

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 2 July 2020

COMMITTEE: Audit Committee

CHAIRMAN: Kiran Jenkins, Non-Executive Director

DATE OF COMMITTEE MEETING: 19 June 2020

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: TBC

**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 19 JUNE 2020

(Virtual Meeting via Microsoft Teams, 9.30am)

- Present:** Ms K Jenkins – Non-Executive Director (Chair)
Ms V Bailey – Non-Executive Director
Col (Ret'd) I Crowe – Non-Executive Director
Mr A Johnson – Non-Executive Director
- In Attendance:** Ms A Breadon – Head of Internal Audit, PwC (the Trust's Internal Auditor) (excluding Minutes 27/20/1 and 27/20/2)
Mr S Lazarus – Interim Chief Financial Officer
Ms H Majeed – Corporate and Committee Services Officer
Ms E Mayne – Manager, Grant Thornton (the Trust's External Auditor)
Ms J Meek – Local Counter-Fraud Specialist (excluding Minutes 27/20/1 and 27/20/2)
Mr J Shuter – Deputy Chief Financial Officer
Mr N Sone – Financial Controller (excluding Minutes 27/20/1 and 27/20/2)
Mr M Stocks – Partner, Grant Thornton (the Trust's External Auditor)
Mr S Ward – Director of Corporate and Legal Affairs
Ms C Wood – Senior Manager, PwC (the Trust's Internal Auditor) (excluding Minutes 27/20/1 and 27/20/2)

RESOLVED ITEMS

23/20 APOLOGIES FOR ABSENCE and WELCOME

No apologies for absence were received. The Audit Committee Non-Executive Director Chair welcomed Ms V Bailey, Non-Executive Director to her first meeting of the Audit Committee in her capacity as the Quality and Outcomes Committee Non-Executive Director Chair.

24/20 DECLARATIONS OF INTERESTS

Although not voting members of the Audit Committee, the UHL Interim Chief Financial Officer and the Deputy Chief Financial Officer declared their interests as Non-Executive Director, and the Finance Director and Company Secretary respectively of Trust Group Holdings Ltd. Mr A Johnson Non-Executive Director declared his interest as Non-Executive Chair of Trust Group Holdings Ltd. Ms V Bailey, Non-Executive Director declared her interest as the Chair of the Audit and Risk Committee, University of Nottingham. With the agreement of the Audit Committee, they remained present.

Resolved – that the position be noted.

25/20 MINUTES

Resolved – that the Minutes of the 6 March 2020 Audit Committee (papers A1 and A2) be confirmed as correct records subject to the inclusion of Ms A Breadon, Head of Internal Audit, PwC (the Trust's Internal Auditor) in the attendance list.

26/20 MATTERS ARISING REPORT

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

27/20 KEY ISSUES FOR DISCUSSION/DECISION

27/20/1 External Audit Plan Addendum NHS Covid-19

Further to the approval of the External Audit plan for the year ending 31 March 2020 at the Audit Committee meeting on 6 March 2020 (Minute 17/20/1 refers), an addendum (paper C1 refers) had been issued by External Audit. Mr M Stocks, External Audit advised that recent events had led them to update their planning risk assessment and reconsider their audit and

value for money (VfM) approach to reflect the unprecedented global response to the Covid-19 pandemic. The contents of this report were received and noted.

Resolved – the External Audit plan for the year ending 31 March 2020 addendum be noted.

27/20/2 Report by External Audit

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

27/20/3 Quality Account 2019-20

The Audit Committee received paper D enclosing a copy of the draft Quality Account 2019-20, including the Statement of Directors' responsibilities in respect of the 2019-20 Quality Account. The Deputy Director of Quality Assurance advised that a draft of the 2019-20 Quality Account had been shared with relevant stakeholders at the beginning of April 2020 and had been presented to the Executive Quality Board in May 2020. External Audit of Quality Accounts was a national requirement. However, in an effort to reduce the burden and release capacity within NHS Providers to manage the COVID-19 pandemic, NHSE/I had advised that all work to externally assure Quality Accounts should cease. NHSE/I had also advised that the deadline for publication of Quality Accounts on the NHS Choices website (end of June 2020) had been deferred.

The Audit Committee Non-Executive Director Chair noted that the 2019-20 Quality Account was due to be submitted to the Quality and Outcomes Committee (QOC) conference call on 25 June 2020, and therefore highlighted that the Audit Committee would not be able to recommend, the endorsement of the Statement of Directors' Responsibilities to the Trust Board. In discussion on this matter, the Director of Corporate and Legal Affairs suggested that the June 2020 QOC conference call reviewed the 2019-20 Quality Account in more detail including any points raised at today's Audit Committee and the QOC then recommended Trust Board approval of the 2019-20 Quality Account.

In response to a query from Ms V Bailey, Non-Executive Director, it was noted that the headings in the Quality Account were mandated statements. Ms Bailey noted the need for a forensic discussion of this report and disclosure statements at the QOC conference call on 25 June 2020 in order to ensure that the report was robust in the context of control measures that had been put in place. The continued focus on patient quality in addition to improving financial performance was also highlighted. In further discussion on this matter, Ms V Bailey, Non-Executive Director highlighted that under each heading, the need for reiteration of the controls that had been put in place and/or other assurance controls that were in place.

**QOC
Chair**

The Deputy Director of Quality Assurance was thanked for her work on the Trust's Quality Account noting the improvement in the presentation making it more accessible and user-friendly than previous years.

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

(B) the draft Quality Account 2019-20, including the Statement of the Directors' Responsibilities in respect of the Quality Account be discussed at the Quality and Outcomes Committee (QOC) conference call on 25 June 2020 and be recommended by QOC for approval by the Trust Board at its meeting on 2 July 2020.

**QOC
Chair**

28/20 ITEMS FOR ASSURANCE

28/20/1 Internal Audit Reviews

Two final Internal Audit reports had been issued since March 2020, as these were both medium risk rated reviews they were now discussed individually by the Audit Committee with representatives of the Executive owner present (paper E – appendix 1 and 2 respectively):

[i] **Safer Surgery Review** (medium risk) – the Medical Director attended to respond to any Audit Committee questions on paper E (appendix 1). The Medical Director advised that all the

recommendations in the Internal Audit report had been accepted and were actively being taken forward via the relevant workstreams. The workstreams in the Safer Surgery and Procedures quality priority had been aligned to provide assurance that changes had been embedded and sustained. The report had also been scheduled on the agenda for the QOC conference call on 25 June 2020 where a detailed discussion would take place.

[iii] **Quality Strategy** (medium risk) – Ms C Wood, Senior Manager, PwC provided a brief background advising that as part of this review, Internal Audit considered the governance arrangements in place around the Quality Strategy and reviewed progress in delivering a number of the quality and supporting priorities. The fieldwork for the review took place between December 2019 and February 2020. The process of obtaining management comments on the report and executive approval had been impacted by the Covid-19 outbreak causing delays in finalising the report. Internal Audit were aware that discussions were now underway in relation to a revised approach to the Quality Strategy and implementing quality improvement within the Trust. As a result of the proposed changes to the approach and the impact of the Covid-19 pandemic on delivery of the Quality Strategy, the actions within this report and the timescales for implementation would need to be reviewed and updated once the revised approach had been established. In response, the Director of Corporate and Legal Affairs advised that the revised approach on aligning the Quality Strategy to efficiency had been discussed at the Trust Board thinking day in June 2020. The appointment of a Programme Director to co-ordinate and lead this work was being taken forward. The Executive Leads had signed off the recommendations in the Internal Audit report and accepted the timescales for completion of findings, however, the following extensions to the target dates had been requested:-

- i. Governance around implementation of Quality Strategy – 28 February 2021;
- ii. Use of Improvement Agents and Patient and Public Involvement – 31 March 2021;
- iii. Cancer priority – the target date was under-review and confirmation from the Director of Operational Improvement was awaited. However, the Acting Chief Operating Officer had indicated that the target date of 31 December 2020 was achievable, and
- iv. People Strategy development – contingent on the timescale of the NHS People Plan. In discussion on this point, Col (Ret'd) I Crowe, PPPC Non-Executive Director Chair advised that he would take forward discussion via PPPC regarding the assessment of which elements of the People Strategy could/could not be delivered within the current resource.

The Audit Committee Non-Executive Director Chair commented on the need for a mechanism to review the appropriateness of the scope of the review both before starting the audit and also whilst the audit was in progress, to ensure that material changes in the risk environment had been considered. She also made an observation and highlighted that the target date for completion of the performance measures for QI projects and Quality Strategy work streams was 31 December 2020, noting the need for prioritising success and the need for future reports to be more challenging on key governance aspects which needed to be put in place from the start.

Ms V Bailey, Non-Executive Director commented that the key element in relation to the Quality Strategy was about the substance, process and responsiveness. She highlighted that it was a useful audit at the time but it would look different if it was undertaken at the present time as things had radically changed due to Covid-19.

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

28/20/2 Report by Internal Audit

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

28/20/3 Report by Internal Audit

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

28/20/4 Counter Fraud Annual Report 2019-20

The Local Counter Fraud Specialist introduced paper H, the Counter Fraud Annual Report

2019-20, appended to which was a copy of the Trust's Self-Review Toolkit declaration and return 2019-20 submitted to the NHS Counter Fraud Authority by the deadline of 31 May 2020.

Members noted that the response rate was low for the fraud awareness survey undertaken in March 2020 which was potentially due to the Covid-19 pandemic and the increased demand on staff. The Local Counter Fraud Specialist would undertake another fraud awareness survey in 2020-21 when the timing was appropriate to be able to engage with more staff and increase the response rate.

Col (Ret'd) I Crowe, Non-Executive Director expressed disappointment over the lack of progress from the Trust in respect of the long-standing intelligence bulletins issued by the NHS Counter Fraud Authority. In discussion on whether an update on the outstanding issues should feature as part of the matters arising log, it was suggested that it would be preferable if an update was provided by the Local Counter Fraud Specialist during the discussion of the Local Counter Fraud Progress Report at future Audit Committee meetings. In response, the Interim Chief Financial Officer acknowledged the issues raised and noted that the capacity of the Finance Team needed to be strengthened to take forward this work, however, this work could not be progressed currently as the Finance Team resources were currently focussed on the draft accounts submission. The Audit Committee Non-Executive Director Chair considered that the Audit Committee was not assured regarding this matter and therefore suggested that a discussion be held at an Executive Planning Meeting in respect of whether it could be progressed by another team/Directorate.

ICFO

Responding to a specific query from the Audit Committee Non-Executive Director Chair, the Local Counter Fraud Specialist provided assurance that she had now received confirmation from the relevant team in respect of progressing a long-standing case. In response to a further query from the Audit Committee Non-Executive Director Chair in respect of timescales for responding by the Trust on all open cases, the Local Counter Fraud Specialist undertook to discuss with colleagues in the Human Resources Directorate and present a Service Level Agreement between Counter Fraud Services and the Trust to a future meeting of the Audit Committee.

LCFS

The Local Counter Fraud Specialist advised that a data cleanse of all historical referrals recorded on the NHS Counter Fraud Authority case management system was being undertaken in order that it aligned to national standards.

In response to a query from Col (Ret'd) I Crowe, Non-Executive Director, the Local Counter Fraud Specialist confirmed that the Trust's Self-Review Toolkit declaration had been signed-off and submitted via an online portal.

Resolved – that (A) the Counter Fraud Annual Report 2019-20, now submitted (paper H), be received, noted and endorsed;

(B) the Interim Chief Financial Officer be requested to ensure that a discussion was held at an Executive Planning Meeting in respect of whether the completion of the outstanding matters in the long-standing intelligence bulletins issued by the NHS Counter Fraud Authority could be progressed by another team/Directorate, and

ICFO

(C) the Local Counter Fraud Specialist be requested to liaise with colleagues in the Human Resources Directorate and present a Service Level Agreement between Counter Fraud Services and the Trust to a future meeting of the Audit Committee.

LCFS

28/20/5 Updated Counter Fraud Work Plan 2020-21

Further to Minute 17/20/8 of 6 March 2020 and comments made at that meeting, the Local Counter Fraud Specialist presented paper I, an updated counter fraud work plan for 2020-21, and confirmed that the plan was risk-based. It had been obtained from the Fraud, Bribery and Corruption Risk Assessment specific for the Trust.

The Trust's fraud risk assessment had been updated to specifically include the increased fraud risks due to Covid-19. The Local Counter Fraud Specialist considered the need to increase communications surrounding Covid-19 fraud risks and noted that this would be included as part of the Counter fraud communication plan to raise staff awareness. In response to a query from the Audit Committee Non-Executive Director Chair regarding the way forward in relation to the increased fraud risks due to Covid-19 alluded to by the Local Counter Fraud Specialist, Ms Meek suggested that the work would be built upon taking into consideration the NHS Anti-Fraud Standards and would be included as part of the Trust's Fraud Risk Group to consider the wide range of fraud and corruption risks that could impact upon the Trust. Ms Meek undertook to provide an update (when available) on this matter to the Audit Committee and particularly if it was outside of the 2020-21 work plan.

LCFS

In response to a query from the Audit Committee Non-Executive Director Chair, the Local Counter Fraud Specialist advised that she had held an initial meeting with the Director of Corporate and Legal Affairs and the Deputy Chief Financial Officer and would be meeting with them again to finalise the terms of reference of the Trust's Fraud Risk Group.

LCFS

It was important that the counter fraud work plan was flexible and responsive to emerging risks and other external factors. Accordingly, the Local Counter Fraud Specialist would regularly report to the Audit Committee on progress against the work plan and any changes that might be required in-year.

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

(B) the Local Counter Fraud Specialist be requested to provide an update (when available) to the Audit Committee on the way forward in relation to the increased fraud risks due to Covid-19 and particularly if it was outside of the 2020-21 work plan, and

LCFS

(C) the Local Counter Fraud Specialist be requested to finalise the terms of reference of the Trust's Fraud Risk Group.

LCFS

28/20/6 Counter Fraud Progress Report – June 2020

Ms J Meek, Local Counter Fraud Specialist presented paper J, which detailed PwC's progress report of counter fraud activity against the Annual Counter Fraud Work Plan. The report included a summary of progress against the plan and a brief summary of the prior year referrals that had been brought forward and the referrals received since April 2020.

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

29/20 **ITEMS FOR NOTING**

Resolved – that the Minutes/Summaries from the following meetings be noted for information, at papers K1 – M3 respectively:

- (1) Quality and Outcomes Committee 27.2.20, 30.4.20 and 28.5.20;**
- (2) People, Process and Performance Committee 27.2.20, 30.4.20 and 28.5.20, and**
- (3) Finance and Investment Committee 27.2.20, 30.4.20 and 28.5.20.**

30/20 **ANY OTHER BUSINESS**

There were no items of any other business.

31/20 **IDENTIFICATION OF ANY KEY ISSUES FOR THE ATTENTION OF THE TRUST BOARD**

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

- (1) the items in private Minute 27/20/2.**

32/20 **DATE OF NEXT MEETING**

The next meeting of the Audit Committee to be confirmed.

The meeting closed at 1.07pm

Hina Majeed

Corporate and Committee Services Officer

Audit Committee Cumulative Record of Members' Attendance (2020-21 to date):

Members:

Name	Possible	Actual	%
K Jenkins	1	1	100
V Bailey	1	1	100
I Crowe	1	1	100
A Johnson	1	1	100

In attendance:

Name	Possible	Actual	%
S Lazarus	1	1	100
N Sone	1	1	100
J Shuter	1	1	100
S Ward	1	1	100