

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 2 February 2017

COMMITTEE: Audit Committee

CHAIRMAN: Richard Moore, Non-Executive Director

DATE OF COMMITTEE MEETING: 5 January 2017

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:

- Minute 7/17/2.1 – Internal Audit review of Governance and Risk Management (medium risk);
- Minute 7/17/2.2 – Internal Audit IT Risk Diagnostic (medium risk);
- Minute 8/17/4 – progress of External Audit review of Elective Waiting List Management, and
- Minute 10/17/2 – review of Principal Risk 2 (failure to provide an appropriate environment for staff/patients).

DATE OF NEXT COMMITTEE MEETING: 2 March 2017

Richard Moore
Non-Executive Director

27 January 2017

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON THURSDAY 5 JANUARY 2017 AT 2:20PM IN THE C J BOND ROOM, CLINICAL EDUCATION CENTRE, LEICESTER ROYAL INFIRMARY

Present:

Mr R Moore – Non-Executive Director (Chair)
Dr S Crawshaw – Non-Executive Director
Colonel (Retired) I Crowe – Non-Executive Director
Mr A Johnson – Non-Executive Director
Mr B Patel – Non-Executive Director
Mr M Traynor – Non-Executive Director

In Attendance:

Mr C Benham – Director of Operational Finance
Mr C Carr – Head of Performance and Improvement (for Minute 8/17/4)
Miss M Durbridge – Director of Safety and Risk (for Minutes 5/17/1, 7/17/2.1, 10/17/1, 10/17/2 and 10/17/3)
Mr R Manton – Risk and Assurance Manager (for Minutes 5/17/1, 7/17/2.1, 10/17/1, 10/17/2 and 10/17/3)
Mrs K Rayns – Trust Administrator
Mr N Sone – Financial Controller
Ms L Tibbert – Director of Workforce and Organisational Development (for part of Minute 7/17/2.1 and Minute 8/17/3)
Mr P Traynor – Chief Financial Officer
Mr S Ward – Director of Corporate and Legal Affairs
Mr T Webb – Service and Delivery Manager, IM&T (for Minutes 4/17/2 and 7/17/2.2)
Mr M Webster – Head of Estates Transformation and Property (for Minute 10/17/2)

Mr N Mohan – Local Counter Fraud Specialist, PwC (for Minute 6/17/1)

Mr J Brown – Director, KPMG (the Trust's External Auditor)
Mr D Hayward – Senior Manager, KPMG (the Trust's External Auditor)

Ms A Breadon – Head of Internal Audit, PwC (the Trust's Internal Auditor)
Mr M Wilmot – Cyber Security Manager, PwC (the Trust's Internal Auditor)
Ms C Wood – Senior Manager, PwC (the Trust's Internal Auditor)

ACTION

RESOLVED ITEMS

1/17 APOLOGIES

Resolved – that an apology for absence be noted from Mr J Clarke, Chief Information Officer.

2/17 MINUTES

Resolved – that the Minutes of the meeting held on 3 November 2016 (papers A1 and A2) be confirmed as correct records.

3/17 MATTERS ARISING FROM THE MINUTES

3/17/1 Matters Arising Progress Report

The Audit Committee received and noted an updated version of 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) Minute 83/16/1(c) of 3 November 2016 – the Chief Financial Officer would be briefing UHL members of the Audit Committee on progress of this National Counter Fraud investigation at the end of the meeting;

(b) Minute 85/16/2 of 3 November 2016 – Internal Audit representatives confirmed that they would discuss a potential Internal Audit review of fixed term contracts as part of their next meeting with the Director of Workforce and Organisational Development on 17 January 2017;

(c) **Minute 85/16/2(d) of 3 November 2017** – the requested age profile of aged debtors relating to overpayment of salaries had been provided to the Audit Committee Chair and Mr M Traynor, Non-Executive Director outside the meeting. However, Mr M Traynor advised that he had some further queries on this subject which he would raise under the relevant agenda item later in the meeting (Minute 9/17/4 below refers), and

(d) **Minute 75/16/1 of 1 September 2016** – the action for all Corporate Directors to check the accuracy of their operational risk registers to ensure that risks were appropriately graded and reported on the Datix risk register had been marked as complete. The Director of Corporate and Legal Affairs and the Chief Financial Officer, provided assurance that the risk register was being appropriately maintained as a ‘live’ document and that each entry was being scrutinised on a monthly basis at the relevant Executive Board meetings.

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

4/17 **KEY ISSUES**

4/17/1 Leicester Hospitals Charity Accounts and Annual Report 2015-16 (including the ISA 260)

The Chief Financial Officer introduced paper C providing an executive summary, the audited annual accounts, Trustee’s annual report, External Audit report and letter of representation for the Leicester Hospitals Charity for the year ended 31 March 2016. Members noted that it was a formal requirement for the Audit Committee to review the accounts and recommend them to the Trust Board for approval. However, on this occasion (due to the timings of the Board and Audit Committee meetings), the Trust Board had already approved the accounts in principle on the morning of 5 January 2017, subject to any comments arising from this afternoon’s Audit Committee meeting. External Audit representatives advised that there were no significant issues to be highlighted and that the financial statements were now due to be signed by the relevant lead officers.

The Audit Committee Chair recorded the Committee’s formal approval of the Leicester Hospital Charity Accounts and Annual Report (as presented in paper C). He also commented upon process issues which had adversely affected the timescale for preparation of the annual accounts, noting in response that these delays had arisen as a result of long-term sickness issues and the necessary utilisation of an external contractor. It was unlikely that the 2016-17 accounts preparations would be affected in the same way.

Mr M Traynor, Non-Executive Director suggested that consideration be given to calculating the value of volunteer hours, peppercorn rents and the amount of time staff spent in preparing the accounts, and including these figures within the Charity’s accounts in future years to ensure compliance with FRS 102. External Auditors agreed to consider this suggestion and discuss it further with the Chief Financial Officer and his team outside the meeting.

EA

Resolved – that (A) the Audit Committee’s formal approval of the Leicester Hospital Charity Accounts and Annual Report 2015-16 (as presented in paper C and approved in principle by the Trust Board on the morning of 5 January 2017) be noted, and

(B) External Audit representatives be requested to consider a suggestion relating to inclusion of volunteer hours, peppercorn rents and accountancy time within future iterations of the accounts and discuss this with the Chief Financial Officer and his team (outside the meeting).

EA

4/17/2 Confidential Report by the Chief Information Officer

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

4/17/3 Confidential Report by the Director of Operational Finance

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

5/17 **ITEMS FROM THE LOCAL SECURITY MANAGEMENT SPECIALIST**

5/17/1 Local Security Management Specialist (LSMS) Progress Report

The Director of Safety and Risk introduced paper F, providing an update on progress of the local actions underway to achieve compliance with the 'NHS Protect' security management standards. The LSMS action plan was provided at appendix 1. Audit Committee members commended recent improvements in collaborative working between the Estates and Facilities controlled Security Team, Health and Safety Services and the Leicestershire Police. Recruitment to key roles within the Health and Safety Services Team had been successful and the number of physical assaults (non-medical related) had reduced by 33% in December 2016 – benchmarking data now placed UHL as the fourth top performing Trust nationally.

However, there had been no movement towards procurement of replacement CCTV systems in the last 2 to 3 years. The existing UHL equipment was not able to integrate with the Leicestershire Police system and did not support the automatic face recognition functionality. Availability of national capital funding was considered to be the rate-limiting factor, but the Chief Financial Officer was not aware of an investment business case submission for the procurement of replacement CCTV equipment. The Director of Safety and Risk agreed to liaise with the Director of Estates and Facilities to arrange for the Executive Team to review such a business case against the competing priorities for capital funding. An update on this matter was requested for the March 2017 Audit Committee.

**DSR/
DEF**

Colonel (retired) I Crowe, Non-Executive Director sought and received additional information regarding the CCTV system to be installed on the new Emergency Floor and the conversion rate from an incident of assault to prosecution. In response the Director of Safety and Risk advised that the new ED system would have all the required functionality but it would not join-up with the existing (older) system. In terms of the assaults data, all incidents were reported to the Police but the Trust had no control over which ones the Police and the Crown Prosecution Service (CPS) decided to prosecute. This issue was discussed regularly at the Police Liaison Committee alongside the need to ensure that sufficient robust evidence was available to support each case.

Finally, Mr A Johnson, Non-Executive Director commented upon some of the contributory factors that might lead to confrontation between patients and staff, such as confusing signposting and problems with disabled access to Hospital sites.

Resolved – that (A) the progress report from the Local Security Management Specialist be received and noted as paper F;

(B) the Director of Safety and Risk be requested to liaise with the Director of Estates and Facilities to arrange for an investment business case for replacement CCTV equipment to be considered by the Executive Team alongside other competing priorities for capital investment, and

**DSR/
DEF**

(C) an update on the progress of the CCTV investment business case be provided to the Audit Committee in March 2017.

**DSR/
DEF**

6/17 ITEMS FROM THE LOCAL COUNTER FRAUD SPECIALIST (LCFS)

6/17/1 Counter Fraud Progress Report

Mr N Mohan, Local Counter Fraud Specialist, PwC attended the meeting to present paper G providing a summary of progress against the 2016-17 Counter Fraud Plan. As at 15 December 2016, 62.75 days of the allocated 90 days had been delivered. Three fraud awareness newsletters, 6 fraud alerts and 4 publications had been shared with the Trust and the first meeting of the UHL Fraud Risk Group had been held in November 2016. Feedback from the Fraud Risk Group was currently being consolidated and this was planned to be included in the March 2017 update to the Audit Committee, alongside the Fraud Risk Assessment.

LCFS

Discussion took place regarding the limited available assurance that any information provided to the UHL Communications Team or the Learning and Development Team was being appropriately disseminated to staff. The Local Counter Fraud Specialist undertook to develop a mechanism which would confirm this process and provide such assurance going forwards.

LCFS

The Committee Chair highlighted the helpful benchmarking analysis provided in appendix 1, detailing the number of referrals the Trust had received in each category compared to the national data from the NHS Protect report. He queried the validity of the data and the sample

size, and commented on the scope for UHL to reduce the risks surrounding overseas visitor charges and staff sickness. In response, the Local Counter Fraud Specialist undertook to feedback these comments to the next meeting of the Fraud Risk Group in order to identify any areas where the Trust was seen to be an outlier. An update on this matter would be included in the March 2017 update to the Audit Committee.

LCFS

Resolved – that (A) the Local Counter Fraud Specialist progress report be received and noted as paper G, and

(B) the Local Counter Fraud Specialist be requested to include the following items within the March 2017 progress report:-

(1) feedback from the UHL Fraud Risk Group and a copy of the UHL fraud risk assessment;

LCFS

(2) details of the mechanism to confirm that information provided to the Communications Team or the Learning and Development Team was being appropriately disseminated to staff, and

LCFS

(3) outputs from the Fraud Risk Group discussion relating to any areas where the Trust was felt to be an outlier against national NHS Protect data trends.

LCFS

7/17 ITEMS FROM INTERNAL AUDIT

7/17/1 Internal Audit Progress Report

Paper H provided an update on the work of Internal Audit since the November 2016 Audit Committee, advising that final reports had been issued for the reviews of Governance and Risk Management and IT Risk Diagnostic and these reports both featured later in the agenda (Minutes 7/17/2.1 and 7/17/2.2 below refer). Fieldwork had been completed in respect of the forthcoming reviews on Statutory Compliance of the Estate, Quality Commitment and Transition from Interserve. A scoping meeting had been held for the Data Quality Review and Internal Audit had met with the Director of Workforce and Organisational Delivery to discuss the Recruitment review and the Induction of Temporary Staff review and to identify any potential areas of emerging risk relating to payroll and workforce.

Audit Committee members noted that the review of Induction of Temporary Staff had been deferred to the 2017-18 Internal Audit programme and that the 15 days allocated to this review had been moved into the contingency for 2016-17. In addition, there were 5 days remaining from the Business Continuity Planning review which would now be moved to contingency, making a total contingency of 24.5 days. Discussion took place regarding the scope to use these contingency days to undertake a rapid review of the alternative solution to implementation of an Electronic Patient Record (EPR) now that this business case was no longer being progressed. An alternative suggestion was to revisit the list of areas identified for potential review but not included with the 2016-17 Internal Audit Programme as considered by the Audit Committee on 3 November 2016 (Minute 82/16/2 refers).

Mr A Johnson, Non-Executive Director queried whether consideration should be given to undertaking an Internal Audit review of UHL's disaster recovery plans, given the context of current levels of clinical demand and capacity. The Chief Financial Officer advised his view that this area of risk was already well-covered, however he confirmed that it would be added to the previously-mentioned list of items not included in the 2016-17 Internal Audit Programme for future consideration, alongside potential reviews of UHL debtor and payroll processes.

CFO

The Chief Financial Officer and the Director of Corporate and Legal Affairs were requested to seek a view from the Executive Team whether an Internal Audit review would be helpful in respect of the alternative solution to EPR (known as Plan B), providing that it could be completed without impeding progress of this important workstream.

CFO/
DCLA

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

(B) the Chief Financial Officer be requested to update the list of issues identified for potential Internal Audit review but not progressed during 2016-17 to include (1) disaster recovery plans, (2) debtor processes, and (3) payroll processes, and

CFO

(C) the Chief Financial Officer and the Director of Corporate and Legal Affairs be requested to canvass the views of the Executive Team whether an Internal Audit review

7/17/2 Internal Audit Reviews

Internal Audit representatives introduced paper I1 providing an overview of the final reports issued for the reviews of Governance and Risk Management (medium risk rating) and the IT Risk Diagnostic (medium risk rating). Discussion on these 2 reviews took place under Minutes 7/17/2.1 and 7/17/2.2 below (respectively).

Resolved – that the Executive overview of the 2 completed Internal Audit reviews be received and noted as paper I1.

7/17/2.1 Governance and Risk Management Review (Medium Risk)

Paper I2 detailed the findings of the Internal Audit review of Governance and Risk Management arrangements in place at UHL, with a particular focus on how these were working at the Clinical Management Group (CMG) level. Documentation had been reviewed for the CMG Board and CMG Quality and Safety Board meetings in 3 CMGs (Women's and Children's, Emergency and Specialist Medicine and Musculoskeletal and Specialist Surgery) and these meetings had been observed as part of the review. In addition, members noted that the Quality and Safety performance management meetings provided an additional level of challenge and a means of holding the CMGs to account.

The review had highlighted opportunities to improve the effectiveness of the CMG level meetings, the amount of time dedicated to risk management, appropriate meeting conduct, prioritisation and engagement. In some cases, the deadline for reducing high risks to an acceptable level had been extended without a robust discussion. There was little evidence of horizon scanning for emerging new risks and an opportunity to strengthen the documentation for these meetings was highlighted.

Mr M Traynor, Non-Executive Director queried the scope for an Executive-level intervention to improve meeting behaviours and conduct at the CMG-level. In response, the Director of Corporate and Legal Affairs advised that the Chief Operating Officer had been assigned an action in this respect. Following discussion with the Chief Executive, this issue was planned to be considered at a future Executive meeting forum with the 7 Clinical Directors present.

The Director of Safety and Risk confirmed that the Internal Audit review had been helpful and that the comments raised had been fair, although she highlighted the heavy clinical workload of some of the CMG-level meeting attendees which sometimes led to instances of failure to devote adequate time to discussion on risk management. A separate report on the agenda (paper P) detailed the actions being undertaken by the Corporate Risk Team to address the findings of the Internal Audit review (Minute 10/17/1 below refers). These included working with the CMG leadership teams to reinforce the importance of enterprise risk management, updating the current risk assessment template, launching a toolkit for good practice documentation, and supporting a review of the CMG meeting agendas to ensure a clear focus on key risks and horizon scanning. In addition, a Safety and Risk Summit was being held with the Intensive Therapy, Anaesthesia, Pain and Sleep CMG in January 2017.

The Director of Workforce and Organisational Development arrived at this point in the meeting and she undertook to liaise with the Director of Safety and Risk regarding the availability of some in-house training to improve meetings management processes. Mr R Manton, Risk and Assurance Manager highlighted the target date for completion of the training needs analysis was 31 March 2017 and the Director of Workforce and Organisational Development suggested that this could be embedded into the UHL Management Development Programme.

Resolved – that (A) the Internal Audit review of Governance and Risk Management be received and noted as paper I2;

(B) the Director of Corporate and Legal Affairs be requested to liaise with the Chief Executive to arrange for a discussion on improving CMG-level meeting behaviours and conduct to be held at a future Executive meeting forum, and

DCLA

(C) the Director of Workforce and Organisational Development be requested to liaise with the Director of Safety and Risk to develop some in-house training for improving meetings management and embed the risk management training analysis into the UHL

DWOD/
DSR

Management Development Programme.

7/17/2.2

IT Risk Diagnostic (Medium Risk)

Paper I3 detailed the findings of the Internal Audit IT Risk Diagnostic Assessment and Benchmarking report, including identity and access management work. The diagnostic exercised was used to identify any gaps between current and desired control strength and this was compared with the Trust's self-assessment which had been undertaken as part of a facilitated workshop. With the exception of system quality, the Trust was found to be within the top quartile or exceeding the average scores of the benchmarked organisations. The report identified key areas for improvement in the areas of system quality, ownership of data, access management controls (and their variety across different applications), and a lack of established processes for moving staff between departments.

In discussion on the key areas for improvement, the Audit Committee noted the reliance upon line managers notifying IM&T of any staff movements between departments. In respect of systems developed and maintained by a single individual, assurance was provided that appropriate knowledge transfer had taken place since the review was carried out. In response to a challenge raised by Mr A Johnson, Non-Executive Director, regarding whether the self-assessment process had been overly-optimistic, the Service and Delivery Manager advised that the IM&T Department would welcome a 'deep dive' review or practical testing of the self-assessment findings.

CIO

Resolved – that (A) the findings of the Internal Audit IT Risk Diagnostic assessment be received and noted as paper I3, and

(B) consideration be given to conducting a 'deep dive' review or practical testing of the self-assessment findings.

CIO

8/17

ITEMS FROM EXTERNAL AUDIT

8/17/1

External Audit Progress Report

External Audit presented paper J, advising of the completed work in respect of the Leicester Hospitals Charity's financial statements, and the review of payroll analytics. External Audit particularly highlighted their commentary on page 9 relating to the benchmarking data on the profile of NHS and non-NHS receivables net of provision. The Audit Committee Chair sought and received some additional information regarding the forthcoming changes to salary sacrifice schemes, noting in response that transitional arrangements would be put in place for staff already using these schemes, but there would be a cost pressure for UHL going forwards.

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

8/17/2

External Audit Plan 2016-17 Update

External Audit presented paper K, providing the External Audit plan for 2016-17, noting that there were no expected changes in scope, materiality or deliverables from the 2015-16 plan. Particular discussion took place regarding recent changes to the Department of Health Group Accounting Manual in respect of the 'going concern' concept and the disclosure of any material uncertainties which might cast doubt upon an organisation as a 'going concern'. It was agreed that External Audit would provide the Trust Administrator with the relevant extract from the Manual. Page 6 of paper K set out the key elements of the financial statements audit approach and the 2 opinion risks that had been identified as significant (property, plant and equipment valuations and NHS and non-NHS income recognition).

EA

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

(B) External Audit be requested to provide the Trust Administrator with the relevant extract from the NHS Group Accounting Manual (outside the meeting).

EA

8/17/3

External Audit Review of Payroll Analytics

Further to Minute 85/16/2 of 3 November 2016, External Audit presented paper L, providing the outputs of the follow-up review of UHL's payroll using the data analytics tool based upon

data provided by the Trust's Payroll Manager for the period 1 April 2016 to 31 October 2016. Overall the findings confirmed that the Trust had robust controls over its payroll processes, good data quality and that where exceptions had occurred these were either known or isolated issues, or were already flagged for timely correction.

External Audit particularly highlighted the results of test 37 (employees paid after the end of their contract) and test 41 ('honorary' staff that have been paid), advising that all of the results had been reviewed by UHL's Payroll Manager. In respect of the assurance provided by this review, it was noted that additional evidence was being collated to account for any anomalies found, a further review of the full-year data would be undertaken and confirmation would be sought that any anomalies found were being appropriately corrected.

The Director of Workforce and Organisational Development expressed her disappointment that she had not had sight of the report before 29 December 2016 (as planned) and she requested that External Audit provide an appropriate 3 to 4 week window of opportunity for comments on any future reviews going forwards.

EA

The Director of Workforce and Organisational Development also briefed the Committee on the arrangements for procurement of a new payroll contract, noting the intention to implement self-service functionality for line managers and increased use of technology to reduce the reliance upon paper processes. A report had been presented to the Integrated Finance, Performance and Investment Committee on 22 December 2017 on proposals for modernising the Human Resources systems and she agreed to share this report with Internal and External Audit representatives. In addition, a number of workstreams were underway to increase the scrutiny surrounding fixed term contracts, premium payments and agency pay rates.

DWOD

The Chief Financial Officer commended the positive outcome of this External Audit review, noting that his team would be reviewing the data set for any overpayments and progressing any debtor processes to ensure timely recovery. Mr M Traynor, Non-Executive Director commented upon the number of debts which had exceeded the 365 day timescale. Following discussion, it was agreed that the Chief Financial Officer would include 3 additional items on the previously-mentioned list of items not included in the 2016-17 Internal Audit Programme (Minute 7/17/1 above refers) – these items were (i) overpayments, (ii) payroll and (iii) management of debtors.

Finally, External Audit representatives referred to the graph on page 13 of paper L (illustrating the total amount paid to employees per month where the payment date was after the leaving date). It was confirmed that this data was definitely captured and reported month by month and not cumulatively. The Chief Financial Officer commented upon the unusual statistical pattern and confirmed that he would arrange for this data to be validated internally. The Trust Administrator was requested to retain the action relating to Minute 85/16/2(c) of 3 November 2016 as a 'live' action on the matters arising progress log until the outcome of this validation was known.

CFO

Resolved – that (A) the External Audit on Payroll Analytics be received and noted as paper L;

(B) External Audit be requested to provide an appropriate 3 to 4 week opportunity for UHL to review the findings of any future External Audit reviews prior to submission to the Audit Committee;

EA

(C) the Director of Workforce and Organisational Development be requested to share her proposals for modernisation of UHL's HR Systems with External Audit and Internal Audit representatives, and

DWOD

(D) the Chief Financial Officer be requested to arrange for the data informing the graph on page 13 of paper L (total amount paid to employees per month where the payment date was after the leaving date) to be validated internally and provide feedback to the Audit Committee on 2 March 2017.

CFO

8/17/4

External Audit of Elective Waiting List Management

Further to Minute 85/16/3 of 3 November 2016, the Audit Committee received a verbal progress report on the above External Audit review. Mr C Carr, Head of Performance and Improvement attended the meeting for this item. Audit Committee members noted that the

policy review phase had been completed and a data analytics focus was now being applied to the Referral to Treatment (RTT) patient pathway journey from start to finish. Within this workstream, a decision had been made to take a step back and identify any 'unknown unknowns' that might present a risk to the waiting list management process.

Three facilitated workshops had been held and 8 of the 13 stages of the review had been completed. To date, over 100 points of potential failure had been identified and it was estimated that the final number might be up to 150. These were all being documented appropriately and could be categorised into 2 main categories: (a) staff not following process, or (b) system inadequacy.

The management action plan would be structured around 5 key outputs: (1) training, (2) documentation, (3) auditing, (4) reporting, and (5) exploiting IT (eg for the management of Consultant to Consultant referrals). Consequently, the action plan was expected to be wide ranging, bearing in mind that up to 2,500 staff were involved in the RTT administration process. The Head of Performance and Improvement confirmed his confidence in the process that had been adopted for progressing this review and he emphasised that the potential failure points were an exhaustive list of the potential risks and these were not an accurate reflection of current custom and practice at UHL.

Colonel (retired) I Crowe, Non-Executive Director commented upon the need to develop a joined-up intelligent patient administration system that could address the gaps between UHL's existing multiple systems (in the absence of a full Electronic Patient Record system). The Audit Committee Chair requested a timescale for developing the management action plan, noting in response that the first draft would be available in February 2017 and that this would be submitted to the 2 March 2017 Audit Committee.

EA/HPI

Resolved – that (A) the verbal update on progress of the External Audit review of Waiting List Management be received and noted, and

(B) the action plan relating to the External Audit review of UHL Elective Waiting List Management be presented to the 2 March 2017 Audit Committee.

EA/HPI

9/17 FINANCE – STRATEGIC AND OPERATIONAL ISSUES

9/17/1 Report by the Chief Financial Officer

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

9/17/2 Report by the Chief Financial Officer

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

9/17/3 Discretionary Procurement Actions

Paper N provided a summary of the 11 occasions when it had been necessary to waive the Trust's regular procurement processes during the period October 2016 to December 2016. Appendix 1 set out the details of each case of need and provided additional explanations for the respective approvals. Audit Committee members particularly noted the position with regards to the reducing value of the Medinet contract and procurement of the upgraded financial system (as approved by the Integrated Finance, Performance and Investment Committee on 27 October 2016).

Resolved – that the summary of discretionary procurement actions be received and noted as paper N.

9/17/4 Confidential Report by the Chief Financial Officer

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

10/17 GOVERNANCE

10/17/1 Integrated Risk Management Report (including Board Assurance Framework (BAF) and UHL Risk Register)

Paper P provided an overview of the 2016-17 Board Assurance Framework (BAF) and organisational risk register. Section 3.4 of the report detailed the actions being undertaken to address the findings of the Internal Audit Governance and Risk Management Review (Minute 7/17/2.1 above refers). The Director of Safety and Risk voiced her concerns relating to progress of Principal Risk 3 (emergency attendance/admissions increase without a corresponding improvement in process or capacity) – despite the additional opening of 2 winter capacity wards, the situation had not improved and the number of ambulance handover delays had increased.

The Committee Chair queried whether the Trust was doing everything possible to reduce the risk for emergency care patients, noting in response the significant work that had been undertaken in respect of sepsis packages and care of the deteriorating patient. The maximum number of escalation areas was open and the 'red to green' ward rounds and discharge processes were expected to improve patient flows. Discussion took place regarding the available assurance on this subject, including the Recovery Action Plan (RAP) which was considered each month at the Trust Board meetings. Members noted that the Chief Executive chaired the Accident and Emergency Delivery Board and a number of summits had been held with healthcare partners. In addition, the Trust had taken up an offer of additional regional expertise to support the improvement workstream. Colonel (retired) I Crowe, Non-Executive Director and Quality Assurance Committee (QAC) Chair reported on the regular review of patient safety workstreams at the Executive Quality Board and QAC meetings. Due to the limited time available at today's meeting, it was agreed to hold over any further questions relating to emergency care patient safety and CQC compliance for discussion at the Trust Board thinking day to be held on 12 January 2017.

DCLA

Section 2.3.6 of paper P advised of the NHS Improvement decision not to support UHL's Electronic Patient Record (EPR) project – this directly related to Principal Risk 18 (delivery of the EPR programme). A proposal for an alternative solution (Plan B) was being developed, but in the meantime, the Chief Information Officer had increased this risk rating to 25.

Mr M Traynor, Non-Executive Director commented upon the overlap between Principal Risk 2 (failure to provide an appropriate environment for staff/patients) and Principal Risk 12 (insufficient estates infrastructure capacity may affect major estates transformation programme). In response, the Director of Safety and Risk agreed to seek advice on this point from the Director of Estates and Facilities and incorporate any proposed changes into the March 2017 re-refresh of the BAF. The Committee Chair emphasised that the BAF would remain a live document whilst the re-refresh was being undertaken and that there should be no reduction in the focus it received within the organisation.

DSR

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

(B) further discussion on Principal Risk 3 be scheduled for the Trust Board thinking day session on 12 January 2017, and

DCLA

(C) the Director of Safety and Risk be requested to seek advice from the Director of Estates and Facilities on any areas of overlap between Principal Risks 2 and 12 and how this would be reflected in the BAF re-refresh.

DSR

10/17/2

Principal Risk 2 (failure to provide an appropriate environment for staff/patients)

Mr M Webster, Head of Estates Transformation and Property attended the meeting on behalf of the Director of Estates and Facilities to present paper Q, advising that the information was still being gathered and analysed to inform the arrangements for progressing UHL's backlog maintenance programme and addressing statutory compliance issues. The report advised that this workstream needed to align with the revised Development Control Plans and the 2017-18 Capital Programme. Consequently, it was suggested that a substantive review of Principal Risk 2 be deferred until the 24 May 2017 Audit Committee.

The Committee Chair expressed his concerns regarding the delays experienced whilst awaiting the results of the Capita survey and he queried whether there were any specific concerns which the Audit Committee should be alerted to. In response, the Head of Estates Transformation and Property reported on the revised governance structures and the process for escalating any issues via the UHL Health and Safety Committee.

Mr A Johnson, Non-Executive Director expressed his view that this delay was wholly

unacceptable and he was not assured by the absence of any substantive information. He recommended that the Audit Committee be sighted to a summary of UHL's key statutory compliance and backlog maintenance risks at the 2 March 2017 meeting. The Chief Financial Officer commented upon the complexity of UHL's constantly evolving Reconfiguration Programme and the impact of national availability of NHS capital, noting the direct impact upon the backlog maintenance programme. He suggested that it might be appropriate to draw a line under the sand and identify the backlog maintenance position at a given point in time, rather than trying to flex it to match the evolving Reconfiguration Programme.

DEF

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

(B) the Director of Estates and Facilities be requested to provide a substantive report on key statutory compliance and backlog maintenance issues to the 2 March 2017 Audit Committee.

DEF

10/17/3

Review of Whistleblowing Arrangements and update on the Appointment of a UHL Freedom to Speak Up Guardian

The Director of Workforce and Organisational Development and the Director of Safety and Risk reported verbally briefing the Committee on the recent appointment of UHL's Freedom to Speak Up Guardian, advising that this external candidate was from a nursing background and she would be commencing her role in February 2017. Arrangements were already in place to integrate this role with national networks and she would be attending national meetings in April and July 2017.

Appropriate resources and a helpline were in place and the role would be integrated with the wider Safety Team at UHL. It was intended that UHL would host a national Freedom to Speak Up event and a range of clinics and surgeries would be held during March 2017. Finally, Mr A Johnson, Non-Executive Director advised his view that the incoming Guardian had the required strong personality to undertake this new role, but there would be a need for UHL to provide additional support, guidance and training from the outset.

Resolved – that the verbal update be received and noted.

10/17/4

Consolidated List of Outstanding and In-Progress Audit Recommendations

Paper R from the Director of Corporate and Legal Affairs advised the Audit Committee of progress against 5 outstanding actions from Internal Audit, External Audit and Local Counter-Fraud Specialist reports. The Director of Operational Finance provided assurance that the actions arising from the Internal Audit review of Financial Systems would be completed and closed down prior to the March 2017 Audit Committee meeting.

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

11/17

ITEMS FOR NOTING

11/17/1

Quality Governance Review

The Director of Corporate and Legal Affairs reported verbally updating the Audit Committee on the high-level review of UHL's quality governance arrangements and the integrated working arrangements between corporate teams. As part of the review, it was also intended to re-visit the Quality Governance Framework. The Medical Director, Chief Nurse and Director of Corporate and Legal Affairs were leading on this workstream. In the meantime, discussions were being held with Datix relating to an opportunity for UHL to become a pilot site for some new software, subject to the development of an appropriate framework agreement. Subject to the outcome of discussions with Datix, a Trust Board workshop would be planned to demonstrate the new software.

Members also noted that the timescale had not yet been confirmed for publication of the CQC findings following UHL's June 2016 inspection. The Director of Corporate and Legal Affairs confirmed that further information on this subject would be circulated outside the meeting (once the publication date had been determined).

Resolved – that the information be received and noted.

11/17/2 Data Quality Forum – Progress Update

Paper S from the Director of Corporate and Legal Affairs provided a comprehensive update on the function and work of the Data Quality Forum. The revised terms of reference, assessment template and high-level work plan were also appended to the report.

Resolved – that the progress update on the Data Quality Forum be received and noted.

12/17 **ASSURANCE GAINED FROM THE FOLLOWING COMMITTEES ON KEY RISKS/ ISSUES OF THE TRUST**

12/17/1 Quality Assurance Committee

Resolved – that the Quality Assurance Committee Minutes from the meetings held on 27 October 2016 (paper T1) and 24 November 2016 (paper T2) be received and noted.

12/17/2 Integrated Finance, Performance and Investment Committee

Resolved – that the Integrated Finance, Performance and Investment Committee Minutes from the meetings held on 27 October 2016 (paper U1) and 24 November 2016 (paper U2) be received and noted.

12/17/3 Charitable Funds Committee

Resolved – that the draft Charitable Funds Committee Minutes from the meeting held on 1 December 2016 (paper V) be received and noted as the finalised version.

13/17 **ANY OTHER BUSINESS**

13/17/1 Confidential Report by the Chief Financial Officer

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

14/17 **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:- AC Chair

- Minute 4/17/2 – confidential report by the Chief Information Officer;
- Minute 7/17/2.1 – Internal Audit review of Governance and Risk Management (medium risk);
- Minute 7/17/2.2 – Internal Audit IT Risk Diagnostic (medium risk);
- Minute 8/17/4 – progress of External Audit review of Elective Waiting List Management, and
- Minute 10/17/2 – review of Principal Risk 2 (failure to provide an appropriate environment for staff/patients).

15/17 **DATE OF NEXT MEETING**

Resolved – that the next meeting be held at 2pm on Thursday, 2 March 2017 in Seminar Rooms A and B, Education Centre, Leicester General Hospital.

The meeting closed at 6:02pm

Kate Rayns, Trust Administrator

Cumulative Record of Members' Attendance (2016-17 to date):

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
R Moore (Chair)	5	5	100%	S Dauncey	2	0	0%
S Crawshaw	1	1	100%	A Johnson	5	5	100%
I Crowe	5	4	80%	B Patel	3	3	100%
				M Traynor	5	4	80%

Attendees

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
N Sone	5	5	100%	P Traynor	5	5	100%
S Ward	5	5	100%				