

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

**DATE OF TRUST BOARD MEETING: 5 December 2019**

**COMMITTEE: Audit Committee**

**CHAIRMAN: Kiran Jenkins, Non-Executive Director**

**DATE OF COMMITTEE MEETING: 8 November 2019**

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

- None

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

- None

**DATE OF NEXT COMMITTEE MEETING: 24 January 2020 (revised meeting date)**

**Kiran Jenkins  
Non-Executive Director and Audit Committee Chair**

**UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST**

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON FRIDAY 8 NOVEMBER 2019 AT 9AM IN  
THE BOARD ROOM, VICTORIA BUILDING, LEICESTER ROYAL INFIRMARY**

**Present:** Ms K Jenkins – Non-Executive Director (Chair)  
Col (Ret'd) I Crowe – Non-Executive Director  
Mr A Johnson – Non-Executive Director  
Mr M Traynor – Non-Executive Director

**In Attendance:** Mr N Bond – Deputy Director of Estates and Facilities (for Minute 89/19/5)  
Mr S Choudhury – Head of Privacy (for Minutes 89/19/3 and 89/19/4)  
Mr M Clayton – Head of Safeguarding (for Minute 89/19/5)  
Miss M Durbridge – Director of Safety and Risk (for Minute 89/19/5)  
Ms L Gale – Head of Financial Planning and Analysis  
Ms E James – Matron (observing)  
Ms H Leatham – Assistant Chief Nurse (for Minute 89/19/8)  
Mr R Manton – Risk and Assurance Manager (for Minute 89/19/5)  
Ms E Mayne – Manager, Grant Thornton (the Trust's External Auditor)  
Mr N Mohan – Local Counter Fraud Specialist  
Mr N Sone – Financial Controller  
Ms H Stokes – Corporate and Committee Services Manager  
Ms J Tyler-Fantom – Deputy Director of Human Resources (for Minute 89/19/5)  
Mr S Ward – Director of Corporate and Legal Affairs  
Mr T Webb – Service Delivery and Transition Manager (for Minutes 89/19/3 and 89/19/4)  
Ms C Wood – Senior Manager, PwC (the Trust's Internal Auditor)

**RESOLVED ITEMS**

**ACTION**

**85/19 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Mr C Benham Acting Chief Financial Officer, Ms A Breadon Head of Internal Audit PwC, Ms T Putwa Local Counter Fraud Specialist (PwC), and Mr M Stocks Grant Thornton.

**86/19 DECLARATIONS OF INTEREST**

Mr A Johnson Non-Executive Director declared his interest as Non-Executive Chair of Trust Group Holdings Ltd. With the agreement of the Audit Committee, he remained present.

**Resolved** – that the position be noted.

**87/19 MINUTES**

**Resolved** – that the Minutes of the 6 September 2019 Audit Committee be confirmed as a correct record.

**88/19 MATTERS ARISING REPORT**

Paper B outlined progress on the actions arising from previous Audit Committee meetings. Members discussed the following actions in particular:-

- (a) action 3d (Minute 69/19 of 6 September 2019) – the Director of Estates and Facilities had received assurances from the supplier that there were no issues with the copper cabling;
- (b) action 10a (Minute 76/19 of 6 September 2019) – the Audit Committee Non-Executive Director Chair requested that this action remain open on the log, as she was keen for the Audit Committee to know the outcome of the discussions re: the contract manager role;
- (c) action 12 (Minute 52/19 of 5 July 2019) – it was noted that Board Assurance Framework Principal Risk 2 had been discussed at the October 2019 Quality and Outcomes Committee. It was now agreed therefore that a further update on this Principal Risk would be presented to the March 2020 Audit Committee – the action log and Audit Committee

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**CCSM**

- annual workplan would be updated accordingly;
- (d) action 13 (Minute 57/19 of 5 July 2019) – the action log would be updated to reflect that fraud risk assessment governance arrangements would be discussed at the January 2020 Audit Committee; CCSM
  - (e) action 14 (Minute 36/19 of 24 May 2019) – this action could be closed, as discussions had taken place with External Audit, and CCSM
  - (f) action 20 (Minute 47/18(f) of 7 September 2018) – members noted that the background to this issue had moved on (re: FMLLP), and agreed that the action could therefore be closed. CCSM

In general discussion, it was agreed that the action log updates should include appropriate detail on who had made the decisions. CCS Team

**Resolved – that the action log be noted, and any further updates be actioned by the appropriate named lead.** LEADS

**89/19 KEY ISSUES FOR DISCUSSION/DECISION**

89/19/1 Report by the Acting Chief Financial Officer

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

89/19/2 Report by the Financial Controller

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

89/19/3 Report by the Head of Privacy

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

89/19/4 Report by the Service Delivery and Transition Manager

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

89/19/5 Integrated Risk Report including the Board Assurance Framework (BAF) 2019/20, and Deep Dive into Principal Risk (PR) 6a (*serious disruption to the Trust's critical estates infrastructure*)

The Director of Safety and Risk and Risk and Assurance Manager attended to present the integrated risk report (including the BAF 2019/20) as at 30 September 2019 (paper G). The report had also been discussed in the public session of the 7 November 2019 Trust Board. In respect of UHL's organisational risk register profile, the Director of Safety and Risk advised that a review was underway of the 88 'high' risks (of which 28 were rated at 20), the outcome of which would be reported to the January 2020 Audit Committee. Members requested that the update from that review include information on the age of those high risks, their history, and on the mitigating actions previously undertaken. Presentationally, it would be helpful for the risks to be split by date and CMG. The Risk and Assurance Manager also advised the Audit Committee that all risk register entries would be reviewed with CMGs as part of the move to Datixweb.

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In further discussion, the Local Counter Fraud Specialist welcomed the ongoing evolution of UHL's risk register and BAF, commenting that the dashboard approach was particularly helpful.

It was agreed that Principal Risk 5 (*failure to recruit, develop and retain a workforce of sufficient quantity and skills*) would be the deep dive focus at the January 2020 Audit Committee.

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The Deputy Director of Estates and Facilities also attended for this item, and now presented the deep dive of BAF Principal Risk 6a (*serious disruption to the Trust's critical estates infrastructure*) – currently rated at 20. This risk – as articulated in paper G1 – had also been discussed by the Executive team, and the Audit Committee noted that a further update on the July 2019 'state of the nation' estates report was scheduled for the February 2020 Trust Board.

The Audit Committee agreed that following that February 2020 Trust Board discussion, a further update would be provided to the Quality and Outcomes Committee (focusing on the patient and public facing elements of estates and FM issues as previously agreed). An Internal Audit report had identified no 'high risk' issues. Although recognising the challenges arising from the reduction in the UHL estates capital programme for 2019/20 (due to national capital constraints), the Trust's recent securing of £10m emergency capital funding would ease the position somewhat. In presenting the deep dive, the Deputy Director of Estates and Facilities advised that he was comfortable with the risk and mitigating plans for Principal Risk (PR) 6a as set out in paper G1.

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In discussion on PR 6a, the Audit Committee:

- (a) noted comments from Mr M Traynor Non-Executive Director regarding the CQC's interest in estates issues, and his view that the next iteration of the 'state of the nation' should identify which actions were short/medium/long term in nature (given the 5-year timeframe of the reconfiguration monies), and
- (b) noted concern expressed by Mr A Johnson Non-Executive Director that 'reassurance' rather than 'assurance' was being provided. He considered that more evidence was needed in the report, and he queried how the risk score would be reduced to 16 by year-end. He also suggested a need to evaluate the likely impact of the £10m emergency capital monies. The Audit Committee Non-Executive Director Chair clarified that while the target score of 16 maintained the current 'likelihood' rating, it reflected a reduced 'impact' rating.

Paper G1 also set out a series of questions for the Audit Committee to use in coming to a view on its level of assurance about the management of PR 6a. In considering these questions, the Audit Committee Non-Executive Director Chair requested that PR 6a be amended to:-

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- (i) include any related external reviews in the 'controls assurance' column;
- (ii) reflect the outcome of those external reviews as appropriate in the 'gaps in control/assurance' and 'actions' columns of the risk. A potential example would be to include the assurance reports received by QOC in the 'actions' column, and
- (iii) include the 'state of the nation' report as appropriate.

Following discussion, the Audit Committee agreed that its level of assurance that a robust system of control was in place to manage PR 6a was "generally satisfactory with some improvements required".

**Resolved – that (A) the next integrated risk report include an update on the review of the 88 high risks (i) including information on the age/history of the risk and the actions undertaken, and (ii) presented split by date and CMG;**

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**(B) a deep dive of PR5 (failure to recruit, develop and retain a workforce of sufficient quantity and skills) be undertaken at the January 2020 Audit Committee;**

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**(C) the next iteration of the 'state of the nation' report to the Trust Board (February 2020) identify which actions were short/medium/long term in nature, and**

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**(D) a further update be provided to the February 2020 QOC (on the patient and public facing elements of estates and FM issues) following the 'state of the nation' report to the February 2020 Trust Board.**

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89/19/6 Report by the Trust's External Auditors

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

89/19/7 Internal Audit Progress Report

Paper I updated the Audit Committee on Internal Audit work since September 2019. Although not as far on with reports as had been hoped, Ms C Wood Senior Manager PwC (the Trust's Internal Auditor) was confident that the work would be completed in line with plan. The change in UHL Chief Financial Officer would likely have an impact, but PwC would continue to work through the Director of Corporate and Legal Affairs to progress the work plan. PwC noted good

progress being made re: the number of outstanding actions from Internal Audit reports.

With regard to the individual reviews, PwC advised that there were some unused days remaining from the payroll and HR review. Following discussion, the Audit Committee requested that the Director of Corporate and Legal Affairs engage with other Executive Directors to discuss the best use of these 'spare' days and advise Internal Audit accordingly, noting the Audit Committee's view that (1) these days should not necessarily be allocated to a review of salary sacrifice schemes as was provisionally proposed, and (2) nor did the days necessarily have to be used on HR/payroll-related topics.

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In response to comments from Mr A Johnson Non-Executive Director, it was also agreed to seek confirmation from the Director of People and OD as to where payroll contract performance risks were monitored, and to identify which Trust Board Committee should receive assurance on that (noting Mr A Johnson Non-Executive Director's view [as Chair of that Committee] that it was not the role of the People, Process and Performance Committee).

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**Resolved** – that the Director of Corporate and Legal Affairs be requested to:-

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- (1) engage with other Executive Directors to discuss the best use of the unused days remaining from the Payroll and HR Review, and advise Internal Audit accordingly (noting the Audit Committee's views on the potential use of those days as detailed in Minute 89/19/7 above), and**
- (2) ask the Director of People and OD to confirm where payroll contract performance risks are monitored, and identify which Trust Board Committee should receive assurance on that.**

89/19/8 Internal Audit Reviews

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

**90/19 ITEMS FOR ASSURANCE**

90/19/1 Counter Fraud Progress Report

Paper K provided a progress report of counter fraud activity against the Annual Counter Fraud Work Plan, as at November 2019. As requested by the Audit Committee in September 2019, the report also summarised the Trust's data matches against the 2018/19 National Fraud Initiative exercise. The Audit Committee noted its wish to progress the previously-offered Counter-Fraud assistance with payroll matches on the NFI database, and the Director of Corporate and Legal Affairs agreed to pursue this with relevant UHL officers on receipt of email correspondence from the Local Counter Fraud Specialist. It was anticipated that 10 days' work would be required.

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**Resolved** – that (noting the Audit Committee's support for this work to be progressed) the Local Counter-Fraud Specialist be requested to forward his email re: potential counter-fraud assistance with NFI database payroll matches, to the Director of Corporate and Legal Affairs for him to progress with appropriate UHL officers.

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90/19/2 Prepayments Update

As requested at the September 2019 Finance and Investment Committee, paper L advised the Audit Committee re: additional supporting evidence in respect of prepayments. This issue would also be covered in the planned joint report on the 2019/20 audit review action plan being presented to the January 2020 Audit Committee.

**Resolved** – that the position be noted.

90/19/3 Elective Debt Recovery

The Financial Controller presented an update on UHL elective debt recovery, which had also been discussed at the October 2019 Finance and Investment Committee meeting. The Audit Committee received assurance that the Chief Operating Officer was taking forward further work on this issue, in light of views expressed over the need for further action on recovering

overseas and private patient debt. Mr M Traynor, FIC Non-Executive Director Chair, commented on the level of debts aged over 365 days.

**Resolved – that the position be noted.**

90/19/4 Update on Cash

The Audit Committee Non-Executive Director Chair confirmed that cash had been discussed in detail at the October 2019 FIC meeting, and noted her view that this issue did not need to be reported to the Audit Committee in future.

**Resolved – that the position be noted.**

90/19/5 Discretionary Procurement Actions

Appendix 1 of paper O set out the discretionary procurement action requests for September 2019 – October 2019. In discussion, the Head of Finance clarified that request 19-A-1307 (recruitment campaign for nursing and midwifery staff) was included on the list in error, as a competitive tender process had taken place for that contract and a tender waiver had not therefore been required.

**Resolved – that the position be noted.**

**91/19 ITEMS FOR NOTING**

91/19/1 Policy and Guideline Progress Report

Paper P provided the biannual update on the UHL policies and guideline library, including work to reduce the number of any policies and guidelines beyond their review date. This remained a key focus area for the Executive Team and Clinical Management Groups (CMGs), and was monitored at the CMG Performance Review Meetings. The position continued to improve, although the scope for further progress was recognised. There were currently more than 1000 documents in the UHL policy and guideline library, of which 147 were beyond their review date as at September 2019. The risk assessment for this had been reviewed and had remained at a score of 9. Although helped by a simplification of the Policy and Guideline Committee review process, the work to monitor and pursue policies and guidelines beyond their review date remained a very labour-intensive process.

The Audit Committee queried whether UHL had an appropriate number of policies and guidelines overall – noting the difference in numbers between the CMGs – and queried what actions were in place to reduce the overall number of policies and guidelines. The Director of Corporate and Legal Affairs advised that organisational benchmarking put UHL in the middle of pack in terms of numbers, although that benchmarking had not been done on an individual CMG-level. The Audit Committee Non-Executive Director Chair queried whether staff views had been sought on the appropriateness of UHL’s policies/guidelines, and the Director of Corporate and Legal Affairs agreed to contact her outside the meeting regarding her experience of seeking such views. In further discussion, the Audit Committee queried whether the numbers also captured NICE guidance, and requested that the next update be more granular in nature and list policies and guidelines separately.

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**Resolved – that (A) contact be made with the Audit Committee Non-Executive Director Chair to discuss her experience of seeking staff views of policies/guidelines, and**

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**(B) more granularity be included in future updates, including separating out the policies from the guidelines within the figures.**

**DCLA**

91/19/2 Board Committees

**Resolved – that the following be received and noted at papers Q1 – T2 respectively:  
Minutes of the:-**

- (1) 29 August 2019 and 26 September 2019 Quality and Outcomes Committee;**
- (2) 29 August 2019 and 26 September 2019 People, Process and Performance**

- Committee;  
 (3) 29 August 2019 and 26 September 2019 Finance and Investment Committee, and  
 (4) 5 September 2019 and 3 October 2019 Charitable Funds Committee.

**92/19 ANY OTHER BUSINESS**

There were no items of any other business.

**93/19 IDENTIFICATION OF ANY KEY ISSUES FOR THE ATTENTION OF THE TRUST BOARD**

**Resolved** – that the following items be brought to the attention of the Trust Board:-  
 (1) the issues in confidential Minutes 89/19/1 and 89/19/6.

**94/19 DATE OF NEXT MEETING**

**Resolved** – that the next meeting of the Audit Committee be held on Friday 10 January 2020 at 9am (venue to be confirmed)\*\*.

*\*\* post-meeting note: subsequently being rearranged to later in January/February 2020.*

The meeting closed at 12.10pm

Helen Stokes  
 Corporate and Committee Services Manager

**Cumulative Record of Members' Attendance (2019-20 to date):**

**Members:**

Name	Possible	Actual	%
K Jenkins	4	4	100
I Crowe	4	4	100
A Johnson	4	4	100
M Traynor	4	3	75

**In attendance:**

Name	Possible	Actual	%
C Benham	4	3	75
N Sone	4	3	75
P Traynor	3	3	100
S Ward	4	4	100