

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 3 October 2019

COMMITTEE: Audit Committee

CHAIRMAN: Kiran Jenkins, Non-Executive Director

DATE OF COMMITTEE MEETING: 6 September 2019

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

- None

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

- None

DATE OF NEXT COMMITTEE MEETING: 8 November 2019

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

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON FRIDAY, 6th SEPTEMBER 2019 AT 9AM IN THE BOARD ROOM, VICTORIA BUILDING, LEICESTER ROYAL INFIRMARY

- Present:** Ms K Jenkins – Non-Executive Director (Chair)
Col (Ret'd) I Crowe – Non-Executive Director
Mr A Johnson – Non-Executive Director
Mr M Traynor – Non-Executive Director
- In Attendance:** Mrs G Belton – Corporate and Committee Services Officer
Mr C Benham – Director of Operational Finance
Ms A Breadon – Head of Internal Audit, PwC (the Trust's Internal Auditor)
Mr A Carruthers – Acting Chief Information Officer (for Minute 69/19)
Miss M Durbridge – Director of Safety and Risk (for Minute 70/19)
Mr R Manton – Risk and Assurance Manager (for Minute 70/19)
Mr N Mohan – Local Counter Fraud Specialist
Mr N Sone – Financial Controller
Mr M Stocks – Grant Thornton (the Trust's External Auditor)
Mr D Streets – Head of Procurement (for Minute 76/19)
Mr P Traynor – Chief Financial Officer
Mr S Ward – Director of Corporate and Legal Affairs
Ms C Wood – Senior Manager, PwC (the Trust's Internal Auditor)

RESOLVED ITEMS

63/19 APOLOGIES FOR ABSENCE

An apology for absence was received from Ms T Putwa, Local Counter Fraud Specialist (PwC).

64/19 DECLARATIONS OF INTEREST

The Chief Financial Officer, Director of Operational Finance and Mr A Johnson, Non-Executive Director declared their interests as Non-Executive Director, Finance Director and Company Secretary and Non-Executive Chair of Trust Group Holdings Ltd, respectively, and, with the agreement of the Committee, remained present.

Resolved – that the position be noted.

65/19 MINUTES

Resolved – that the Minutes of the Committee meeting held on 5th July 2019 (paper A refers) be confirmed as a correct record.

66/19 MATTERS ARISING REPORT

The Committee received and noted paper B, advising on progress of the actions and matters arising from previous Committee meetings.

Specific discussion took place regarding the following entries on the Matters Arising Log:-

- Item Number 10a (Minute 57/19 of 5 July 2019) re the work being undertaken by the Local Counter Fraud Specialist in conjunction with the Director of Corporate and Legal Affairs and the Director of Operational Finance re the Fraud Risk Group (FRG). It was confirmed verbally that a review of attendance at the FRG will be undertaken as part of this work;
- Item Number 16 (Minute 20/19/1 of 8 March 2019) re the submission of a report to the Audit Committee re backlog maintenance – the Chief Financial Officer reported that, following the ‘State of the Nation’ backlog maintenance report, further work was now being undertaken and a report would be presented at the next Audit Committee meeting in November 2019 (note being made that a report was also scheduled for discussion at the Trust Board in October 2019, which would assist in framing the report when discussed at the Audit Committee meeting the following month). The Audit Committee Chair requested that a deep dive of Principal Risk 6a was also undertaken at the same time and tied into the report due to be submitted to the Audit Committee in November 2019 by the Director of Estates and Facilities;
- Item Number 18 (Minute 05/19/3 from 11 January 2019) re Trust working practices for use of generic accounts – External Audit provided verbal confirmation that a solution had now been implemented. It was agreed that this action could now be closed down on the Matters Arising Log;
- Item Number 21 (Minute 09/19/1 of 11 January 2019) re a progress report on the Policy and Guideline Process – the Director of Corporate and Legal Affairs confirmed that a report on this item would be submitted to the EQPB meeting in October 2019, ahead of the submission to the Audit Committee in November 2019;
- Item Number 22 (Minute 62/18/2(b) of 2 November 2018) re progress of the actions arising from the IA Review of Estates and Facilities Management Payroll and HR Controls – it was confirmed by Internal Audit that one action remained outstanding, which would be addressed outwith the meeting, and
- Item Number 26 (Minute 47/18(f) of 7 September 2018) re the potential transfer of the security management function from Corporate Medical to Estates and Facilities – it was expected that this matter would have been addressed by the time of the November 2019 Audit Committee meeting and its conclusion noted accordingly.

CFO/DEF

DCLA

IA

Resolved – that the action log, now submitted (paper B), be received, noted and updated by the Corporate and Committee Services Officer to reflect the updates made, decisions taken and reports to be scheduled for receipt at future meetings (as per the specific details outlined above).

CCSO

67/19 REPORT BY THE CHIEF FINANCIAL OFFICER

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

68/19 REPORT BY THE FINANCIAL CONTROLLER

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

69/19 IM&T BUSINESS CONTINUITY AND DATA BREACH RESPONSE PLAN

Mr A Carruthers, Acting Chief Information Officer, attended to present paper E, which sought to provide assurance to the Committee on the following: (1) the

timeline for resolution of any outstanding EPRR audit remediation actions (2) the process for managing joint IM&T and estates issues relating to business continuity and disaster recovery (3) responsibility for enactment of the Trust's data breach response plan and (4) confirmation of IM&T governance arrangements.

Particular discussion took place regarding the following:-

- | | | |
|--------|---|------|
| (i) | the progression of plans relating to areas of critical risk and acknowledgement that there was not a 'one size fits all' approach, with recognition of the need for areas with good practice to share this accordingly. A consistent approach was to be taken across the organisation and this represented joint work to be undertaken by IM&T and the Emergency Planning team. Acknowledgement was made that this work was built into the E-Hospital Plan; | |
| (ii) | assurance was sought regarding the planning in place in the event of any power outages, in response to which the Acting Chief Information Officer confirmed that critical systems would continue running. He also notified members of a monthly Joint Working Group between IM&T and Estates and Facilities which facilitated clarity in terms of roles and responsibilities. A potential issue with the copper cabling in Leicester reportedly being insufficient for the City's usage requirements was raised by a Committee member, in response to which the Committee agreed to request that the Director of Estates and Facilities included information in his Trust Board report scheduled for October 2019 addressing (and providing assurance where possible) regarding this issue; | DEF |
| (iii) | assurance was sought, and provided by the Acting Chief Information Officer, regarding the UPS systems utilised within the Trust; | |
| (iv) | note was made that the Data Centre Strategy would be submitted to the Trust Board meeting in December 2019, as part of the Trust's overall IM&T Strategy, for discussion and approval thereon , for follow-up at Audit Committee thereafter as appropriate / if required; | ACIO |
| (v) | a query was raised as to whether the Data Breach Response Plan included comprehensive communication plans in addition to the IT elements - the Acting Chief Information Officer undertook to ascertain if this was the case; | ACIO |
| (vi) | the Committee requested that the Acting Chief Information Officer provided the Audit Committee with key documents in relation to IM&T governance when the Committee undertook its deep dive into the principal risks concerning IM&T (6b and 8); | ACIO |
| (vii) | the processes used by the Trust to manage any orphaned IT systems – in concluding discussion on this particular aspect, the Committee requested that the Acting Chief Information Officer submit a report to the next Audit Committee meeting in November 2019 regarding the measures in place to avoid the risk of orphan IM&T systems / schemes (to include a plan re the Asset Register); | ACIO |
| (viii) | a request was made of the Acting Chief Information Officer to add the Information Governance Steering Group into the table detailed on page 7 of the report, and | ACIO |
| (ix) | a query was raised as to whether IM&T issues were raised as part of the Performance Review Meetings – in response, it was confirmed that issues were sometimes raised, but did not form a standing part of the agenda. IM&T issues were specifically discussed at the Executive IM&T Boards. | |

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

(B) the Director of Estates and Facilities be requested to include information in his Trust Board report scheduled for October 2019 addressing (and providing appropriate assurance where possible) regarding the issue raised re copper cabling in Leicester reportedly being insufficient for the City's usage requirements, and

DEF

(C) the Acting Chief Information Officer be requested to:-
(1) submit the Data Centre Strategy (as part of the Trust's overall IM&T Strategy) to the Trust Board for discussion and approval thereon (provisionally scheduled for the December 2019 Trust Board meeting), for follow-up at Audit Committee thereafter as appropriate / if required;
(2) ascertain if the Data Breach Response Plan included comprehensive communication plans in addition to the IT elements;
(3) provide the Audit Committee with key documents in relation to IM&T governance when the Audit Committee undertook its deep dive into the principal risks concerning IM&T (6b and 8);
(4) submit a report to the next Audit Committee meeting in November 2019 regarding the measures in place to avoid the risk of 'orphan' IM&T systems / schemes (to include a plan re the Asset Register), and
(5) to add the Information Governance Steering Group into the table detailed within paper E.

ACIO

70/19 INTEGRATED RISK REPORT – INCLUDING THE BOARD ASSURANCE FRAMEWORK 2019/20 AND DEEP DIVE INTO PRINCIPAL RISK 9

The Director of Safety and Risk and Risk and Assurance Manager attended the meeting and presented paper F and F1. Paper F provided an overview of the effectiveness of the risk management arrangements, including management of the Board Assurance Framework (BAF) and the organisational risk register. Note was made that it would be helpful to include a key within paper F detailing Directors' titles and the Risk and Assurance Manager undertook to provide this in future such reports.

RAM

In presenting paper F, the Director of Safety and Risk highlighted the fact that operational pressures during August 2019 had led to a reduction in the time available at Executive Board meetings for discussion of BAF principal risks. In response, the Director of Corporate and Legal Affairs provided assurance that key risks to the organisation had been discussed at length within other relevant forums. The Chief Financial Officer further noted that the Medical Director frequently addressed risk issues, where relevant, within the CMG Performance Management Review meetings, all seven of which had been held during August 2019 despite the operational pressures. As part of this discussion, it was agreed that the Director of Corporate and Legal Affairs would work with the Director of Safety and Risk and Risk and Assurance Manager for the purpose of submitting a proposal to the Executive Team regarding action to be taken in the event that operational pressures reduced the time available at Executive Boards for discussion of BAF principal risks (e.g. via assigning an Executive Director to specifically review the risk) and reported back to the November 2019 Audit Committee accordingly on the outcome.

**DCLA/
DSR/
RAM**

Particular discussion also took place on the scrutiny of new risks at the Trust Board, as a consequence of which it was agreed that, as part of the work referenced in the paragraph above, and following discussion with the Chief Executive, consideration would be given to separating out any new risks detailed within the Chief Executive's Trust Board report into a separate one page report to ensure these received sufficient attention at Trust Board meetings.

**DCLA/
DSR/
RAM**

Paper F1 detailed a series of questions to consider as part of the deep dive of Principal Risk 9 (Finance), as a consequence of discussions relating to which, the following actions were agreed:-

- (a) the Chief Financial Officer undertook to update the risk rating for PR9, as appropriate, following discussions at the Trust Board meeting held the previous day; CFO
- (b) the Chief Financial Officer undertook to rationalise the section re controls within PR9 to ensure that they were contemporary, noting that some of the controls currently listed related specifically to the start of the year and were no longer current and to reflect any changes in process required by pensions tax legislation (noting the need to recognise such legislation as a ‘driver’), and CFO
- (c) the Chief Financial Officer was requested to submit a report regarding the risks around cash flow / the balance sheet to the next Audit Committee meeting in November 2019. CFO

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

(B) the Risk and Assurance Manager be requested to include a key detailing Directors’ titles in future such reports, RAM

(C) the Director of Corporate and Legal Affairs be requested to work with the Director of Safety and Risk and Risk and Assurance Manager for the purpose of submitting a proposal to the Executive Team regarding action to be taken in the event that operational pressures reduced the time available at Executive Boards for consideration of BAF principal risks (e.g. via assigning an Executive Director to specifically review the risk) and reported back to the November 2019 Audit Committee accordingly on the outcome, DCLA/
DSR/
RAM

(D) as part of the work referenced under resolution (C) above, and following discussion with the Chief Executive, consideration be given to separating out any new risks detailed within the Chief Executive’s Trust Board report into a separate one page report to ensure these received sufficient attention at Trust Board meetings, and DCLA/
DSR/
RAM

(E) the Chief Financial Officer be requested to undertake the following actions following the deep dive into Principal Risk 9:-

- (1) to update the risk rating for PR9, as appropriate, following discussions at the Trust Board meeting held the previous day;**
- (2) to rationalise the section re controls within PR9 to ensure that they were contemporary, noting that some of the controls currently listed related specifically to the start of the year and were no longer current and to reflect any changes in process required by pensions tax legislation (noting the need to recognise such legislation as a ‘driver’), and**
- (3) to submit a report regarding the risks around cash flow / the balance sheet to the next Audit Committee meeting in November 2019.** CFO

71/19 EXTERNAL AUDIT PROGRESS REPORT

Mr M Stocks of Grant Thornton (the Trust’s External Auditor) presented paper G, which provided an update on the progress of External Audit in delivering their responsibilities as the Trust’s External Auditor and a sector update. Members received and noted the contents of this report. In discussion, it was agreed that this report would be updated to include the work being undertaken by External Audit in Autumn 2019.

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

(B) External Audit colleagues be requested to update the External Audit Progress Report to include the work being undertaken by External Audit in Autumn 2019.

EA

72/19 EXTERNAL AUDIT ACTION PLAN 2017/18 AND 2018/19

Mr M Stocks of Grant Thornton (the Trust's External Auditor) presented paper H, which summarised outstanding recommendations from External Audit's 2017/18 and 2018/19 audits. As the Trust had not yet formally responded to the issues detailed within the report, note was made that the 'Management Response' column was currently blank. It was therefore agreed that the Director of Operational Finance would oversee completion of the column within the action plan detailing the Management Response and circulate the updated version of this report to Audit Committee members as soon as possible and ahead of the next Audit Committee, upon confirmation of approval by External Audit.

DoOF

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

(B) the Director of Operational Finance be requested to oversee completion of the column within the action plan detailing the Management Response and circulate the updated version of this report to Audit Committee members as soon as possible and ahead of the next Audit Committee, upon confirmation of approval by External Audit.

DoOF

73/19 INTERNAL AUDIT PROGRESS REPORT

Paper I provided the Committee with an update on the work of Internal Audit since the last Committee meeting held in July 2019. Specific discussion took place regarding outstanding audit actions and the Director of Corporate and Legal Affairs provided a verbal update on progress to the Committee, advising that of the 14 outstanding actions referenced within the report, one had been closed during the past week, the completion date for two actions had been extended until the end of the next month, the completion date for four actions had been extended until the end of December 2019, leaving seven actions currently outstanding. The Director of Corporate and Legal Affairs confirmed that the current outstanding actions were being pursued and that the Executive Team would be reviewing these at its Executive Planning meeting in September 2019.

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

(B) the Executive Team be requested to review the seven outstanding audit actions at its Executive Planning Meeting in September 2019.

DCLA

74/19 INTERNAL AUDIT REVIEWS

74/19/1 Data Quality - 62 Day Cancer Indicator (low risk)

Paper J1 detailed the outcome of Internal Audit's assessment of the quality of data for the Trust's 62 day waiting time for cancer patients' indicator. The outcome of the audit was an overall 'low risk' classification with one medium risk finding identified and addressed thereafter.

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

74/19/2 IR35 (low risk)

Paper J2 detailed the outcome of Internal Audit's assessment of IR35. The objective of the review was to provide independent and objective assurance on controls operating within the Trust in this area and to determine if processes in relation to IR35 were robust and proportionate. The outcome of the audit was an overall 'low risk' classification with four low risk areas identified where existing policies, processes and controls could be further enhanced.

Particular discussion took place regarding Trust Group Holdings Ltd, as a consequence of which it was agreed that consideration should be given at a future TGH Ltd Board meeting as to (1) whether TGH Ltd required an Internal Audit function and (2) whether TGH Ltd should be included within the IR35-related work discussed at the meeting.

Resolved – that (A) the contents of this report be received and noted, and (B) consideration be given at a future TGH Ltd Board meeting as to (1) whether TGH Ltd required an Internal Audit function and (2) whether TGH Ltd should be included within the IR35-related work discussed at today's Audit Committee meeting.

Non-Executive
Chair, TGH
Ltd

75/19 COUNTER FRAUD PROGRESS REPORT

Mr N Mohan, Local Counter Fraud Specialist, presented paper K, which detailed a progress report of counter fraud activity against the Annual Counter Fraud Work Plan, for review by the Audit Committee.

In discussion on this item, the Local Counter Fraud Specialist was requested to provide an update on the progress of the National Fraud Initiative as part of the Counter Fraud Progress Report for submission to the November 2019 Audit Committee meeting. The Chief Financial Officer and Local Counter Fraud Specialist were also requested to report on the outcome of the National Fraud Initiative, from a UHL perspective, at the Audit Committee meeting to be held in January 2020.

LCFS

CFO/
LCFS

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

(B) the Local Counter Fraud Specialist be requested to provide a brief update on the progress of the National Fraud Initiative as part of the Counter Fraud Progress Report for submission to the November 2019 Audit Committee meeting, and

LCFS

(C) the Chief Financial Officer and Local Counter Fraud Specialist be requested to report on the outcome of the National Fraud Initiative, from a UHL perspective, at the Audit Committee meeting to be held in January 2020.

CFO/
LCFS

76/19 UHL APPROACH TO CONTRACT MANAGEMENT

Mr D Streets, Head of Procurement, attended the meeting to present paper L, which provided a progress update on the implementation of the UHL Contract Management Framework, as approved at the Audit Committee meeting held on 11 January 2019 (Minute 08/19/2 of 11 January 2019 refers).

The Audit Committee acknowledged the good progress made to-date and queried when this work would be considered to be in a 'business as usual'

(BAU) position, in response to which the Head of Procurement advised that a BAU position would be achieved in approximately one year's time. Particular discussion took place regarding the need for relevant staff to be made available to attend the required training and of potential risks relating to the relatively low profile of the Contracts Manager role. It was therefore agreed to highlight on the appropriate register, risks relating to the Contract Manager role, as arising from its relatively low profile within the organisation in contrast to its significant importance. The Head of Procurement was also requested to review whether Trust Med Pharmacy should be included within the Framework.

HoP

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

(B) the Head of Procurement be requested to:-

(1) highlight on the appropriate register, risks relating to the Contract Manager role, as arising from its relatively low profile within the organisation in contrast to its significant importance, and
(2) review if Trust Med Pharmacy should be included within the Framework.

HoP

77/19 PROGRESS UPDATES ON PREVIOUS INTERNAL AUDIT REPORTS

Item 7.3 on today's Audit Committee agenda made reference to an expected verbal update from the Chief Operating Officer in relation to an outstanding Internal Audit action on Discharge Processes Red to Green 2018/19, specifically relating to reporting. The Director of Corporate and Legal Affairs reported verbally to confirm that this action had actually been closed to the satisfaction of Internal Audit earlier in this week and this update report to the Audit Committee was therefore no longer required.

Resolved – that this verbal information be noted.

78/19 DISCRETIONARY PROCUREMENT ACTIONS

Resolved – that the contents of paper M (detailing Discretionary Procurement Actions for the period July to August 2019) be received and noted.

79/19 ITEMS FOR NOTING

79/19/1 Children's Hospital Project Phase 1 (EMCHC) Critical Friend Review – Outcomes and Recommendations

The Committee received and noted the contents of paper N, which detailed the outcomes and recommendations of the Children's Hospital Project Phase 1 (EMCHC) Critical Friend Review. The Director of Corporate and Legal Affairs was requested to check and confirm that the actions arising from this report would be tracked through the Reconfiguration Programme Board.

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

(B) the Director of Corporate and Legal Affairs be requested to check and confirm that the actions arising from this report would be tracked through the Reconfiguration Programme Board.

DCLA

79/19/2 Quality and Outcomes Committee

Resolved – that the Minutes of meetings of the Quality and Outcomes

Committee held on 27 June 2019 (paper O1 refers) and 25 July 2019 (paper O2 refers) be received and noted.

79/19/3 People, Process and Performance Committee

Resolved – that the Minutes of meetings of the People, Process and Performance Committee held on 27 June 2019 (paper P1 refers) and 25 July 2019 (paper P2 refers) be received and noted.

79/19/4 Finance and Investment Committee (FIC)

Resolved – that the Minutes of meetings of the Finance and Investment Committee held on 27 June 2019 (paper Q1 refers) and 25 July 2019 (paper Q2 refers) be received and noted.

79/19/5 Charitable Funds Committee

Resolved – that the Minutes of meetings of the Charitable Funds Committee held on 6 June 2019 (paper R1 refers) and 1 August 2019 (paper R2 refers) be received and noted.

80/19 ANY OTHER BUSINESS

80/19/1 Chief Financial Officer

The Audit Committee Chair noted that this would be the last Audit Committee meeting attended by Mr Paul Traynor, Chief Financial Officer, before he left the Trust at the end of October 2019 to take up post elsewhere. The Audit Committee Chair formally recorded the Committee's thanks to Mr Traynor for his work and the valuable contribution he had made at the Audit Committee and wished him well for the future. Mr Traynor thanked the Audit Committee for their input and support over his time as Chief Financial Officer at the Trust.

Resolved – that this information be noted.

81/19 IDENTIFICATION OF ANY KEY ISSUES FOR THE ATTENTION OF THE TRUST BOARD

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

- confidential Minute 67/19 (Report by the Chief Financial Officer).

AC Chair
/ CFO

82/19 DATE OF NEXT MEETING AND DATES FOR 2020/21

Resolved – that (A) the next meeting of the Audit Committee be held on Friday 8 November 2019 at 9am in the Board Room, Victoria Building, LRI and

(B) meeting dates for the Audit Committee in 2020/21 be held on the following dates from 9am until 12 noon (venues to be confirmed):-

- Friday 10 January 2020;
- Friday 6 March 2020;
- Friday 22 May 2020 (TBC – dependent upon the timetable for the accounts);
- Friday 3 July 2020;
- Friday 4 September 2020;

- Friday 6 November 2020;
- Friday 8 January 2021, and
- Friday 5 March 2021.

83/19 CONFIDENTIAL ITEM OF BUSINESS

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

The meeting closed at 11.59pm

Gill Belton
Corporate and Committee Services Officer

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

<i>Name</i>	<i>Possible</i>	<i>Actual</i>	<i>%</i>
K Jenkins	3	3	100%
I Crowe	3	3	100%
A Johnson	3	3	100%
M Traynor	3	2	67%

Attendees:

<i>Name</i>	<i>Possible</i>	<i>Actual</i>	<i>%</i>
C Benham	3	3	100%
N Sone	3	2	67%
P Traynor	3	3	100%
S Ward	3	3	100%