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UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 1 June 2017

COMMITTEE: Audit Committee

CHAIR: Mr R Moore, Non-Executive Director

DATE OF MEETING: 26 May 2017

This report is provided for the Trust Board's information in the absence of the formal Minutes, which will be submitted to the Trust Board on 6 July 2017.

SPECIFIC RECOMMENDATIONS FOR THE TRUST BOARD:

- ***Draft Annual Report and Annual Accounts 2016-17*** – please see separate briefing sheet;
- ***Draft Quality Account 2016-17 and Statement of Directors' Responsibilities (paper E)*** – the 2015-16 draft Quality Account and Statement of Directors' Responsibilities were endorsed by the Audit Committee for onward recommendation to the Trust Board for formal approval. The External Audit opinion on the Quality Account was provided at paper E1 and the draft Management Representation Letter was provided at paper E2;
- ***Managing Conflicts of Interest Policy (paper P)*** – the Audit Committee supported the proposed arrangements for managing conflicts of interest at UHL under the new rules which would come into force on 1 June 2017 and recommended the Policy for Trust Board approval on 1 June 2017. A detailed communications plan would be launched following the General Election and a set of Frequently Asked Questions would be disseminated accordingly. Progress reports would be provided to the Audit Committee at six monthly intervals;

SPECIFIC DECISIONS:

- ***Internal Audit Charter 2017-18*** – the Audit Committee approved the 2017-18 Internal Audit Charter which provided the framework for conduct of the Internal Audit function, including the purpose, authority and function;
- ***Internal Audit Annual Plan 2017-18*** – further to discussion at the 2 March 2017 Audit Committee, paper I set out the updated Internal Audit Plan for the Committee's approval. Particular discussion took place regarding the timing of any future Internal Audit review of the discharge process, and the other sources of assurance currently available in these areas (eg Red to Green reporting at the Trust Board, Healthwatch review and input from the Emergency Care Intensive Support Team). The plan was approved for implementation of the Quarter 1 workstreams on the basis that additional reviews could be added in year. The Chief Financial Officer agreed to provide a summary of the available sources of alternative assurance covering those key areas of risk which were currently not included in the Internal Audit Plan for 2017-18, for consideration at the July 2017 Audit Committee;

- **Emergency Floor Project Evaluation** – the Audit Committee approved the proposal to undertake an interim post project evaluation to inform phase 2 of the Emergency Floor scheme. A more detailed evaluation would then be scheduled upon completion of the second phase, to inform the Trust’s approach to other major reconfiguration projects;

DISCUSSION AND ASSURANCE:

- **Counter Fraud Annual Report** – the Counter Fraud Specialist introduced paper F and provided an update on the UHL Fraud Risk Group which was due to meet again on 20 June 2017. The Chief Financial Officer commented upon opportunities to improve UHL’s engagement in this key area and requested examples of best practice to inform the future structure and meeting arrangements of the Fraud Risk Group;
- **Internal Audit Progress Report** – Ms A Breadon, Internal Audit Partner reported verbally on progress of the 3 Internal Audit reviews scheduled for quarter 1 and the additional work planned to review UHL’s cyber security arrangements in the light of recent national cyber security issues;
- **Internal Audit Reviews**
 - **Quality Commitment (medium risk)** – the Chief Nurse attended for this item and briefed the Audit Committee on the arrangements for progressing the recommendations arising from the review. Proposals to strengthen the project management arrangements for each workstream would be presented to the Executive Quality Board on 6 June 2017. The QAC Chair commented upon the scope to change the focus from Quality Assurance towards Quality Outcomes and he agreed to send the Chief Nurse an article on this matter;
 - **Data Quality (medium risk)** – this review had focussed on cancelled operations data and 3 medium risk findings related to the reconciliation of data between the HISS and ORMIS systems, supporting evidence for cancellations, and access controls to the ORMIS system;
 - **Debtors (draft medium risk)** – 2 medium risk findings were discussed surrounding salary overpayments and data analysis. A number of low risk findings had also been identified which reflected more general issues relating to resources and capacity within the team. Members suggested opportunities to review the systems and best practice in place at other organisations which handled a similar volume of transactions;
 - **Recruitment (low risk)** – following the implementation of the Trust’s automated applicant tracking system, the outcome of this review had been quite positive, although a number of areas for improvement were highlighted;
- **Discretionary Procurement Actions** – paper K provided the regular update on discretionary procurement actions for the period March 2017 to May 2017. Appendix 1 set out the details of 11 such incidents during the above period.
- **Review of Losses and Special Payments** – paper L briefed the Committee on the number and value of losses and special payment cases for 2016-17 and provided the comparative data for 2015-16. A separate report on overseas visitor debts would be provided to the Audit Committee in July 2017;
- **Integrated Risk Management Report** – the Audit Committee received and noted the revised version of paper N which had been updated to reflect the Executive Performance Board’s comments on the risk assurance ratings. Members sought and received additional information regarding the new format of the Board Assurance Framework (BAF) and the read-across to the Operational Risk Register, noting the escalation mechanism for each risk to be disaggregated and presented to the relevant Executive Board meetings. Further discussion on the new BAF would also be held at the 1 June 2017 Trust Board meeting.

- **Sustainability and Transformation Partnership** – the Director of Corporate and Legal Affairs briefed the Committee on recent proposals for the STP governance arrangements, including potential Non-Executive Director participation, development of an STP dashboard and the reporting arrangements to the relevant organisations' Boards using a bulletin type of approach;
- **Consolidated List of Outstanding Audit Recommendations** – paper Q detailed progress against all outstanding audit recommendations as at 19 May 2017. The Audit Committee Chair requested that a particular focus be undertaken in respect of the newly outstanding recommendations arising from the IT Risk Diagnostic assessment;
- **Information Governance Toolkit Self-Assessment** – received and noted as paper R;
- **Assurance gained from other Committees** – the following Minutes were received and noted:-
 - Quality Assurance Committee – 23 February 2017, 30 March 2017, and 27 April 2017;
 - Integrated Finance Performance and Investment Committee – 23 February 2017, 30 March 2017 and 27 April 2017, and
 - Charitable Funds Committee – 6 April 2017.
- **Any Other Business** – none noted.

DATE OF NEXT COMMITTEE MEETING: 6 July 2017

Mr R Moore
Committee Chair

26 May 2017