Trust Board paper L1

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 6 December 2018

COMMITTEE: Audit Committee

CHAIR: Mr R Moore, Non-Executive Director

DATE OF COMMITTEE MEETING: 2 November 2018

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

- **None**

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

- **Minute 66/18/1 – Security Management Progress Report and Action Plan**

DATE OF NEXT COMMITTEE MEETING: 11 January 2019

Mr R Moore
Non-Executive Director and Audit Committee Chair

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON FRIDAY 2 NOVEMBER 2018 AT 9:00AM IN THE C J BOND ROOM, CLINICAL EDUCATION CENTRE, LEICESTER ROYAL INFIRMARY

Present:
Mr R Moore – Non-Executive Director (Chair)
Colonel (Retired) I Crowe – Non-Executive Director
Mr A Johnson – Non-Executive Director
Mr M Traynor – Non-Executive Director (from Minute 65/18/1)

In Attendance:
Mr C Benham – Director of Operational Finance
Ms T Blick – Deputy Financial Controller
Mr S Choudhury – Head of Privacy (for Minutes 67/18/3 and 67/18/4)
Mr J Clarke – Chief Information Officer (for Minutes 67/18/3 and 67/18/4)
Ms M Durbridge – Director of Safety and Risk (for Minutes 66/18/1 to 67/18/3 inclusive)
Mr N Howlett – Health and Safety Services Manager (for Minute 66/18/1)
Mr R Manton – Risk and Assurance Manager (for Minutes 66/18/1 to 67/18/3 inclusive)
Mrs K Rayns – Corporate and Committee Services Officer
Mr N Sone – Financial Controller
Mr D Streets – Head of Procurement and Supplies (for Minute 65/18/3)
Mr P Traynor – Chief Financial Officer
Mr C Walker – UHL Clinical Audit Manager (for Minute 67/18/1)
Mr S Ward – Director of Corporate and Legal Affairs

Mr N Mohan – Local Counter Fraud Specialist, PwC

Ms T Barker-Phillips – Grant Thornton (the Trust's External Auditor)

Ms A Breadon – Head of Internal Audit, PwC (the Trust's Internal Auditor)

ACTION

RESOLVED ITEMS

59/18 APOLOGIES AND ANNOUNCEMENTS

Apologies for absence were received from Ms E Mayne, Manager, External Audit, Mr M Stocks, Partner, External Audit and Ms C Wood, Senior Manager, Internal Audit.

The Audit Committee Chair advised that this would be his final Audit Committee meeting as he was stepping down from his role as Non-Executive Director with effect from the end of November 2018.

Resolved – that the apologies for absence be noted.

60/18 MINUTES

Resolved – that the Minutes of the meeting held on 7 September 2018 (papers A1 and A2) be confirmed as correct records.

61/18 MATTERS ARISING PROGRESS REPORT

The Audit Committee received and noted paper B, advising on progress of the actions and matters arising from previous Audit Committee meetings. Particular discussion took place regarding progress of the following entries:-

(a) Items 3 and 37 – regarding the scope for internal learning from UHL's delivery of large-scale projects (Minutes 47/18b of 7 September 2018 and 16/18e of 25 May 2018 refer)

The Committee Chair noted the Chief Executive's views regarding the agreed 'Better Change' methodology which was already in place for delivering large-scale projects (as part of the 'UHL Way') and the further work that was taking place to ensure that the Trust was more systematic in its approach to large-scale projects as part of the development of the UHL Quality Strategy. However, he expressed concern that this action had been marked as '5 complete' when it appeared that further work was still required in this area.

In response, the Chief Financial Officer briefed the Committee on the marked improvements that were expected to be evidenced by the Internal Audit review of the Emergency Floor Phase 2 (when finalised). Aligned with this, he was preparing a separate report on improving contract management for presentation to the Audit Committee in January 2019. He also noted the need to focus on the resources to support the management of change and how these would support the business planning process for 2019/20. The Director of Corporate and Legal Affairs advised that the Trust's change management resource requirements had been considered in depth at a recent informal Executive Team meeting and a time-out session (as part of the emerging Quality Strategy). There was strong support for retaining the 'Better Change' component of the 'UHL Way' and it was likely that this model would be reinforced to the leadership community as the model to be used going forwards. It was agreed that this action would be re-RAG rated as '4 in-progress' and retained on the progress log for subsequent meetings, and **CCSO**

(b) Item 49 – regarding the scope for a deep dive review or practical testing of the IT risk self-assessment (Minute 7/17/2.2 of 5 January 2017 refers)

The Chief Information Officer had previously advised that this issue was still under consideration, but it was agreed to seek a further update from the Chief Information Officer on this long-standing matter arising. **CIO**

Resolved – that the matters arising report and the associated actions be received and noted.

62/18 ITEMS FROM INTERNAL AUDIT

62/18/1 Internal Audit Progress Report

Ms A Breadon, Head of Internal Audit introduced paper C, updating the Committee on progress against the 2018/19 Internal Audit Plan. In discussion on the report, members noted that the Internal Audit Review of the Emergency Floor Phase 2 was due to be presented to the Audit Committee in January 2019 and that it was expected to demonstrate a marked improvement on the Phase 1 review.

A wider discussion took place regarding concerns about the current operational performance of DHU Healthcare within the Emergency Department Front Door contract. Assurance was provided that the position was being monitored on a daily basis and that financial penalties were being levied where appropriate. Further discussions were on-going regarding the nature of the contractual model going forwards. In general the day-time staffing levels reflected an improving position, but there were some concerns regarding DHU's ability to fill their night-time shifts. It was agreed that the Chief Operating Officer and the Chief Financial Officer would be requested to report on this issue at the People, Process and Performance Committee on 29 November 2018 as part of the monthly update on Emergency Care. **COO/ CFO**

In respect of the Internal Audit Review of Discharge Processes – Red to Green, a number of issues had been raised in relation to staff culture and compliance with

policies. The draft report was currently awaiting sign-off by the Trust, but it was expected to be finalised by the time of the January 2019 Audit Committee. The Chief Financial Officer noted the fundamental importance of this review upon the day-to-day activities of the Trust and he requested that the finalised report be circulated internally (ahead of the January 2019 Audit Committee meeting), to assist with more timely implementation of the recommendations. **IA**

Colonel (Retd) I Crowe, Non-Executive Director reported verbally on the impact of the Trust-wide IM&T outage on 26 October 2018 within the Emergency Department, noting that work around solutions had been implemented to replace the NerveCentre functionality. He requested that the terms of reference for the Internal Audit Review of Business Continuity and Major Incident Planning be amended to take account of this incident. **IA**

Responding to a query from the Committee Chair, the Head of Internal Audit advised that there had been some delay in the timescale for the Internal Audit Review of Corporate Governance and Risk Management (due to recent Executive-level staffing changes) but she confirmed that the full 2018/19 Internal Audit Plan was expected to be delivered in-year.

Resolved – that (A) the Internal Audit Progress Report be received and noted as paper C;

(B) the Chief Operating Officer and the Chief Financial Officer be requested to provide a report on the Emergency Department Front Door Contract to the November 2018 PPPC meeting; **COO/ CFO**

(C) the Internal Audit Review of Discharge Processes – Red to Green be circulated internally (when finalised) prior to consideration by the January 2019 Audit Committee, and **IA**

(D) Internal Audit be requested to amend the terms of reference for the Internal Audit Review of Business Continuity and Major Incident Planning to take account of the issues experienced during the IM&T outage on 26 October 2018. **IA**

62/18/2 Internal Audit Review of Estates and Facilities Management Payroll and HR Controls (overall medium risk rating) and Management Response

Further to Minute 48/18/3 of 7 September 2018, the Internal Audit Report on Estates and Facilities Management Payroll and HR Controls, was re-presented to the Committee as paper D1. The Deputy Director of HR had been unable to attend this meeting, but a copy of the Payroll Service Stabilisation Plan was provided at paper D2 (as considered by the People, Process and Performance Committee on 25 October 2018). Internal Audit had reviewed the overall risk rating and stood by the original medium risk rating (in light of the manual controls the Trust had in place to mitigate the inherent risks arising from inefficient processes). Mr A Johnson, Non-Executive Director Chair of the People, Process and Performance Committee (PPPC) re-iterated his view that the Trust should be looking to implement automated timesheet controls such as fingerprint recognition to reduce the likelihood of errors or deliberate fraud.

Members agreed that recommendations arising from this review would be monitored by the PPPC and the Director of Corporate and Legal Affairs agreed to brief the Director of People and Organisational Development on the need to ensure that the PPPC were provided with a comprehensive oversight of all payroll-related issues. The Audit Committee Chair queried whether there was any further action for the Audit Committee to take in this respect and it was agreed that a progress report would be provided to the Audit Committee in 6 months' time (in May 2019). In the meantime, any outstanding recommendations would be monitored through the mechanism which reported to each Audit Committee meeting on the status of any outstanding **DCLA** **DPOD**

recommendations arising from Internal Audit, Counter-Fraud and External Audit reviews.

<u>Resolved</u> – that (A) the Internal Audit Review of the Estates and Facilities Payroll and HR Controls and the associated management response be received and noted as papers D and D1,

(B) the Director of Corporate and Legal Affairs be requested to brief the Director of People and OD on the need to ensure that the PPPC were provided with a comprehensive oversight of all payroll-related issues, and **DCLA**

(C) the Director of People and OD be requested to report to the May 2019 Audit Committee on progress against the actions arising from the Internal Audit Review of Estates and Facilities Payroll and HR Controls. **DPOD**

62/18/3 <u>Audit Committee Effectiveness – Self-Assessment</u>

Paper E provided the outputs of the review of Audit Committee Effectiveness which had been undertaken with Internal Audit's support using a self-assessment process. Copies of the surveys used were appended to the report. The report was taken as read, but the Audit Committee Chair particularly highlighted the need to improve upon the timeliness of circulating the agenda and papers ahead of each meeting.

The Director of Corporate and Legal Affairs undertook to convert the actions set out within paper E into a detailed action plan using UHL's corporate template and engage with the new Audit Committee Chair (once appointed) to implement the areas of good practice. He also indicated his intention to instigate a more systematic approach towards the self-assessment process for the 2019/20 financial year. **DCLA**

Mr A Johnson, Non-Executive Director requested sight of the guidance on best practice, noting in response that this was referenced within the NHS Audit Committee Handbook. The Chief Financial Officer agreed to check if he had a spare copy of this Handbook to give to Mr Johnson (outside the meeting). Failing that approach, the Director of Corporate and Legal Affairs would arrange to purchase an additional copy accordingly. **CFO** **DCLA**

<u>Resolved</u> – that (A) the Self-Assessment of Audit Committee Effectiveness be received and noted as paper E;

(B) the Director of Corporate and Legal Affairs be requested to convert the recommended actions for improving the effectiveness of the Audit Committee into a formal Action Plan using the Trust's corporate template and engage with the new Audit Committee Chair (once appointed) to implement the areas of good practice, and **DCLA**

(C) the Chief Financial Officer (or the Director of Corporate and Legal Affairs) be requested to provide Mr A Johnson, Non-Executive Director with a copy of the NHS Audit Committee Handbook (outside the meeting). **CFO or DCLA**

63/18 ITEMS FROM EXTERNAL AUDIT

63/18/1 <u>External Audit Progress Report</u>

Ms T Barker-Phillips, Grant Thornton introduced paper F, briefing the Committee on External Audit's progress with the 2018/19 financial statements audit, value for money conclusion and review of the Quality Account. The paper also provided a sector update and a summary of emerging national issues and developments, with links to the latest reports and publications. A detailed accounts audit plan would be presented to the January 2019 Audit Committee setting out the proposed approach and key **EA**

milestones for delivering the external audit opinion on the Trust's 2018/19 financial statements. In response to a query from the Audit Committee Chair, Ms Barker-Phillips provided assurance that progress was 'on track'.

<u>Resolved</u> – that (A) the External Audit progress report be received and noted as paper F, and

(B) External Audit be requested to provide a detailed accounts audit plan to the January 2019 Audit Committee. **EA**

64/18 ITEMS FROM THE LOCAL COUNTER FRAUD SPECIALIST (LCFS)

64/18/1 <u>Local Counter Fraud Progress Report</u>

Mr N Mohan, Local Counter Fraud Specialist introduced paper G, briefing the Audit Committee on progress of counter fraud activity against the 2018/19 Local Counter Fraud Work Plan, providing a summary of referrals received and detailing the alerts and publications which had been shared with the Trust. As requested at the September 2018 Audit Committee meeting, the report also provided a comparison of the number of referrals received at UHL compared to other NHS organisations.

Mr Mohan reported verbally on the continued trend in the number of suppliers who were being contacted by fraudsters claiming to work for UHL who were attempting to order goods for delivery to non-UHL premises. Whist such cases did not lead to any loss for the Trust, UHL was working to support the companies affected (in line with the guidance provided by the NHS Counter Fraud Authority).

Since the report had been prepared, a further meeting of the Fraud Risk Group had been held on 25 October 2018. This meeting had been well-attended and it now felt that the right people were engaged in the group with good attendance from HR and Finance. Assurance was provided that the key issues considered by the Fraud Risk Group were all documented on the Trust's risk register.

<u>Resolved</u> – that the Local Counter Fraud Progress Report (paper G) and the additional verbal information be noted.

64/18/2 <u>National Fraud Initiative Report 2016-18</u>

Mr N Mohan, Local Counter Fraud Specialist introduced paper H, briefing the Audit Committee on the National Fraud Initiative (NFI) data matching exercise which was being conducted by the Cabinet Office to assist in the prevention and detection of fraud across some 1,200 public and private sector organisations. As required, UHL had submitted its payroll and accounts payable data in October 2018. The data matches were expected to become available in February 2019 and feedback on the number of UHL data matches would be reported to the March 2019 Audit Committee. Responding to a query from the Chief Financial Officer, Mr Mohan confirmed that a briefing on the NFI data matching exercise had been printed on the October 2018 staff payslips. **LCFS**

<u>Resolved</u> – that (A) the report on the NFI data matching exercise be received and noted as paper H, and

(B) the Local Counter Fraud Specialist be requested to include feedback on the number of UHL data matches found in his report to the March 2019 Audit Committee. **LCFS**

65/18 FINANCE – STRATEGIC AND OPERATIONAL ISSUES

65/18/1 <u>Confidential Report by the Chief Financial Officer</u>

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

65/18/2 Depreciation Policies and Procedures

Further to Minute 16/18(h) of 25 May 2018, paper J detailed UHL's depreciation policies and procedures in respect of property, plant and equipment and intangible assets. During the 2017/18 financial year the total depreciation charged to the income and expenditure account was £22.4m. This figure had been derived from an overall review of asset lives and their associated depreciation charges. This review had led to a £3.2m reduction in the depreciation charge for the 2017/18 financial year. In line with NHS accounting guidance, it was planned to undertake a similar review of the useful lives of the assets on the Trust's balance sheet during the 2018/19 financial year and it was possible that this review might result in a change to the current year's depreciation charge.

The Audit Committee Chair queried the optimum timing of that review, noting in response that this would take place during Quarter 4 when a clearer position became available regarding progress of the capital expenditure programme and the need to extend any asset lives into future financial years. Each of the Capital Sub-Group owners would be required to validate the position before any final decision was made. Discussion took place regarding the need to keep External Audit informed of any changes to the depreciation charge and it was agreed that any changes would be calculated prior to Grant Thornton's interim audit visit and that the agreed position would then be reported to the Audit Committee on 8 March 2019. **CFO** **CFO**

Mr A Johnson, Non-Executive Director queried whether the Trust had ever increased its depreciation charge following a review, noting in response that progress of the capital expenditure programme usually influenced the outcome of the review and it was unlikely that a Trust would increase the amount of depreciation in respect of medical equipment (for example). The Chief Financial Officer advised that reductions in depreciation charges were a common feature within the healthcare sector during these times of austerity and that the level of backlog maintenance was seen as a benchmark for monitoring such trends.

Resolved – that (A) the update on depreciation policies and procedures be received and noted as paper J, and

(B) the Chief Financial Officer be requested to:-

(1) ensure that any planned changes to the depreciation charges for 2018/19 were calculated prior to External Audit's interim visit, and **CFO**
(2) provide a report on the agreed position relating to depreciation charges for 2018/19 to the Audit Committee on 8 March 2018. **CFO**

65/18/3 Overview of the Discretionary Procurement Process and Discretionary Procurement Actions for September 2018 and October 2018

Further to Minute 51/18/2 of 7 September 2018, Mr D Streets, Head of Procurement and Supplies attended the meeting to introduced paper K, providing an overview of the discretionary procurement actions process. Paragraph 9.5.3 of the Trust's Standing Orders set out the specific circumstances when a procurement waiver was permitted. The report also detailed the arrangements for appropriate scrutiny and authorisation of each procurement waiver. During discussion, clarity was provided that the procurement waiver authorisation related to the procurement process and did not represent an authorisation of the expenditure itself.

Paper K also provided a summary of the 15 occasions when it had been necessary to

waive the Trust's regular procurement processes during the period September 2018 to October 2018. Appendix 1 set out the details of each case of need and provided explanations for the respective approvals.

Particular discussion took place regarding case of need reference number 18/A/1190 relating to total water system management and the reasons why this contract had not been tendered in the usual way. Members noted that the existing contractor had advised at short notice that they were unable to complete the work and that a one-year contract had been awarded to an alternative technically qualified competent provider (in order to maintain statutory compliance). There was no framework contract in place for this service. In response to further queries, the Head of Procurement and Supplies was requested to review this case of need to determine the date at which the existing contractor had advised the Trust of these issues and whether the terms and conditions of their contract had been breached. An update on this matter would be provided to the Audit Committee in January 2019. **HPS**

<u>Resolved</u> – that (A) the overview of the discretionary procurement process and the summary of discretionary procurement actions during September 2018 and October 2018 be received and noted as paper K, and

(B) the Head of Procurement and Supplies be requested to review the case of need 18/A/1190 and report on his findings to the January 2019 Audit Committee. **HPS**

65/18/4 <u>Confidential Report by the Chief Financial Officer</u>

<u>Resolved</u> – that this Minute be classed as confidential and taken in private accordingly.

66/18 ITEMS FROM THE LOCAL SECURITY MANAGEMENT SPECIALIST (LSMS)

66/18/1 <u>Security Management Progress Report and Action Plan</u>

The Director of Safety and Risk and the Health and Safety Services Manager attended the meeting to introduce papers M1 and M2, briefing the Audit Committee on current security management issues and progress against the UHL security management annual work plan. In discussion on the report, Audit Committee members particularly noted that:-

(a) the new Secretary of State for Health and Social Care had launched the new NHS Violence Reduction Strategy which aimed to protect the NHS workforce against deliberate violence and aggression from patients, their families and the public. Whilst this was welcomed, Trusts were no longer required to report their statistics on violence and aggression nationally (since NHS Protect was disbanded), but the reporting structure at UHL remained in place and statistical reports continued to be submitted to the UHL Security Management and Police Liaison Committee on a regular basis;
(b) a £200k investment had been agreed for improvements to the CCTV infrastructure. Site surveys were due to start in the next week and the Trust was working with the Leicestershire Police to ensure that known target areas and potential flashpoints were covered and that clear images could be gathered for the purposes of providing evidence. Further discussion was required at the next UHL Security Management and Police Liaison Committee regarding the proposal to provide the Leicestershire Police with a direct link to access the Trust's CCTV system;
(c) following the serious knife attack in the Emergency Department, appropriate arrangements were in place to support staff and improve the environment. The Trust was collaborating with local and national resources regarding the 'Lives not Knives' initiative and the 'Red Thread' youth worker project, and
(d) an additional Conflict Management Trainer had been appointed on a 12 month contract to support the income generating work involved with provision of training

to other organisations. Discussion took place regarding the opportunities to progress this workstream on a more commercial basis once it became more established and the Director of Safety and Risk agreed to work with the Finance team to develop robust costings for the commercial model going forwards.

Colonel (Ret'd) I Crowe, Non-Executive Director commented that the Trust Board was not sighted to the incidence of physical assault and verbal abuse to staff. He requested that the figures provided in the report be reproduced within the Minutes of this meeting for the Board's information:-

<table>
<tr><td>Year</td><td colspan="2">Physical</td><td colspan="2">Verbal</td><td>Total</td></tr>
<tr><td>2014/15</td><td colspan="2">238</td><td colspan="2">276</td><td>514</td></tr>
<tr><td>2015/16</td><td colspan="2">226</td><td colspan="2">284</td><td>510</td></tr>
<tr><td>2016/17</td><td colspan="2">261</td><td colspan="2">239</td><td>500</td></tr>
<tr><td>2017/18</td><td colspan="2">249</td><td colspan="2">243</td><td>492</td></tr>
<tr><td></td><td>Physical PC*</td><td>Physical</td><td>Verbal PC*</td><td>Verbal</td><td>Total</td></tr>
<tr><td>2018/19 (to 1.10.18)</td><td>119</td><td>48</td><td>16</td><td>116</td><td>299</td></tr>
</table>

** PC denotes incidents where the patient's condition was deemed to be a factor in the assault (eg stress, confusion, disorientation, delirium, prescribed medication, dementia, etc).*

Audit Committee members noted that the number of reported incidents on Datix might not be representative of the actual number of incidents. In order to triangulate this data, the Director of Safety and Risk was requested to include the results of the staff survey questions on bullying, harassment and violence within the next iteration of this report to the Audit Committee. Assurance was provided that staff who had been affected by a physical assault were supported through personal visits and a letter from the Chief Executive.

DSR

<u>Resolved</u> – that (A) the reports on security management issues and progress against the 2018/19 work plan be received and noted as papers M1 and M2, and

(B) the Director of Safety and Risk be requested to include figures from the UHL staff survey relating to the incidence of bullying, harassment and violence in the next iteration of this report.

DSR

67/18 GOVERNANCE

67/18/1 <u>Annual Review of Clinical Audit Systems and Processes</u>

Mr C Walker, UHL Clinical Audit Manager attended the meeting to present paper N, providing the annual update on UHL's Clinical Audit Systems and Processes. The Committee noted that the Quality and Outcomes Committee already received regular reports on UHL's Clinical Audit Programme, but the Audit Committee Terms of Reference recommended that an annual review be undertaken by the Audit Committee.

In presenting the report, the Clinical Audit Manager highlighted the role of the Clinical Audit Team at a local and national level in driving improvements in patient care whilst providing good quality assurance data, sharing good practice and gathering learning from well-performing areas. Following last year's Internal Audit Review, the Team had been supporting a reduction in the number of audits being undertaken for assurance, improving the profile of clinical audit across all Clinical Management Groups and increasing the number of audits aimed at improving the quality of clinical care. Recent initiatives had included the production of a promotional video, circulation of regular newsletters, implementation of the Clinical Audit Improvement Awards, staff training

sessions and quality improvement drop-in sessions. Going forwards, Clinical Audit was being seen as an integral part of the Trust's Quality Systems Framework and appropriate links were being built into the UHL Quality Strategy.

Audit Committee members welcomed the progress being made and sought and received additional information regarding the risk assessment process in place to address any audit results which were not as expected, the mechanism for recording the output metrics (eg reductions in patient harm as a result of the Quality Commitment focus on managing sepsis), and opportunities to standardise processes and reduce clinical variation. Members also noted the additional information provided in relation to the Dr Foster software for monitoring mortality rates and the workstreams which the Clinical Audit Manager would like to pursue in terms of managing sepsis, identification of deteriorating patients and acting upon results.

Mr A Johnson, Non-Executive Director raised a further query regarding the incidence of Carbapenem-Resistant Organisms (CRO), whether it was becoming endemic in the community and the importance of UHL's Policies and Procedures in this respect. In response, it was noted that reports on this issue had already been presented to the Quality and Outcomes Committee and that this Committee would have sight of the final report on the recent outbreak at UHL.

Finally, at the request of the Audit Committee Chair, the Clinical Audit Manager briefed the Committee on the arrangements for developing the Annual Clinical Audit Programme, taking into account the Quality Schedule, CQUINS and national and local requirements. He also detailed the approvals process for other audits on a case by case basis according to their individual merit. The draft Clinical Audit Programme would then be submitted to the Clinical Audit Committee, the Executive Quality Board and the Quality and Outcomes Committee for formal approval.

Resolved – that the Annual Review of Clinical Audit Systems and Processes be received and noted as paper N.

67/18/2 Integrated Risk and Assurance Report

The Director of Safety and Risk and the Risk and Assurance Manager attended the meeting to introduce paper O, providing an overview of the Board Assurance Framework (BAF) and the organisational risk register as systems of internal control operating throughout the Trust. Members noted that a formal review of the BAF was being undertaken to assess whether the processes were working effectively. The outputs of this review would be presented to the Executive Performance Board on 27 November 2018 and an update would be provided to the Audit Committee in January 2019.

The report also set out the procedure for 'horizon scanning' and members noted that a regular item had been established on the agenda for the Operational Management Group, chaired by the Chief Operating Officer. This had proved helpful in establishing a more-collective understanding of risks between the various Clinical Management Groups.

The Audit Committee was invited to comment on whether the current risk rating for Principal Risk 3 (achieving and maintaining financial sustainability resulting in a failure to deliver the financial plan) still felt appropriate at the current time (likelihood 5 x impact 4 = 20). In response, the Chief Financial Officer advised that the Executive Performance Board had debated whether this risk score should be increased to 25, but he stood by his view that the impact of not delivering the financial plan would be major but not catastrophic. However, he would re-think this assumption if the Trust was put into some form of special measures or financial turnaround regime as a result of not delivering the financial plan. Further detailed discussion took place regarding Principal Risk 3 and whether it related to achieving financial sustainability or achieving the

financial plan. The Risk and Assurance Manager was requested to clarify this point during his review of the BAF. **RAM**

<u>Resolved</u> – that (A) the Integrated Risk Management report (paper O) be received and noted, and

(B) the Risk and Assurance Manager be requested to review the BAF entry for Principal Risk 3 and clarify whether it related to achieving financial sustainability or achieving the financial plan. **RAM**

67/18/3 <u>Deep Dive of Principal Risk 5 Relating to IM&T Issues</u>

The Chief Information Officer and the Head of Privacy attended the meeting to present paper P, providing a detailed overview of the current arrangements and position with the management of IM&T risks within the Board Assurance Framework (BAF). The Director of Safety and Risk and the Risk and Assurance Manager also remained for this item. The report was taken as read, but the Chief Information Officer highlighted the key themes in respect of detailed planning and the agreed approach in terms of balance of risks, noting the example of e-Hospital which was only being rolled out in those areas which were ready to implement it.

Maintaining cyber security remained a high priority for the Trust due to the significant operational disruption that could be caused by any system downtime, as evidenced by the power failure incident that had occurred on 26 October 2018. Discussion took place regarding the local business continuity and disaster recovery arrangements and the need for all wards and departments to understand and familiarise themselves with their back-up systems and processes to be used in the event of an IM&T systems failure. The Director of Safety and Risk highlighted a change in mind-set that was required within the organisation in order to re-classify UHL's clinical IT systems as safety-critical equipment, going forwards.

The Audit Committee Chair invited members to consider their level of assurance that a robust system of control was in place to manage Principal Risk 5 (ability to deliver a fit for the future IM&T service). In general, it was agreed that the assurance provided was 'generally satisfactory with some improvements required'. Members commented on the slight gaps in assurance relating to disaster recovery and emergency planning and it was agreed that a further update would be provided to the Audit Committee in March 2019 in respect of the arrangements for implementing the recommendations arising from the Trust's self-assessment of Emergency Preparedness Resilience and Response (EPRR) as approved by the Trust Board on 4 October 2018. **COO**

<u>Resolved</u> – that (A) the deep dive of Principal Risk 5 be received and noted as paper P, and

(B) the Chief Operating Officer be requested to arrange for further assurance to be provided to the Audit Committee in March 2019 in respect of implementing the recommendations arising from the Trust's self-assessment of EPRR. **COO**

67/18/4 <u>Progress Report on General Data Protection Regulation (GDPR) Compliance</u>

Further to Minute 52/18/2 of 7 September 2018, the Chief Information Officer and the Head of Privacy attended the meeting to present paper Q, updating the Committee on progress and issues in relation to compliance with the General Data Protection Regulation (GDPR). Since the report had been prepared, the level of compliance against the 10 standards listed in the Data Security and Protection Toolkit had increased from 40% to 80%. Appendix 1 provided the details of each standard and the status of each workstream. Particular discussion took place regarding the following key issues:-

(a) the development of a centralised process for procuring and monitoring UHL contracts in line with the Privacy Unit guidance (including the implementation of a GDPR compliant template Information Sharing Agreement);
(b) additional support had been requested for line managers to ensure that all staff had completed the correct level of GDPR training within the statutory and mandatory training programme on HELM;
(c) the risks of non-compliance which were wide-spread within the organisation and not just restricted to electronic data, and
(d) opportunities to undertake a data purge to remove any unnecessary data within the organisation and the associated risk that this might represent a lost commercial opportunity in respect of providing anonymised patient data for research purposes.

Resolved – that (A) the progress report on GDPR Compliance be received and noted as paper Q, and

(B) the Chief Information Officer and the Head of Privacy be requested to present a further update on GDPR Compliance to the January 2019 Audit Committee. **CIO/HP**

67/18/5 Consolidated List of Outstanding Audit Recommendations

The Director of Corporate and Legal Affairs introduced paper R, providing the RAG-rated tracker of all outstanding and in-progress recommendations arising from Internal Audit, External Audit and Local Counter Fraud Reviews. Members noted that the Financial Controller was arranging to upload evidence to support the outstanding recommendations arising from the Financial Systems Review. In general, the Committee was assured that the increased scrutiny at the Audit Committee was proving to be effective at reducing the number of outstanding audit actions.

Resolved – that the Consolidated List of Outstanding and In-Progress Audit Recommendations be received and noted as paper R.

68/18 REPORTS FOR INFORMATION

68/18/1 Quarterly Update from the Data Quality Forum

Resolved – that the Quarterly Update from the Data Quality Forum be received and noted as paper S.

68/18/2 Update on CQC Compliance

Resolved – that the update on CQC Compliance be received and noted as paper T.

68/18/3 Policy and Guideline Process Progress Report

The expected update on UHL's Policy and Guideline Process was not available to be circulated in advance of the meeting. This item was therefore deferred to the January 2019 Audit Committee.

Resolved – that a progress report on UHL's Policy and Guideline Process be presented to the January 2019 Audit Committee. **HOE**

69/18 ASSURANCE GAINED FROM THE FOLLOWING COMMITTEES ON KEY RISKS/ ISSUES OF THE TRUST

69/18/1 Quality and Outcomes Committee (QOC)

Resolved – that the Minutes of the QOC meetings held on 30 August 2018 and 27 September 2018 be received and noted as papers V1 and V2.

69/18/2 People, Process and Performance Committee (PPPC)

Resolved – that the Minutes of the PPPC meetings held on 30 August 2018 and 27 September 2018 be received and noted as papers W1 and W2.

69/18/3 Finance and Investment Committee (FIC)

The Minutes of the Finance and Investment Committee meetings held on 30 August and 27 September 2018 were received and noted. The FIC Chair drew members' attention to the Trust's cash position and provided assurance that the Committee was continually monitoring the position going forwards.

Resolved – that (A) the Minutes of the FIC meetings held on 30 August 2018 and 27 September 2018 be received and noted as papers X1 and X2, and

(B) the additional verbal information regarding FIC's continual monitoring of the cash position be noted.

69/18/4 Charitable Funds Committee (CFC)

Resolved – that the Minutes of the CFC meeting held on 4 October 2018 be received and noted as paper Y.

70/18 ANY OTHER BUSINESS

70/18/1 Audit Committee Chair

Mr R Moore, Audit Committee Chair advised that this was his last meeting of the Audit Committee and he thanked members for their support over the years. In response, Mr M Traynor, Deputy Chairman recorded the Trust's appreciation of the contribution made by Mr Moore and wished him well for the future.

Resolved – that the position be noted.

71/18 IDENTIFICATION OF KEY ISSUES THAT THE COMMITTEE WISHES TO DRAW TO THE ATTENTION OF THE TRUST BOARD

Resolved – that the following item be brought to the attention of the Trust Board:- **AC Chair**

- **Minute 66/18/1 – Security Management Progress Report and Action Plan.**

72/18 CONFIDENTIAL ITEMS OF BUSINESS

72/18/1 Report by the Chief Financial Officer

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

73/18 DATE OF NEXT MEETING

Resolved – that the date of the next meeting in January 2019 be advised (once agreed).

Post meeting note – the date of the January 2019 meeting was subsequently advised as 9am on Friday 11 January 2019 in the C J Bond Room, Clinical Education Centre, Leicester Royal Infirmary.

The meeting closed at 12:26pm

Kate Rayns
Corporate and Committee Services Officer

Cumulative Record of Members' Attendance (2018-19 to date):

Name	Possible	Actual	% attendance
R Moore (Chair)	4	4	100%
I Crowe	4	4	100%
A Johnson	4	4	100%
M Traynor	4	4	100%

Attendees

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