

University Hospitals of Leicester 
NHS Trust

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 27 November 2014

COMMITTEE: Audit Committee

CHAIRMAN: Mike Williams, Interim Non-Executive Director

DATE OF COMMITTEE MEETING: 6 November 2014

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

None

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

- Update on Clinical Coding (Minute 71/14/2 refers), and
- Delayed Transfers of Care Review (Minute 77/14/1a refers).

DATE OF NEXT COMMITTEE MEETING: To be confirmed.

Mike Williams
21 November 2014

UNIVERSITY HOSPITALS OF LEICESTER NHS Trust

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON
THURSDAY 6 NOVEMBER 2014 AT 9:00AM IN ROOMS 3 AND 4, ROBERT KILPATRICK
CLINICAL SCIENCES BUILDING, LEICESTER ROYAL INFIRMARY**

Present:

Mr M Williams – Non-Executive Director (Interim Chair)
Col (Ret'd) I Crowe – Non-Executive Director
Dr S Dauncey – Non-Executive Director
Mr P Panchal – Non-Executive Director

In Attendance:

Mr P Cleaver – Risk and Assurance Manager (for Minutes 72/14-73/14 inclusive)
Miss M Durbridge – Director of Safety and Risk (for Minutes 72/14-75/14 inclusive)
Ms J Edyvean – General Manager, ESM CMG (for Minute 73/14)
Mr V Jadhav – Consultant, ESM CMG (for Minute 73/14)
Mrs H Majeed – Trust Administrator
Ms S Priestnall – Head of Information (for Minute 71/14/2)
Mr J Roberts – Assistant Director of Information (for Minute 71/14/2)
Mr N Sone – Financial Controller
Mr M Traynor – Non-Executive Director
Mr P Traynor – Director of Finance
Mr S Ward – Director of Corporate and Legal Affairs
Ms J Wilson – Non-Executive Director

Mr M Curtis – Local Counter Fraud Specialist (East Midlands Internal Audit Services) (until and including Minute 76/14)

Mr J Brown – KPMG (the Trust's External Auditor)
Mr D Hayward – KPMG (the Trust's External Auditor)

Ms N Shaw – Internal Audit Manager, PwC (the Trust's Internal Auditor)
Ms J Watson – Internal Audit Senior Manager, PwC (the Trust's Internal Auditor)

RESOLVED ITEMS

ACTION

68/14 PRIVATE DISCUSSIONS WITH BOTH SETS OF AUDITORS

In line with the guidance detailed within paper A, private discussions took place between the Chair and members of the Audit Committee and External and Internal Audit representatives ahead of the start of the formal meeting.

Resolved – that the position be noted.

69/14 APOLOGIES

Apologies for absence were received from Mr J Adler, Chief Executive and Ms A Breadon, Head of Internal Audit, PwC.

70/14 MINUTES

Resolved – that the Minutes of the meeting held on 2 September 2014 (papers B and B1 refer) be confirmed as correct records.

71/14 MATTERS ARISING FROM THE MINUTES

71/14/1 The Committee Chair selected the following key actions from paper C and members reported on progress:-

- | | | |
|-----|--|-------------|
| (a) | Minute 63/14/2 of 2 September 2014 – the Director of Corporate and Legal Affairs advised that a letter had not yet been received confirming KPMG’s appointment formally as the Trust’s External Auditors for 2015-16, however, this was expected imminently; | DCLA |
| (b) | Minute 62/14/2 of 2 September 2014 – the Director of Finance undertook to circulate a report to the Audit Committee outside the meeting re. delegated authority thresholds for CMGs and the Alliance; | DoF |
| (c) | Minute 57/14/1 of 2 September 2014 – the Director of Finance undertook to take forward the action relating to establishing a system of tracking outstanding actions from the LCFS Self-Review Tool against each standard within the Standards for Providers, and | DoF |
| (d) | Minute 28/14/3a of 15 April 2014 – Internal Auditors were requested to email Mr P Panchal, Non-Executive Director to discuss the scope of the audit re. testing on charitable funds. | IA |

Resolved – that the matters arising report (paper C) and the actions now required, as detailed above, be noted.

71/14/2 Update on Clinical Coding (Minute 56/14/2 of 2 September 2014)

Further to Minute 56/14/2 of 2 September 2014, the Assistant Director of Information and the Head of Information attended the meeting to present paper D, providing an update on developments with improving the quality of clinical coding including backlog reduction.

The Head of Information advised that the initial plan had aimed for elimination of the coding backlog by 15 December 2014, however, obtaining case notes immediately after discharge was proving to be challenging and therefore the plan now aimed to significantly reduce the backlog by that date. Despite several recruitment exercises, no suitable additional staff had been appointed. Agency coders had been appointed to target coding backlogs in specific areas and recruitment of trainee coders was underway. Responding to a query, the Head of Information advised that despite the challenges, a trajectory and robust implementation plan was in place to reduce the backlog. In discussion, it was noted that CMGs needed to be informed about the consequences of the delays in coding and incorrect coding due to non-availability of case notes at the point of discharge.

ADI

In response to a query from the Director of Finance in respect of the metrics in place to measure the depth of coding in each CMG/specialty, it was noted that internal metrics had not yet been implemented.

The Assistant Director of Information and the Head of Information were requested to circulate an update to the Audit Committee members on the coding backlog position prior to end of December 2014. They were also requested to consider future developments for coding given that the Trust Board would be selecting the Electronic Patient Record system at its meeting on 27 November 2014.

ADI/Hol

Resolved – (A) the contents of paper D be received and noted;

(B) the Assistant Director of Information be requested to inform CMGs of the consequences of the delays in coding and incorrect coding due to non-availability of case notes at the point of discharge, and

ADI

(C) the Assistant Director of Information and the Head of Information be requested to circulate an update to Audit Committee members on the coding backlog position prior to end of December 2014.

ADI/Hol

72/14 UHL RISK REPORT INCORPORATING THE BOARD ASSURANCE FRAMEWORK (BAF) FOR THE PERIOD ENDING 31 OCTOBER 2014

The Director of Safety and Risk and the Risk and Assurance Manager attended the meeting to present paper E, providing an overview of the development of the UHL 2014-15 BAF and assurance in relation to the effectiveness of risk management processes within UHL. Members were advised that in respect of risk 2 (failure to implement the LLR emergency care improvement plan), the Chief Operating Officer had provided an update which had not been available in time for inclusion within the current BAF, however, this would be included in the next iteration.

In response to a query, the Risk and Assurance Manager confirmed that a bottom-up approach was taken in respect of including risks on the risk register and he explained the process. The Director of Safety and Risk assured members that a constant process of confirm and challenge was in place when a risk was entered onto the risk register. Responding to a further query in respect of the October 2014 deadline for completion of a number of actions on the BAF, it was noted that responses from Executive Directors were awaited in respect of those actions.

In discussion on a Trust Board workshop for discussion of the 2015-16 BAF, the Director of Corporate and Legal Affairs undertook to liaise with the Trust Chairman regarding the way forward.

DCLA

Resolved – (A) the contents of paper E be received and noted, and

(B) the Director of Corporate and Legal Affairs be requested to liaise with the Trust Chairman in respect of a Trust Board workshop for discussion of the 2015-16 BAF.

DCLA

73/14 EMERGENCY AND SPECIALIST MEDICINE CMG PRESENTATION – UPDATE ON RISK MANAGEMENT PROCESS IN THE CMG

Ms J Edyvean, General Manager and Mr V Jadhav, Consultant, ESM CMG attended the meeting to present paper F, an update on risk identification, management and maintenance of the risk register within the ESM CMG.

The General Manager provided a detailed update on the top 5 risks identified within the CMG. The Risk and Assurance Manager noted that the top 5 risks outlined in paper F did not reflect the risks currently recorded in the CMG risk register – in response, it was noted that the CMG risk register was in the process of being updated and the risks would be updated in the new iteration. Responding to further queries, an update on the methodology of risk identification in the CMG including examples was provided.

Audit Committee members were assured that the CMG had a robust risk management process despite the challenges in terms of a number of high risks particularly relating to medical staffing. The General Manager suggested that the Audit Committee presentation template included a slide titled ‘action plan’ in order that other CMGs could include the actions that had been put in place to resolve issues.

RAM

Resolved – (A) that the contents of paper F be received and noted, and

(B) the Risk and Assurance Manager be requested to update the Audit Committee presentation template regarding CMG risk management process to include a slide entitled ‘action plan’.

RAM

74/14 LOCAL SECURITY MANAGEMENT SPECIALIST WORK PLAN 2014-15

The Director of Safety and Risk provided a brief background to members advising

that the Local Security Management function had previously been the responsibility of the Facilities Directorate but had now been transferred to her team, due to the transfer of facilities management services to Interserve.

Paper G detailed the plans for the development of local security management for 2014-15 and outlined the action plan over the next 18 months in relation to six key themes which were listed in the summary section of the report. Responding to a query on the outcomes expected from the actions in the work plan, it was noted that the principle outcomes were to reduce crime (thefts) and verbal and physical assaults, improve safety and make the organisation safer for staff and patients. Ms J Wilson, Non-Executive Director requested that consideration be given to the patient and public involvement implications of implementing the plan noting that this section of the cover report was currently left blank.

DSR

Resolved – (A) that the contents of paper G be received and noted, and

(B) the Director of Safety and Risk be requested to give consideration to public and patient involvement implications of implementing the plan in respect of the local security management specialist work plan.

DSR

75/14 REPORT FROM THE DIRECTOR OF SAFETY AND RISK

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

76/14 ITEMS FROM THE LOCAL COUNTER FRAUD SPECIALIST

76/14/1 Local Counter Fraud Specialist (LCFS) Progress Report

Paper I provided assurance regarding the actions taken to mitigate the risk of fraud, bribery or corruption within the Trust. Mr M Curtis, Local Counter Fraud Specialist advised that he had recently been designated as the Trust's new Lead Local Counter Fraud Specialist. An e-learning module had been developed for use by Trust staff. The module provided a range of information relating to the NHS Counter Fraud initiative, the role of the LCFS, and the responsibilities of individual staff for ensuring that Trust policies were followed and allegations of fraud were reported. Mr Curtis highlighted that he would lead work to check the results of the 2014-15 National Fraud Initiative to ensure that any matches which might represent potential instances of fraud, bribery or corruption were dealt with appropriately.

Responding to a query on the management of the Bribery Act, the Local Counter Fraud Specialist believed that appropriate processes were in place within the Trust, however, he undertook to review the existing arrangements as part of his on-going work programme.

Resolved – that the contents of paper I be received and noted.

76/14/2 Report from the Local Counter Fraud Specialist Progress Report

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

77/14 ITEMS FROM INTERNAL AUDIT

77/14/1a Internal Audit Reviews – Delayed Transfers of Care (DTCOs) Review

Paper K detailed the findings following the high level review of Delayed Transfers of Care. The report classification was medium risk with 3 findings reported as follows:

- 2 medium rated operating effectiveness findings, and
- 1 low rated operating effectiveness finding.

The Senior Internal Audit Manager clarified that an aim of the audit had been to verify data quality and its reliability. She expressed concern that the tracking of patient notes was a significant issue. Members were advised that Internal Audit's review of patient notes had found that there was often little information regarding when a patient became medically fit for discharge, and the details were at times unclear or incomprehensible. In certain cases, there was no record held on the patient notes to confirm the rationale for the recording of the DToC.

Further to these comments, Committee members queried whether the rating of this risk should in fact be 'high' and not 'medium' as currently stated and whether the Trust's view that a difficulty in delivering effective emergency care was due to the high number of DToCs remained valid. In response, the Senior Internal Audit Manager advised that PwC's rating of risks was based on the impact on operational performance, financial performance, rules/regulations and reputation. As the findings for this review had not been thought to have a significant impact on any of these criteria, the review had been rated 'medium' risk.

Ms N Shaw, Internal Audit Manager advised that in some cases, the category of delay determined from the patient notes did not agree to the category recorded on the submission.

The Director of Finance expressed concern that reference to the official definition of DToC had not been included in the report. Members expressed concern over the level of detail, outcome and rating of the review.

The Senior Internal Audit Manager undertook to review the rating of this report and to liaise with the Director of Finance and the Chief Operating Officer on this subject outwith the meeting. A further report on this matter would be submitted to the next Audit Committee meeting.

SIAM

Resolved – that (A) the contents of paper K be received and noted, and

(B) the Senior Internal Audit Manager be requested review the rating of Delayed Transfers of Care (DToCs) Review report and to liaise with the Director of Finance and the Chief Operating Officer on this subject outwith the meeting and present a further report on this matter to the next Audit Committee meeting.

SIAM

77/14/1b Partnership Working Review

The Senior Internal Audit Manager provided a verbal update on this review advising that a number of interviews with an agreed list of stakeholders had been held. These were based on a series of agreed questions which had explored those areas where the Trust had received the lowest scores in the reputation audit or those of key significance to the Trust. This provided the Trust with further information on stakeholder views and would enable the Trust to develop an action plan.

The Senior Internal Audit Manager advised that the main body of the report was available, however, the action plan had not yet been finalised by management and therefore the audit review report was not available for Audit Committee. The Director of Corporate and Legal Affairs advised that the action plan would be available in the form of the updated UHL PPI and Engagement Strategy from the Director of Marketing and Communications to be submitted to the Trust Board in December 2014 or January 2015.

The Director of Finance expressed concern that this review was originally scheduled to be held in 2013-14 and the final report had not yet been published. It was agreed that the Internal Audit report on partnership working should be circulated to members in its current form, noting that the Trust Board would consider the management response in December 2014 or January 2015 as stated

IA

above.

Resolved – that (A) the verbal update be noted, and

(B) the Internal Audit report on partnership working be circulated to Trust Board members in its current form (i.e. without the management response).

IA

77/14/2

Internal Audit Progress Report

The Senior Internal Audit Manager presented paper L, a report outlining progress with the implementation of the internal audit plan for 2014-15, risk assessment and implementation of audit recommendations.

The Interim Audit Committee Chair expressed concern that the times of the year at which it had been intended that certain reviews within the Internal Audit plan 2014-15 would be undertaken had significantly changed, however, the Audit Committee had not been appropriately informed and there were a number of reviews now scheduled for quarter 4 of 2014-15. In response, the Senior Internal Audit Manager acknowledged that three reviews had been deferred from 2013-14 to 2014-15, however, two of these reviews had now been further deferred to quarter 4 of 2014-15 on request from Executive Directors. In respect of the mortality and morbidity (M&M) review scheduled for quarter 3 of 2014-15, an initial scoping meeting had been held, however, the Medical Director and Head of Outcomes and Effectiveness had requested that this review be deferred for a 12 month period as the Trust's mortality and morbidity policy had been recently re-written and it would take some time to embed.

In discussion on the RTT review which had been deferred to quarter 3 of 2014-15 (originally scheduled for quarter 2), members noted that the RTT improvement plan trajectory had slipped and suggested that consideration would need to be given to the merit of undertaking a review in quarter 3.

In further discussion, it was suggested that in future, if there was a proposed variation to the Internal Audit plan then any changes would need to be approved in advance by the Audit Committee. If the Audit Committee would not meet in time for such a decision to be made, then the variation in plan would need to be proposed to and approved by the Audit Committee Chair, and subsequently reported to the Audit Committee for ratification.

IA

The Director of Finance expressed concern that no final 2014-15 Internal Audit reports had so far been issued. Responding to a query from the Senior Internal Audit Manager as to whether the Audit Committee would approve the deferral of Mortality & Morbidity and Referral to Treatment (RTT) reviews, the Interim Audit Committee Chair requested that this matter be discussed first with the Director of Finance outside the meeting. The Director of Finance was requested to then confer with the Interim Audit Committee Chair in respect of the way forward regarding these reviews, and the timetabling of the Internal Audit plan for the remainder of 2014-15.

IA

Resolved – that (A) the contents of paper L, Internal Audit progress report for 2014-15 be received and noted;

(B) any proposed variation to the Internal Audit plan in 2014-15 or in subsequent years to be approved in advance by the Audit Committee. If the Audit Committee would not meet in time for such a decision to be made, then the variation in plan would need to be proposed to and approved by the Audit Committee Chair, and subsequently reported to the Audit Committee for ratification.

IA

(C) Internal Auditors be requested to discuss the way forward in respect of

IA

the Trust's Mortality & Morbidity and Referral To Treatment reviews first with the Director of Finance, outside the meeting. Further to this, the Director of Finance to confer with the Interim Audit Committee Chair in respect of the way forward regarding these reviews, and the timetabling of the Internal Audit plan for the remainder of 2014-15.

DoF

78/14 ITEMS FROM EXTERNAL AUDIT

78/14/1 External Audit Progress Report

Paper M detailed the External Audit progress report updating the Committee on work undertaken in the last quarter, planned for the next quarter and provided technical updates, for information. Mr J Brown advised members that he was now the Trust's External Audit Director following Mr A Bostock rotating off the Audit as partner due to Audit Commission requirements.

Resolved – that the contents of paper M be received and noted.

79/14 FINANCE – STRATEGIC AND OPERATIONAL ISSUES

79/14/1 Discretionary Procurement Actions

Paper N outlined the discretionary procurement actions for the period September-October 2014 in line with the Trust's Standing Orders. In discussion on the procurement action for 'change of brief for modular buildings', it was noted that prior consideration of the issue had not taken place at the Finance and Performance Committee. The Director of Finance undertook to liaise with colleagues outside the meeting to get a view on the basis for the approval of this discretionary procurement. The Director of Finance also undertook to confirm the delegated authority thresholds for the sign-off of discretionary procurement actions to Audit Committee members outside the meeting.

DoF

Resolved – that (A) the contents of paper N be received and noted, and

(B) the Director of Finance be requested to:-

(i) liaise with colleagues outside the meeting to seek a view on the basis for the approval of the procurement action for 'change of brief for modular buildings', and

(ii) confirm the delegated authority thresholds for the sign-off of discretionary procurement actions to Audit Committee members outside the meeting.

DoF

79/14/2 Losses and Special Payments

Paper O informed the Audit Committee of the losses and special payments for the six months to the end of September 2014. The Director of the Finance commented on the frequency of the processes for writing-off of debts.

Resolved – that the contents of paper O be received and noted.

79/14/3 Cash Management Actions

Paper P outlined the current cash management actions following the approval of the Trust's external financing application. The report provided a background to the cash requirements for 2013-14 and 2014-15. The Financial Controller outlined the considerations that had been taken into account when submitting the PDC application.

The Director of Finance advised that discussions regarding cash flow, cash management and cash forecasting took place at the Finance and Performance Committee (FPC) and the Trust Board and that the Audit Committee could take

assurance from those discussions.

Responding to a query on payment to creditors, the Financial Controller advised that the Trust had not met the performance targets set out in the Better Payments Practice Code due to a conscious decision to maintain cash flow.

Resolved – that the contents of paper P and verbal update be noted.

79/14/4 Overseas Visitors Update

The Financial Controller advised that a LiA pioneering scheme was now in place to support efforts to ensure that the Trust received income for every patient treated and that free at the point of care NHS treatment was only provided to patients who were entitled to receive it. Members were advised of a new charging regime from 2015-16 for overseas patients which might provide an increase in income for the Trust. The Financial Controller undertook to provide a further update on this matter at the Audit Committee meeting in February/March 2015. In further discussion on the income received from overseas visitors, it was noted that the Leicester City CCG had commissioned an audit to review the funding arrangements around overseas patients. The audit report in respect of this audit would be presented to Audit Committee, when available.

FC

IA

Resolved – that (A) the verbal update be noted;

(B) the Financial Controller be requested to provide an update on overseas visitors to the Audit Committee in February/March 2015, and

FC

(C) Internal Auditors be requested to present the audit report for the audit commissioned by the Leicester City CCG to review the funding arrangements around overseas patients.

IA

79/14/5 Private Patients Update

The Financial Controller advised that although the Trust provided services for private patients, the facilities were not optimum. There was a scope to increase private patient income and the Director of Strategy was giving consideration to drafting a private patients' strategy. The Interim Audit Committee Chair requested that a report on the plan for the private patients' strategy be presented to the Audit Committee in the first instance and then to the Finance and Performance Committee or Investment Committee, as appropriate. He also requested that a report be presented to the next Audit Committee meeting on the month by month private patient income to the Trust.

DS

FC

Resolved – that (A) the verbal update be noted;

(B) the Director of Strategy be requested to present the plan for a private patients' strategy to the Audit Committee in the first instance and then to the Finance and Performance Committee or Investment Committee, as appropriate, and

DS

(C) the Financial Controller be requested to present to the next Audit Committee meeting a report on the month by month private patient income to the Trust.

FC

80/14 **ASSURANCE GAINED FROM THE FINANCE AND PERFORMANCE COMMITTEE (FPC), QUALITY ASSURANCE COMMITTEE (QAC) AND CHARITABLE FUNDS COMMITTEE (CFC)**

80/14/1 Quality Assurance Committee

Resolved – that the Minutes of the Quality Assurance Committee meetings held on 27 August 2014 (paper Q refers) and 24 September 2014 (paper Q1 refers) be received and noted.

80/14/2 Finance and Performance Committee

Resolved – that the Minutes of the Finance and Performance Committee meetings held on 27 August 2014 (paper R refers) and 24 September 2014 (paper R1 refers) be received and noted.

80/14/3 Charitable Funds Committee

Resolved – that the Minutes of the Charitable Funds Committee meeting held on 15 September 2014 (paper S) be received and noted.

81/14 **AUDIT COMMITTEE MEETING DATES**

Resolved – that the Trust Administrator be requested to circulate the meeting dates for the Audit Committee meetings in 2015 further to discussion with the Interim Audit Committee Chair.

TA

82/14 **ANY OTHER BUSINESS**

82/14/1 Annual Work Programme

The Director of Finance and the Director of Corporate and Legal Affairs undertook to liaise outside the meeting to review the Audit Committee annual work programme.

DoF/DCLA

Resolved – that the Director of Finance and the Director of Corporate and Legal Affairs be requested to review the Audit Committee annual work programme.

DCLA/DoF

83/14 **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:-

- Update on Clinical Coding (Minute 71/14/2 refers), and
- Delayed Transfers of Care Review (Minute 77/14/1a refers).

Interim AC Chair

84/14 **DATE OF NEXT MEETING**

Resolved – that the date of the next meeting to be confirmed by the Trust Administrator following consultation with the Interim Audit Committee Chair.

TA

The meeting closed at 12:01pm.

Hina Majeed,
Trust Administrator

Cumulative Record of Members' Attendance (2014-15 to date):

Name	Possible	Actual	% attendance
K Jenkins (Chair)	2	2	100%
M Williams (Interim Chair)	1	1	100%
I Crowe	4	3	75%
S Dauncey	2	1	50%
P Panchal	4	4	100%

Attendees

Name	Possible	Actual	% attendance
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P Hollinshead	2	2	100%
S Ward	4	4	100%
R Overfield	4	1	25%
S Sheppard	1	1	100%
P Traynor	1	1	100%