

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: 2 July 2015

COMMITTEE: Audit Committee

CHAIRMAN: Richard Moore, Non-Executive Director

DATE OF COMMITTEE MEETING: 27 May 2015

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

- Minute 32/15/1 – Draft Statutory Exchequer Accounts for 2014/15 and Letter of Representation;
- Minute 32/15/2 – ISA 260 Audit Highlights Memorandum 2014/15;
- Minute 32/15/3 – Draft Annual Governance Statement 2014/15;
- Minute 32/15/4 – 2015/16 Going Concern Statement;
- Minute 33/15 – Draft Annual Quality Account 2014/15 and Statement of Directors' Responsibilities;
- Minute 34/15/1 – Counter Fraud and Corruption Policy, and
- Minute 34/15/2 – Prevention of Bribery Policy.

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

- Minute 38/15/1d – Internal Audit Review of Staff Rostering.

DATE OF NEXT COMMITTEE MEETING: 3 September 2015

**Richard Moore
Non-Executive Director
26 June 2015**

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON
WEDNESDAY 27 MAY 2015 AT 11:00AM IN TEACHING ROOM 2, CLINICAL EDUCATION
CENTRE, LEICESTER ROYAL INFIRMARY**

Present:

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

In Attendance:

Mr J Adler – Chief Executive (up to and including Minute 40/15)
Mrs G Belton – Trust Administrator
Mr P Cleaver – Risk and Assurance Manager (for Minutes 39/15 and 40/15)
Mrs S Hotson – Director of Clinical Quality (for Minute 33/15)
Mr D Lord – Health, Safety and Security Specialist (for Minutes 39/15 and 40/15)
Mr P Rogers – Senior Project Manager (HR) – for Minute 37/15/2
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

Mr M Curtis – Local Counter Fraud Specialist (East Midlands Internal Audit Services) – for Minutes 34/15 and 41/15

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

Ms J Watson – Manager, PwC (the Trust's Internal Auditor) – up to and including Minute 40/15

RECOMMENDED ITEMS

ACTION

32/15 DRAFT STATUTORY ACCOUNTS 2014-15

32/15/1 Draft Statutory Exchequer Accounts for 2014/15 and Letter of Representation

The Director of Finance presented paper 'G', which detailed the Draft Statutory Exchequer Accounts for 2014/15, outlining also the process for adoption by the Trust Board, and paper 'G1' which detailed the draft Letter of Representation from the Trust to the External Auditors, both of which were presented for Audit Committee endorsement and recommendation onto the Trust Board for formal approval.

The following key points in respect of the Trust's performance against its statutory and administrative targets were highlighted:-

- Breakeven - £40.6m deficit;
- External Financing Limit – a permissible undershoot of £4,080k;
- Capital Resource Limit – a permissible undershoot of £24k;
- Better Payments Practice Code – Non-NHS value 68%; volume 53%, NHS value 76%; volume 51%. The target of 95% was not achieved due to actions agreed within the Trust's liquidity plan.

Key points from the Accounts included the fact that the Trust's income had risen by 8.3% to £834.4million and the Trust's expenditure had increased by 8.9% to £881.9million.

In discussion on this item, members:

- (i) expressed their thanks to the Director of Finance and his team for all of the work they had undertaken in respect of the Trust's accounts

- 2014/15;
- (ii) suggested that it would be helpful to utilise one of the training sessions being convened for the new Non-Executive Directors for the purpose of explaining NHS accounting, and how the accounts of NHS organisations differed from those produced by private companies, along with the process for the auditing of those accounts. The Director of Finance undertook to provide such a training session in the future;
 - (iii) queried the process by which the public were informed of the Trust's annual accounts – it was noted that the main vehicle for such was through publication of the Trust's Annual Report and the Trust's Annual Public Meeting (APM) held in September 2015 provided the forum for further discussion with the public in this respect. The Trust's APM was advertised in the local newspaper and the public were able to request copies of the accounts should they wish to do so, and
 - (iv) noted a couple of small typographical errors, which the Audit Committee Chairman undertook to discuss with the Director of Finance outwith the meeting.

DF

**Audit
Committee
Chairman**

Recommended – that (A) the draft statutory annual accounts 2014-15 and the Letter of Representation be endorsed and recommended onto the Trust Board for formal approval at its meeting on 4 June 2015,

(B) the Director of Finance be requested to arrange a training session for the new Non-Executive Directors (point ii above refers), and

DF

(C) the Audit Committee Chairman be requested to discuss with the Director of Finance, outwith the meeting, the minor typographical amendments required to the Annual Accounts 2014/15 prior to their submission to the Trust Board.

**Audit
Committee
Chairman**

32/15/2 ISA 260 Audit Highlights Memorandum 2014/15

The External Auditors presented paper 'H', which documented their intention to issue an unqualified audit opinion on the Accounts following the Audit Committee adopting the Accounts and receipt of the Management Representation Letter. It was noted that the opinion would include an emphasis of matter paragraph.

In forming their opinion on the financial statements, which was not qualified, they had considered the adequacy of the disclosure made in the Statement of Comprehensive Income to the financial statements concerning the Trust's financial position. The Trust had incurred a deficit of £40.6 million during the year ended 31 March 2015 and would require a significant injection of Public Dividend Capital and loans in 2015/16 to fund the budgeted deficit and support the capital plan, indicating the existence of a material uncertainty which might place significant doubt on the Trust's ability to achieve long-term financial stability. This conclusion prevented the External Auditors from being satisfied that in all significant respects the Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015. Note was also made that External Audit had requested management representations in relation to the Agreement of Balances exercise, and valuation of land and building assets.

External Audit had made four key recommendations as a result of their 2014/15 audit work, as follows:

- (1) the Trust should strengthen the quality assurance procedures in relation to the valuation of its land and building assets to ensure that sufficient evidence was provided to support values on an annual basis, especially in years when no formal external valuation was received;
- (2) the Trust should ensure that its capital accounting policies were fully complied with each year;
- (3) the Trust should ensure that Prepared by Client documentation requested

was made available to a high standard and quality by the start of the onsite audit, especially where these were requested from outside the Finance department, and

- (4) the Trust should ensure that when Non-Executive Directors left the Trust, as for all employees, appropriate notification was provided to payroll in order that their leaving date could be processed and no over-payments made.

The External Auditors intended to issue an unqualified confirmation to the NAO regarding the Whole of Government accounts submission, made through the Trust's submission of the summarisation schedules to the Department of Health.

Particular discussion took place in respect of the following points:

- (i) the requirements placed on the Trust in terms of its land valuations and building assets, and how these differed from those required of private companies, and
- (ii) any implications of the Trust not having met the Value For Money (VFM) test and doubts regarding the long term financial stability of the Trust (the emphasis of matter paragraph on page 5 of the document refers). In response, External Auditors explained the need to reference any major uncertainties where an unqualified opinion was concluded in respect of a Trust's annual accounts, and noted that much was driven by the future and the way in which additional funding would be provided to the Trust. They advised that the Trust was not an outlier in this respect, and many other Trusts nationally were in the same position. In terms of the impacts of such, nothing in particular was identified as likely to be adversely affected in the 2015/16 financial year.

Recommended - that the contents of this report, and additional verbal information provided, be received and noted, and the draft Audit Memorandum, and Management's response thereto, be accepted and endorsed.

DF

32/15/3 Draft Annual Governance Statement 2014/15

The Chief Executive presented paper 'I', which detailed the Draft Annual Governance Statement for 2014/15 and expressed his thanks to the Director of Corporate and Legal Affairs for his drafting of the document. The Audit Committee were invited to review, confirm and recommend the Trust Board to approve the Annual Governance Statement 2014/15.

In discussion on the contents of this document, the Audit Committee Chairman queried the accuracy of the figures relating to his own attendance at the Trust Board and Trust Board Sub-Committees in 2014/15 and requested that this was checked accordingly.

DCLA/TA

Recommended - that, subject to any minor amendments required regarding the table relating to Trust Board and Committee attendance in 2014/15, the Draft Annual Governance Statement be endorsed and recommended onto the Trust Board for formal approval.

DCLA/TA

32/15/4 2015-16 Going Concern Statement

The Director of Finance presented paper 'J', which detailed the Trust's draft Going Concern Statement for 2015/16, and expressed his thanks to Mr N Sone, Financial Controller for his drafting of this document. The purpose of this document was to provide assurance that a robust assessment had been made as to the Trust's ability to operate as a Going Concern for 2015/16, and was for consideration by the Audit Committee for subsequent recommendation onto the Trust Board for formal approval thereon.

Particular discussion took place regarding the following:

- (i) the fact that the Trust was currently awaiting the outcome of the submission of its 5 Year Plan from the NTDA, prior to the receipt of which members considered that they could endorse the Going Concern Statement for 2015/16 on the assumption of continued support from the NTDA, and
- (ii) agreed that any material changes made between the presentation of the Draft Statutory Accounts 2014/15 and its supporting documents to this meeting of the Audit Committee and their subsequent submission to the Trust Board meeting next week (if any) would be highlighted in a cover note to be provided by the Director of Finance, as required.

DF

Recommended – that (A) the 2015/16 Going Concern Statement be endorsed and recommended onto the Trust Board for approval accordingly, and

(B) the Director of Finance be requested to highlight in a cover note to the Trust Board (if required) any material changes made to the Draft Statutory Accounts 2014/15 or any of its supporting documents between their discussion at today’s Audit Committee meeting and their subsequent submission to the Trust Board meeting.

DF

33/15 DRAFT ANNUAL QUALITY ACCOUNT 2014/15 AND STATEMENT OF DIRECTORS’ RESPONSIBILITIES

Paper K, as presented by the Director of Clinical Quality, attached at Appendix A the final draft of the Quality Account 2014/15, which was an annual report produced by providers of healthcare about the quality of service delivered. The focus for this report was on the Statement of Directors’ Responsibilities in respect of the Quality Account to enable the Audit Committee to scrutinise the draft statement for onward recommendation to the Trust Board on 4 June 2015 with or without comments.

Members noted that the previous draft of this document had been reviewed by the Trust’s Quality Assurance Committee, which was also due to receive this final draft of the document at its meeting the following day.

Members confirmed their endorsement of this document, commenting positively on its layout and readability.

Recommended - that the Draft Annual Quality Account 2014/15 and Statement of Director Responsibilities be endorsed and recommended to the Trust Board for formal approval thereon.

DCQ

34/15 POLICIES FOR APPROVAL

34/15/1 Counter Fraud and Corruption Policy

Paper S detailed an updated version of the Trust’s Counter Fraud and Corruption Policy for review and endorsement by the Audit Committee and recommendation onto the Trust Board for formal approval.

Recommended – that the updated Counter Fraud and Corruption Policy be endorsed and recommended to the Trust Board for formal approval thereon.

DCLA

34/15/2 Prevention of Bribery Policy

Paper T detailed an updated version of the Trust’s Prevention of Bribery Policy for review and endorsement by the Audit Committee and recommendation onto the Trust Board for formal approval.

Resolved – that the updated Prevention of Bribery Policy be endorsed and recommended to the Trust Board for formal approval thereon.

DCLA

RESOLVED ITEMS

35/15 APOLOGIES

Apologies for absence were received from Ms A Breadon, Director, PwC and Ms J Wilson, Non-Executive Director.

36/15 MINUTES

Resolved – that the Minutes of the meeting held on 5 March 2015 (papers A and A1 refer) be confirmed as a correct record.

37/15 MATTERS ARISING FROM THE MINUTES

37/15/1 Matters Arising Report

The Committee Chair selected the following key actions from paper B and members reported on progress:-

- (1) Minute 27/15 of 5 March 2015 – members queried progress with the development of the Private Patient Strategy – it was confirmed that the Head of Partnerships was currently progressing the development of such, with an initial report on this item having been made to the Executive Strategy Board. Further updates would be taken through the Executive Strategy Board, and progress could be reported at the next Audit Committee meeting, and TA
- (2) Minute 7/15/1b (i) and (ii) of 8 January 2015 relating to Review of Governance Arrangements for Empath – colleagues queried the deadline by which the listed actions were to have been completed. It was reported that an update report on progress against this item would be scheduled for receipt at the next Audit Committee meeting on 3 September 2015, and that this deadline could therefore be assigned to these items. DF/TA

Resolved – that (A) the matters arising report (paper B) be received and noted, and

(B) the Trust Administrator be requested to update the Matters Arising report accordingly (item 1 above refers) and schedule updates on items (1) and (2) above at the next meeting of the Audit Committee in September 2015. DF/TA

37/15/2 Trust's Approach to Salary Overpayments (Minute 23/15/1d of 5 March 2015)

Mr P Rogers, Senior Project Manager (HR) attended to present paper 'C', which outlined the processes in place and initiatives for minimising the risk of leavers continuing to be paid and / or accessing IT systems and was presented for the purpose of assuring the Audit Committee.

Particular discussion took place regarding the following:

- (i) the prevalence of cases of overpayment - whilst such overpayments accounted for a very small percentage of Trust expenditure, all possible actions were taken to prevent such occurrences, as described within the report;
- (ii) a query was raised as to the timescales associated with the withdrawal of IT access when employees left the Trust. In response, the Senior Project Manager (HR) undertook to query this aspect with IM&T colleagues and report back to the Audit Committee thereafter; SPM(HR)/
TA

- (iii) in response to a further query raised, the Senior Project Manager (HR) confirmed that the Trust was pro-active in seeking out over-payments and closely managed its payroll contract;
- (iv) the other means available to the Trust of identifying over-payments if an employee's manager failed to complete the required HR4 form – these included the overpayment being reported by the employee themselves, the budget holder identifying the over-payment within their records and the matter being flagged on e-rostering, and
- (v) note was made that the element of the ISA 260 work relating to payroll currently being undertaken by External Audit was due to be reported to the Audit Committee in September 2015.

EA/TA

Resolved – that (A) the contents of this report, and the additional verbal information provided, be received and noted,

(B) the Senior Project Manager (HR) be requested to ascertain, in discussion with colleagues in IM&T, the timescales associated with the withdrawal of IT access when employees left the Trust and to confirm these to the Audit Committee thereafter, and

SPM(HR)/
TA

(C) the outcome of the ISA 260 work relating to payroll, which was currently being undertaken by External Audit, be scheduled on the agenda of the September 2015 meeting of the Audit Committee.

EA/TA

38/15 ITEMS FROM INTERNAL AUDIT

38/15/1 Internal Audit Review Reports

38/15/1a Review of Overseas Patients

Paper D1 included details of Internal Audit's review of Overseas Patients processes. The final report had been classified as medium risk with findings reported as follows:-

- 1 low rated control design finding, and
- 4 medium rated operating effectiveness findings.

Particular discussion took place regarding the following:

- (i) the fact that this audit had been jointly commissioned with Commissioning colleagues to provide assurance that the Trust was undertaking the actions required of it in relation to the collection of revenue from overseas patients treated by the Trust who were liable for such payments;
- (ii) the challenges presented by the fact that the work relating to the billing of overseas patients was undertaken by only one staff member within the Trust;
- (iii) the launching of the relevant e-learning package, which had gone live in the previous week;
- (iv) the fact that one of the recommendations from the audit related to HISS coding was not within the Trust's gift to change. However, the database being produced would achieve the required outcome;
- (v) a query as to immigration responsibilities and any changes anticipated – the Trust was required to report individuals who did not pay for their treatment, and
- (vi) note was made that the CCGs had written to the Director of Finance in relation to charging procedures and the actions to be taken.

In conclusion, members received and noted the contents of this report, noting that progress against the required actions would be monitored at future meetings of the Audit Committee.

IA/DF

Resolved – that (A) the contents of this report be received and noted, and (B) progress against the required actions be monitored at future meetings of the Audit Committee.

IA/DF

38/15/1b Review of Quality Commitment

Paper D2 included details of Internal Audit's review of the Quality Commitment. The final report had been classified as low risk with findings reported as follows:

- 2 low rated control design findings and
- 1 low rated operating effectiveness finding.

A particular query was raised as to how the audit had been conducted, and whether this included sample testing the Key Performance Indicators (KPIs). It was confirmed that the audit had specifically looked at how reporting linked back to the KPIs and if this was appropriate. Internal Audit confirmed that they had not formally tested a sample of the underlying data.

Resolved – that the contents of this report be received and noted.

38/15/1c Referral to Treatment Review

Paper D3 included details of Internal Audit's review of Referral to Treatment. The final report had been classified as medium risk with findings reported as follows:

- 1 low rated control design finding and
- 3 medium and 3 low rated operating effectiveness findings.

In discussion on this item, members:

- (i) acknowledged the complexities of RTT;
- (ii) noted that the date for completion of some of the required actions was quite some time away, and considered that some of these actions needed to be prioritised and undertaken within a shorter timescale in light of the medium risks identified, and
- (iii) noted that an update on progress against the required actions would be provided at the next Audit Committee meeting in September 2015.

IA/Head of
Performance
Improvement

IA

Resolved – that (A) the contents of this report be received and noted,

(B) relevant actions be prioritised and brought forward for completion within a shorter timescale, and

IA/Head of
Performance
Improvement

(C) a further update on progress be provided for the Audit Committee at its next meeting in September 2015.

IA/TA

38/15/1d Staff Rostering Review

Paper D4 included details of Internal Audit's review of staff rostering implementation of the e-rostering system. The final report had been classified as medium risk with findings reported as follows:

- 4 medium rated findings;
- 2 low rated findings, and
- 1 advisory finding.

In discussion on this item, members made note of the basic control issues evident from this audit, and the likely loss of impetus due to this work stream not having had a clear Executive Lead. Control of payroll was considered key and members expressed disappointment with the findings highlighted with regard to project management and the change process. The following immediate actions were therefore agreed:

- | | |
|---|-------|
| (1) the Director of Finance undertook to chase progress against the actions associated with the recommendations of the audit to ensure that these had been implemented (given their short implementation date); | DF |
| (2) the Chief Executive undertook to introduce a mechanism to actively track actions arising from reports of areas deemed of strategic / high importance (in addition to the system already in place for tracking overdue actions); | CE |
| (3) to invite Project Leads to attend future meetings of the Audit Committee to discuss such reports, where relevant and | DF/TA |
| (4) the Audit Committee Chairman undertook to highlight this specific internal audit report to the Trust Board at its meeting on 4 June 2015. | Chair |

Resolved – that (A) the contents of this report be received and noted,

(B) the Director of Finance be requested to immediately undertake the action outlined under point (1) above,	DF
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(C) the Chief Executive be requested to undertake the action outlined under point (2) above,	CE
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(D) Project Leads be invited to attend future meetings of the Audit Committee to discuss such reports, where relevant, and	DF/TA
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(E) the Audit Committee Chairman be requested to highlight this specific internal audit report to the Trust Board at its meeting on 4 June 2015.	Chair
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38/15/1e Research & Development (R&D) Review

Paper D5 included details of Internal Audit’s review of Research and Development. The final report had been classified as medium risk with findings reported as follows:

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

Members received and noted the contents of this report, noting that the internal audit had focussed on specific aspects of R & D and not on the R & D function as a whole. The Director of Finance confirmed his view that this area was of lower risk to the Trust than suggested by the medium rating.

Resolved – that the contents of this report be received and noted.

38/15/2 Internal Audit Progress Report

Paper E, as presented by Ms Watson (PwC), provided an update on progress made against the 2015/16 Internal Audit Risk Assessment and Plan since the last meeting of the Audit Committee on 5 March 2015. Field work was shortly due to commence on two specific Internal Audits (Service Line Reporting and Response to Care Quality Commission), the results of which were expected to be available for submission to the Audit Committee meeting in September 2015.

Particular note was made of the large number of outstanding actions, and also of the value in being able to see a full list of all audit related actions (whether these were from internal audits, external audits etc), as a consequence of which the following two specific actions were agreed:

- | | |
|---|---------|
| (1) to develop a means of tracking all audit related actions (whether arising from internal audits, external audits, reviews from the Counter Fraud Specialist or other audits / investigations) via one mechanism (potentially through TRAction) and | DCLA/IA |
| (2) to commence a process of performance managing progress against the implementation of all audit recommendations at future meetings of the Executive Performance Board. | DCLA |

It was expected that implementation of the above-referenced actions would result in a consistent reduction in outstanding audit actions, and would also allow the re-negotiation of actions where recommendations had been superseded by other developments. It was agreed to receive a further update on progress at the next meeting of the Audit Committee in September 2015.

IA/TA

Resolved – that (A) the contents of this report be received and noted,

(B) the Director of Corporate and Legal Affairs (and Internal Audit colleagues, where relevant) be requested to undertake the actions referenced under points (1) and (2) above, and

DCLA(IA)

(C) a further update on progress be submitted to the next meeting of the Audit Committee in September 2015.

IA/TA

38/15/3 Internal Audit Year-End Report and Head of Internal Audit Opinion 2014/15

Paper F provided an annual opinion from Internal Audit based upon and limited to the work performed in 2014/15, on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control (i.e. the organisation's system of internal control). The Internal Audit opinion was that there were weaknesses in the framework of governance, risk management and control which potentially put the achievement of organisational objectives at risk and / or there was non-compliance with controls that might put the achievement of organisational objectives at risk. Improvements were required in those areas to enhance the adequacy and / or effectiveness of governance, risk management and control. Ms Watson, PwC, commented that although areas of weakness and consequent actions for improvement had been identified, there was nothing which Internal Audit considered to be a critical risk for the organisation.

In further discussion, particular note was made of the challenging financial situation faced by the Trust, and of the fact that the audit plan was risk-based. In response to a query raised as to how the Trust compared to other NHS Trusts nationally in terms of the Internal Audit Opinion reached, it was confirmed that vast majority of PwC's NHS Trust clients were in a similar position.

The Audit Committee expressed their thanks to Internal Audit for the work they had undertaken throughout the year.

Resolved – that the contents of this report be received and noted.

39/15 **UHL RISK REPORT (INCORPORATING THE STRATEGIC RISK REGISTER / BOARD ASSURANCE FRAMEWORK) FOR THE PERIOD ENDING 30 APRIL 2015**

Mr P Cleaver, Risk Assurance Manager, attended to present paper 'L' which provided an update in relation to the development of the UHL 2015/16 Board Assurance Framework (BAF) and assurance in relation to the effectiveness of risk management processes within UHL. He particularly drew members' attention to the further work required in relation to risk 5, given the Trust Board's request that there was greater alignment with the BCT programme BAF. It was recognised that there were areas where further work was required, with the suggestion that formal indicators were agreed for the future, along with improvements to the depth and breadth of assurance provided, with consideration of this document at CMG-level, at Trust Committee level and by External Audit.

The Chief Executive emphasised that this represented a working, iterative document and made note of a couple of areas currently featuring gaps, which he undertook to highlight to relevant Executive Director colleagues.

CEO

In further discussion, members noted the need to consider the way in which the Trust utilised the BAF, whether for documenting the risks of not achieving objectives or knowing if the Trust would achieve its objectives or elements relating to both these purposes. The need to further consider and develop the way in which the Trust utilised this document was agreed, the first step towards which, it was agreed, should involve a meeting between the Risk Assurance Manager, the Director of Corporate and Legal Affairs and other relevant staff members for initial consideration of this matter and ultimately lead to the submission of proposals as to how the Trust could most effectively use this document for consideration at the next Audit Committee meeting in September 2015.

RAM/DCLA

Resolved – that (A) the contents of this report be received and noted,

(B) the Chief Executive be requested to highlight specific gaps in this document to relevant Executive Director colleagues, and

CEO

(C) the Risk Assurance Manager, in conjunction with relevant colleagues, be requested to further consider how best the Trust could utilise this document and submit such proposals to the next meeting of the Audit Committee for consideration thereon.

RAM/COO/
DCLA

40/15 LOCAL SECURITY MANAGEMENT REPORT

Mr P Cleaver, Risk Assurance Manager and Mr D Lord, Health, Safety and Security Specialist attended to present paper 'M', which provided an update in relation to the progression of local actions to achieve compliance with the 'NHS Protect' security management standards, and they made specific note of the improvements made, and of the areas requiring attention. In discussion, note was made that the Health and Safety Annual Report 2014/15 would be available at the end of June 2015, after which it could either be circulated to members outwith the meeting or submitted for receipt at the next Audit Committee meeting in September 2015.

TA

Particular discussion took place regarding the following:

- (i) the elements of security management which fell within and outwith the Trust's contract with Interserve;
- (ii) potential means of progressing issues concerning CCTV equipment, possibly in conjunction with Leicestershire Police;
- (iii) the extent to which the Trust should actively publish statistics relating to numbers of staff subjected to physical and verbal abuse and relevant, future links with the Trust's Communications Team in this respect;
- (iv) the difficulty currently in being able to assess the Trust's status against the aim of 'establishing safe and secure environments to protect UHL staff, assets and property' until a specific workstream, which was currently behind schedule in terms of its target date, had been completed. Whilst note was made of the interim actions implemented in this respect, the Committee requested review of this document again at its next meeting in order that further assurance could be sought, and the further work required in terms of the contents of appendix 1 – the Director of Finance undertook to provide specific comments to the Health, Safety and Security Specialist outwith the meeting in this respect. The need for separate action target dates was also noted.

HSSS/TA

DF

Resolved – that (A) the contents of this report be received and noted,

(B) the Director of Finance be requested to provide further specific comments on the contents of Appendix 1 to the Health, Safety and Security Specialist outwith the meeting, and

DF

(C) a further report on progress be submitted to the next meeting of the Audit

41/15 ITEMS FROM THE LOCAL COUNTER FRAUD SPECIALIST**41/15/1 Counter Fraud Progress Report**

Mr M Curtis, Local Counter Fraud Specialist, attended to present paper 'N', which detailed an update on progress against the 2015/16 Counter Fraud, Bribery and Corruption Work Plan.

In response to a query raised as to whether there was a threshold over which the Local Counter Fraud Specialist became involved in incidents of suspected fraud, it was advised that such decisions were taken on a case by case basis, and involved considerations regarding the type of offence committed and the financial values involved.

In further discussion, Committee members noted that they would find it helpful if additional information could be included in future iterations of appendix A when submitted to the Committee which detailed the financial scale of the issue reported. The Local Counter Fraud Specialist undertook to include this information in future iterations of this report.

LCFS

Resolved – that (A) the contents of this report be received and noted, and

(B) the Local Counter Fraud Specialist be requested to include additional information in Appendix A in future iterations of this report to the Audit Committee detailing the financial scale of the issue being reported.

LCFS

41/15/2 Counter Fraud Annual Report 2014-15

Paper O, as presented by Mr Curtis, Local Counter Fraud Specialist, detailed the work undertaken as part of the 2014/15 Counter Fraud, Bribery and Corruption Work Plan. The Local Counter Fraud Specialist particularly highlighted the key activities undertaken in 2014/15 in his presentation of the report (section 2 of paper O refers).

Members received and noted the contents of this report and agreed to discuss this matter in further detail at a future meeting of the Audit Committee.

Resolved – that (A) the contents of this report be received and noted and

(B) Counter Fraud be discussed in further detail at a future meeting of the Audit Committee.

LCFS

41/15/3 Review of the Trust's Annual Self Assessment Against NHS Protect's Standards

The Local Counter Fraud Specialist provided a verbal update on the anticipated outcome of the review of the Trust's Annual Self-Assessment against NHS Protect's Standards, which would require sign-off by the Trust's Director of Finance when finalised. There was therefore no paper P, as referenced on the agenda. Currently, it was expected that the self assessment would result in 20 (out of 24 standards) being RAG-rated 'green', 3 standards RAG-rated as 'amber' and 1 standard RAG-rated as 'red'. The specific actions now required to achieve full compliance against the 24 standards included approval of the updated Counter Fraud and Corruption Policy (scheduled for consideration and approval thereon at today's Audit Committee – Minute 34/15 1 above refers), an in-depth review and extension of the Trust's Code of Business Conduct to include reference to bribery and corruption within it, improvements to the process of policy reviews and improvements to some aspects of pre-employment checking.

In conclusion, it was agreed that the Director of Finance would develop an action plan to facilitate the tracking of progress against the identified actions for submission to the Audit Committee meeting in September 2015.

DF/TA

Resolved – that (A) the contents of this report be received and noted, and

(B) the Director of Finance be requested to develop an action plan to facilitate the tracking of progress against the identified actions for submission to the Audit Committee meeting in September 2015.

DF/TA

42/15 FINANCE – STRATEGIC AND OPERATIONAL ISSUES

42/15/1 Discretionary Procurement Actions

The Director of Finance presented paper ‘Q’, which reported on the discretionary procurement actions for the period March – April 2015 in accordance with the Trust’s Standing Orders, and noted that he had tasked the Trust’s Head of Procurement with assessing any potential under-reporting of such discretionary procurement actions.

In discussion, it was agreed that the Director of Finance would provide an explanation in future such reports to the Committee as to the reasons for agreeing any discretionary procurement.

DF

Resolved – that (A) the contents of this report be received and noted, and

(B) the Director of Finance be requested to provide an explanation in future such reports to the Committee as to the reasons for agreeing any discretionary procurement.

DF

42/15/2 Losses and Special Payments

The Director of Finance presented paper ‘R’, which detailed the losses and special payments for 2014/15, which formed part of the Trust’s Annual Accounts.

Particular discussion took place regarding the private patient write-offs, and the need to consider this further alongside the development of the Private Patient Strategy, which was currently on-going (Minute 37/15/1 also refers).

Resolved – that the contents of this report be received and noted.

43/15 GOVERNANCE

43/15/1 Board and Board Committee Governance

The Director of Corporate and Legal Affairs presented paper ‘U’, which briefed the Audit Committee on the proposed changes to Trust Board and Board Committee reporting arrangements. He specifically highlighted a number of issues which remained under consideration currently (point 5 of the report refers) upon which a further update would be provided at the next Trust Board Committee meeting.

In further discussion on this matter, it was recognised that, currently, different elements relating to workforce management and planning were being considered piecemeal within different forums. However, it was proposed to retain the current arrangements whilst awaiting the arrival of the Trust’s new Director of Workforce and Organisational Development who would be taking up her post at UHL in August 2015.

Resolved – that (A) the contents of this report, and the additional verbal information provided, be received and noted, and

(B) this report be submitted for consideration at the Trust Board meeting scheduled for 4 June 2015.

DCLA/TA

44/15 ASSURANCE GAINED FROM THE BELOW COMMITTEES ON KEY RISKS / ISSUES OF THE TRUST

44/15/1 Quality Assurance Committee

Resolved – that the Minutes of the Quality Assurance Committee meetings held on 26 February 2015, 26 March 2015 and 30 April 2015 (papers V – V2 refer) be received and noted.

44/15/2 Integrated Finance, Performance and Investment Committee

Resolved – that the Minutes of the Integrated Finance, Performance and Investment Committee meetings held on 26 February 2015, 26 March 2015 and 30 April 2015 (papers W –W2 refer) be received and noted.

44/15/3 Charitable Funds Committee

Members received and noted the Minutes of the Charitable Funds Committee meeting held on 2 April 2015 (paper X refers), noting the planned forthcoming discussions regarding the composition of the Charitable Funds Committee, its governance arrangements and the process for the allocation of charitable funds. It was noted that an update on the progression of these discussions would be provided at the next meeting of the Audit Committee.

DCLA/TA

Resolved – that (A) the Minutes of the Charitable Funds Committee meeting held on 2 April 2015 be received and noted, and

(B) an update be provided at the next meeting of the Audit Committee on discussions regarding the composition of the Charitable Funds Committee, its governance arrangements and the process for the allocation of charitable funds.

DCLA/TA

45/15 ITEMS FOR INFORMATION

45/15/1 Planning Letter and Scale of Fees for UHL 2015/16 External Audit Services

Members received and noted the contents of paper 'Y', which detailed External Audit's annual audit fee for 2015/16, noting that this was significantly reduced from the previous year's fee. In response to a query raised as to whether the reduced fee would impact upon the quantity and quality of the external audit work undertaken, External Auditors confirmed that it would not. It was noted that where any risks arose requiring additional external audit work to be undertaken, these would be agreed, outwith the meeting, in consultation with the Director of Finance.

Resolved – that the contents of this report, and the additional verbal information provided, be received and noted.

46/15 ANY OTHER BUSINESS

Resolved – that there were no further items of business.

47/15 IDENTIFICATION OF KEY ISSUES THAT THE COMMITTEE WISHES TO DRAW TO THE ATTENTION OF THE TRUST BOARD

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

- all recommended items as detailed above (Minute 32/15 – Draft Statutory Accounts 2014/15, Minute 33/15 – Draft Annual Quality Account 2014/15 and Statement of Directors’ Responsibilities, Minute 34/15 – Policies for Approval), and
- Minute 38/15/1d – the Internal Audit Review of Staff Rostering.

48/15 DATE OF NEXT MEETING

Resolved – that the next meeting be held on Thursday 3 September 2015 at 2pm at the Leicester Royal Infirmary.

The meeting closed at 1.58pm.

Gill Belton
Trust Administrator

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

Name	Possible	Actual	% attendance
Mr R Moore (Chair)	1	1	100%
I Crowe	1	1	100%
S Dauncey	1	1	100%

Attendees

Name	Possible	Actual	% attendance
J Adler	1	1	100%
N Sone	1	1	100%
S Ward	1	1	100%
M Traynor	1	1	100%
P Traynor	1	1	100%
J Wilson	1	0	0%