) a protocol be agreed outside the meeting and circulated to Audit Committee members for information, re: the process for sharing in-year changes to the Internal Audit Annual Plan;	IA
	(B) the proposed amended scope of the IA medical staffing review be shared with the Audit Committee Chair and the Chief Financial Officer;	IA
	(C) Audit Committee views on the risk management plan be discussed at the 5 November 2015 meeting;	AC CHAIR
	(D) the background to a request for clinical audits to include diversity issues be explained to IA, and an IA response then be provided back on this request accordingly, and	DCLA/ IA
	(E) Internal Audit develop (and pass to the Director of Corporate and Legal Affairs) a reporting schedule detailing the presentation of IA audits to the Audit Committee (consideration to be given also to including interim work).	IA
60/15/2.1	<u>NHS Audit Committee Questions</u>	
	The Audit Committee Chair advised that appropriate issues from within this report (paper K2) would be fed into the October 2015 Trust Board thinking day.	AC CHAIR
	<u>Resolved</u> – that consideration of the NHS Audit Committee Questions be included in the 8 October 2015 Trust Board thinking day.	AC CHAIR
60/15/2.2	<u>Health Risk Benchmarking</u>	
	Members briefly discussed this report (based on the BAF risks) at paper K3, noting (in response to a query) Internal Audit's comment that UHL perhaps reported more risks than other Trusts on its Trust Board report. Members welcomed the risk rating format on page 3 of the report.	
	<u>Resolved</u> – that the health risk benchmarking report be noted.	
60/15/3	<u>Internal Audit Charter 2015-16</u>	
	Paper L presented Internal Audit's Annual Charter 2015-16, which was required to be approved by the Audit Committee on an annual basis. The Charter was approved but the Audit Committee Chair noted that IA had not been fully compliant with the Charter this year. The Charter states that the Head of Internal Audit should attend the Audit Committee meeting where the Internal Audit opinion is discussed and that this did not happen this year (May 2015).	
	<u>Resolved</u> – that the 2015-16 Internal Audit Annual Charter be approved.	
61/15	EXTERNAL AUDIT PROGRESS REPORT – SEPTEMBER 2015	
	External Audit advised that although its audit of Leicester Hospitals Charity financial statements had begun, it would not be completed for the 1 October 2015 Charitable Funds Committee meeting. Consideration was now being given to holding an additional Charitable Funds Committee meeting in November 2015, to review the outcome of that audit. In response to a query, External Audit advised that its opinion on UHL's 2014-15 Quality Account had been completed, although further debrief sessions were still to be held. UHL's 2014-15 Quality Account had been published, albeit without External Audit's further benchmarking work, therefore. The Audit Committee Chair requested that for 2016, External Audit's Quality Account benchmarking work be available for the September 2016 Audit Committee, to inform that year's Annual Public Meeting.	CFC CHAIR/ DCLA EA

Resolved – that (A) consideration be given to convening an additional Charitable Funds Committee in November 2015, to consider External Audit’s review of Leicester Hospitals Charity financial statements, and

CFC
CHAIR/
DCLA

(B) External Audit benchmarking work on the Trust’s 2015-16 Quality Account be available for the September 2016 Audit Committee meeting.

EA

62/15 FINANCE – STRATEGIC AND OPERATIONAL ISSUES

62/15/1 Discretionary Procurement Actions (May – September 2015)

Paper O listed the discretionary procurement actions for the period May – September 2015 in accordance with the Trust’s Standing Orders, noting that additional detail was now provided on the reasons for any such actions, as previously requested.

Resolved – that the discretionary procurement actions report (May – September 2015) be noted.

62/15/2 Review of Risks and Controls around Financial Management to Achieve the 2015-16 Financial Plan

The Chief Financial Officer provided a verbal update on this issue, noting that the Trust’s 2015-16 control total was now a deficit of £34.1m. UHL’s revised plan had been submitted to the NTDA on 11 September 2015 accordingly. The Trust Board and IFPIC were now overseeing progress against that revised plan, and the Chief Executive had issued clear communications to all staff about the financial position and the measures being taken (including tighter agency controls and a vacancy control process). The Chief Financial Officer assured the Audit Committee that a mechanism was in place to deliver the £34.1m deficit plan, and noted his view that the situation was being taken appropriately seriously within UHL. He suggested that it would be helpful, however, to strengthen the messaging that financial control must be achieved without adversely impacting on safety and quality. Month 5 remained crucial, as an improved financial position would send a strong positive message to staff.

Resolved – that the verbal update be noted.

63/15 GOVERNANCE

63/15/1 Consolidated List of Outstanding Actions from Internal Audit, External Audit and Local Counter-Fraud Audit Reports

Paper Q from the Director of Corporate and Legal Affairs advised the Audit Committee of progress against outstanding actions from Internal Audit, External Audit, and Local Counter-Fraud Specialist reports. UHL’s Executive Performance Board would receive a further updated iteration of this report at its 22 September 2015 meeting. The Audit Committee Chair queried what sanctions were brought to bear for long-outstanding actions (eg lead officers being asked to attend Audit Committee and explain the position) – he suggested that this issue be considered further at the November 2015 Audit Committee when this report was re-presented. He also welcomed the fact that EPB and the Audit Committee now received the same format report. In discussion, Col. (Ret’d) I Crowe Non-Executive Director queried how the creation of ‘orphan’ projects would be avoided in future, noting the difficulties which had arisen with the e-rostering project. The Chief Financial Officer suggested avoiding this would be linked to appropriate post-project evaluation.

DCLA

Resolved – that (A) the report of outstanding actions from Internal Audit, External Audit and Local Counter-Fraud reports be noted, and

(B) an updated iteration of the report be discussed at the 5 November 2015 Audit

DCLA

Committee, including consideration of appropriate sanctions for long outstanding actions.

64/15 2016 AUDIT COMMITTEE DATES

Members agreed to schedule an additional 2016 Audit Committee meeting immediately following the 7 July 2016 Trust Board.

Resolved – that an additional 7 July 2016 Audit Committee date be added to the list of 2016 meetings. STA

65/15 ASSURANCE GAINED FROM THE BELOW COMMITTEES ON KEY RISKS/ISSUES OF THE TRUST

65/15/1 Quality Assurance Committee

Resolved – that the Quality Assurance Committee Minutes from 28 May 2015, 25 June 2015 and 30 July 2015 (papers R1-R3) be received and noted.

65/15/2 Integrated Finance, Performance and Investment Committee

Resolved – that Integrated Finance, Performance and Investment Committee Minutes from 28 May 2015, 25 June 2015 and 30 July 2015 (papers S –S3) be received and noted.

65/15/3 Charitable Funds Committee

In response to a query from the Audit Committee Chair, it was noted that the new governance framework for the Charitable Funds Committee was scheduled for discussion at the October 2015 Trust Board and Charitable Funds Committee, and would also then be considered at the November 2015 Audit Committee.

DCLA

Resolved – that (A) the Charitable Funds Committee Minutes from 6 August 2015 (paper T) be received and noted, and

(B) the revised governance framework for the Charitable Funds Committee be presented to the 5 November 2015 Audit Committee.

DCLA

66/15 ANY OTHER BUSINESS

66/15/1 Armed Forces Corporate Covenant – Signing Ceremony 5 November 2015

Col. (Ret'd) I Crowe Non-Executive Director noted that due to the post-Trust Board signing ceremony for the Armed Forces Corporate Covenant on 5 November 2015, there would be a slightly delayed start to the Audit Committee scheduled for that date.

Resolved – that the position be noted.

66/15/2 Audit Committee Report Cover Sheets

Resolved – that at the Audit Committee Chair's request, the standard Trust Board-format covering sheets be used for all future Audit Committee reports.

DCLA

67/15 IDENTIFICATION OF KEY ISSUES THAT THE COMMITTEE WISHES TO DRAW TO THE ATTENTION OF THE TRUST BOARD

Resolved – that the following items be brought to the attention of the Trust Board:-

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CHAIR

- External Audit Annual Audit Letter 2014-15 – recommended for Trust Board approval as per Minute 49/15 above;

- Updated Corporate Governance policies – recommended for Trust Board approval as per Minute 50/15 above;
- the update on the UHL reconfiguration programme as per Minute 54/15 above;
- the private item referred to in confidential Minute 59/15 above, and
- the private item referred to in confidential Minute 69/15 below.

68/15 DATE OF NEXT MEETING

Resolved – that the next meeting be held on Thursday 5 November 2015 (following the Trust Board meeting on that date) in the C J Bond Room, Clinical Education Centre, Leicester Royal Infirmary.

69/15 AUDIT COMMITTEE DISCUSSIONS IN THE ABSENCE OF AUDIT AND LCFS REPRESENTATIVES

Resolved – that this item be classed as confidential and taken in private accordingly.

The meeting closed at 4.45pm

Helen Stokes
Senior Trust Administrator

Cumulative Record of Members' Attendance (2015-16 to date):

Name	Possible	Actual	% attendance
Mr R Moore (Chair)	2	2	100%
I Crowe	2	2	100%
S Dauncey	2	2	100%

Attendees

Name	Possible	Actual	% attendance
J Adler	2	2	100%
N Sone	2	2	100%
S Ward	2	2	100%
M Traynor	2	2	100%
P Traynor	2	2	100%
J Wilson	2	1	50%