

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

MINUTES OF A VIRTUAL AUDIT COMMITTEE MEETING HELD ON MONDAY 9 MAY 2022 AT 11AM

(held virtually via Microsoft Teams)

Present: Mr M Williams – Non-Executive Director (Chair)
 Ms V Bailey – Non-Executive Director, and Chair of the Quality Committee
 Mr S Harris – Non-Executive Director, and Chair of the Finance and Investment Committee
 Mr B Patel – Non-Executive Director, and Chair of the People and Culture Committee

In Attendance: Mr C Bevan-Davies – Local Counter Fraud Specialist (360 Assurance)
 Ms A Breadon – Internal Audit (PwC)
 Mr M Brice – Deputy Financial Improvement Director
 Mr J Brown – External Audit (KPMG)
 Ms B Cassidy – Director of Corporate and Legal Affairs
 Ms L Hawkes – Internal Audit (360 Assurance)
 Ms L Hooper – Incoming Chief Financial Officer
 Mr S Linthwaite – Deputy Director of Finance (Financial Services)
 Mr D Mason – Internal Audit (360 Assurance)
 Ms E Mayne – External Audit (Grant Thornton)
 Ms K Meats – Internal Audit (360 Assurance)
 Mr R Mitchell – Chief Executive
 Mr M Stocks – External Audit (Grant Thornton)
 Ms H Stokes – Corporate and Committee Services Manager
 Mr D Streets – Head of Procurement and Supplies (for Minute 39/22/7)
 Mr R Walton – External Audit (KPMG)
 Ms C Webster – Local Counter Fraud Specialist (PwC)
 Ms C Wood – Internal Audit (PwC)

	<u>RECOMMENDED ITEMS</u>	ACTION
33/22	REPORT FROM THE DEPUTY DIRECTOR OF FINANCE (FINANCIAL SERVICES)	
	<u>Recommended</u> – that this Minute be classed as confidential and taken in private accordingly.	
	<u>RESOLVED ITEMS</u>	
34/22	APOLOGIES FOR ABSENCE	
	Apologies for absence were received from .	
35/22	DECLARATIONS OF INTERESTS	
	No declarations of interests were made.	
36/22	MINUTES	
	<u>Resolved</u> – that the Minutes of the 25 March 2022 Audit Committee be confirmed as a correct record.	
37/22	MATTERS ARISING REPORT	
	Paper B provided a summary of the matters arising from the 25 March 2022 Audit Committee and outstanding matters arising from previous Audit Committee meetings. The Audit Committee Non-Executive Director advised that all actions currently marked as '4' should be removed from the log with the exception of action 86/21/2 from 8 October 2021. A detailed review would also be undertaken of all other actions, before the next meeting.	CCSM DCLA/ CCSM
	<u>Resolved</u> – that (A) any updates provided at this meeting be reflected in the next iteration, and	CCSM

	(B) a detailed review of the Audit Committee action log be undertaken outside the meeting, noting the Committee’s decision to remove all ‘4’ rated actions with the exception of item 86/21/2 of 8 October 2021.	DCLA/ CCSM
38/22	KEY ISSUES FOR DISCUSSION/DECISION	
38/22/1	<u>Report from External Audit</u>	
	<u>Resolved</u> – that this Minute be classed as confidential and taken in private accordingly.	
38/22/2	<u>Report from the Deputy Director of Finance (Financial Services)</u>	
	<u>Resolved</u> – that this Minute be classed as confidential and taken in private accordingly.	
38/22/3	<u>Statutory Recommendations Progress Update and Review of UHL Scheme of Delegation, Standing Orders, and Standing Financial Instructions</u>	
	<p>As detailed in paper F, the Audit Committee received an update on UHL’s progress against the Statutory Recommendations 2019/20, noting the position against each action. Good progress was being made on the budget-holder and ethics training elements, and the Director of Corporate and Legal Affairs then verbally outlined progress on the Trust Board development programme including a series of bespoke, externally-facilitated workshops. A System-level UHL Non-Executive Director had now been appointed (as a UHL Associate Non-Executive Director in the first instance), and the Annual Governance Statement for 2019/20 had been approved and adopted at the 31 March 2022 Trust Board. The Deputy Director of Financial Improvement advised that the details of the NHSE/I interim support would be confirmed to the next Audit Committee.</p> <p>The Director of Corporate and Legal Affairs also updated the Audit Committee verbally on the refresh of UHL’s Scheme of Delegation, Standing Orders, and Standing Financial Instructions (recommendation 3) – the timeframe for updating the Standing Financial Instructions had slipped slightly and would now be presented to the Audit Committee in July 2022 (and Trust Board thereafter), following a refresh of the Audit Committee terms of reference. The Audit Committee Non-Executive Director Chair welcomed and took assurance from the progress against all of the 2019/20 Statutory Recommendations. He noted, however, continued concern regarding the longer term planning approach.</p>	<p>CFO/ DDFI</p> <p>DCLA</p>
	<p><u>Resolved</u> – that (A) the details of the NHSE/I further interim support be confirmed to the next Audit Committee, and</p> <p>(B) following the review of Board Committee terms of reference, the updated SFIs, Standing Orders, and Scheme of Delegation be presented to the next Audit Committee ahead of Trust Board approval.</p>	<p>CFO/ DDFI</p> <p>DCLA</p>
38/22/4	<u>360 Assurance – Draft Internal Audit Plan 2022/23 and Internal Audit Charter</u>	
	<p>The Audit Committee discussed and approved the 2022/23 Internal Audit plan presented by 360 Assurance, as per paper H1. Ms K Meats, Internal Audit provided assurance that a robust consultation and planning process had been used to develop the plan, which set out a proposed 280-day Internal Audit programme (10 days allocated as a contingency). The plan covered a combination of core areas and key risk-based work reflecting the BAF priorities. Internal Audit further confirmed that the plan met the Trust’s assurance needs, was fully compliant with Public Sector Internal Audit Standards (PSIAS), and provided for an annual Head of Internal Audit Opinion. An Internal Audit Charter supporting the plan was also presented for Audit Committee approval. Three audits had been slipped from 2022/23 into quarter 1 of the next financial year; the Chief Financial Officer requested, however, that an appropriate way be found to undertake the subsidy governance review in 2022/23 rather than slipping it to 2023/24 – it was agreed to explore this outside the meeting.</p>	DCLA/ CFO/IA

	In further discussion on the draft Internal Audit plan for 2022/23, Ms V Bailey Quality Committee Non-Executive Director Chair queried how outstanding actions from reviews by the previous Internal Audit service provider would be tracked and monitored – in response, she received assurance that 360 Assurance would receive an appropriate handover from PwC and that follow-up days were built into the 2022/23 plan. Training on the new tracking system would also be provided to users. The Audit Committee took assurance from the draft Internal Audit plan (and Internal Audit Charter) for 2022/23 which were both approved accordingly, subject to Internal Audit being aware of the need for an appropriately flexible approach.	IA
	Resolved – that (A) the draft 360 Assurance Internal Audit plan for 2022/23 be progressed (noting the need for an appropriately flexible approach), as now approved by the Audit Committee, and (B) an appropriate alternative way to progress the subsidy governance IA review in 2022/23 be discussed outside the meeting.	IA DCLA/ CFO/ IA
38/22/5	<u>360 Assurance Counter-Fraud Annual Plan 2022/23</u>	
	The Audit Committee discussed and approved the 2022/23 Counter-Fraud plan presented by 360 Assurance (paper H2). The 90-day plan (which was broadly in line with such plans for other organisations) had been developed through consideration of the Trust’s identified risks and reflected the requirements of the Government Functional Standards 013: Counter Fraud. The 10-day allocation for investigations could be reviewed if required. Assurance was also provided that the plan did not duplicate any of the Internal Audit work for 2022/23. The report also indicated UHL’s current compliance position against those Government Functional Standards 013: Counter Fraud, and confirmed that an update on progress through to ‘green’ would be provided to each Audit Committee meeting, including clarifying to the next Audit Committee what specific work was required re: fraud risk assessment component 3. The Chief Financial Officer confirmed that she would be working closely with the 360 Assurance Counter-Fraud lead to enhance and further embed a culture of fraud awareness within the Trust. In discussion, the Audit Committee Non-Executive Director Chair queried the inclusion of a specific fraud issue in the report – in response, he was advised that the list in question constituted examples only, not all of which were pertinent to UHL.	LCFS
	Resolved – that (A) the Counter Fraud annual plan for 2022/23 be progressed, as now approved by the Audit Committee, and (B) a progress report be provided against plan to each Audit Committee, including clarifying to the next Audit Committee (July 2022) what specific work was required on fraud risk assessment.	LCFS LCFS
39/22	ITEMS FOR ASSURANCE	
39/22/1	<u>Grip and Control – Bimonthly Update</u>	
	The Audit Committee received an update on UHL’s progress against the requirements of the grip and control checklist. As a significant majority of the actions had now been completed (9 remained outstanding), the Audit Committee considered that bi-monthly updates were no longer required. A ‘lessons learned’ exercise was also appended to the report for information.	
	Resolved – that the position be noted.	
39/22/2	<u>UHL Risk Committee Terms of Reference</u>	
	the Audit Committee received and noted the terms of reference for the recently-established UHL Risk Committee. The Audit Committee Non-Executive Director Chair – who attended the Risk Committee in an observer capacity – welcomed the useful role being played by that Committee.	
	Resolved – that the position be noted.	

39/22/3	<u>Development of the Board Assurance Framework</u>	
	The Director of Corporate and Legal Affairs provided verbal assurance that work to refresh the UHL BAF continued, and would be discussed in detail at a Trust Board development session in May 2022. She thanked the Trust's Head of Risk Assurance for his continued work on the BAF.	
	<u>Resolved</u> – that the position be noted.	
39/22/4	<u>Contract Management Action Plan Progress Update</u>	
	As detailed in paper L from the Head of Procurement and Supplies, the Audit Committee received assurance that UHL was on track to achieve the June 2022 timescale for developing a contract management framework and detailed action plan to address the findings from Internal Audit's 2021 review of UHL contract management arrangements. The new contracts register system had gone live at the end of February 2022 and currently comprised in excess of 500 live contracts – it would also be further informed by the 'no Purchase Order no pay' policy being implemented from April 2022. The report also detailed the planned (Government Commercial Function Contract Management) training for procurement and CMG/Corporate staff, and the Audit Committee Non-Executive Director members emphasised the need for all staff (both clinical and non-clinical) to take appropriate responsibility for – and be appropriately engaged in – robust procurement processes. The Audit Committee Non-Executive Director Chair strongly reiterated the crucial importance of both the planned training for Corporate/CMG staff involved in procurement and the robust monitoring of take-up, and he requested that future updates include a metric re: monitoring progress on that training accordingly.	CFO
	<u>Resolved</u> – that an appropriate metric be included in future updates, re: monitoring progress on the training for CMG/Corporate staff involved in contract management.	CFO
39/22/5	<u>Discretionary Procurement Actions</u>	
	Audit Committee noted the update on the number of procurement waivers approved between January – March 2022, and the reason for those waivers. In presenting the report at paper M, the Head of Procurement and Supplies provided assurance that all such requests were appropriately challenged by the Finance team, and that approvals were in line with the Trust's governance processes including SFIs/Standing Orders requirements. He raised no concerns regarding any of the discretionary procurement actions.	
	<u>Resolved</u> – that the position be noted.	
39/22/6	<u>Internal Audit Progress Report 2021/22</u>	
	PwC presented their 2021/22 Internal Audit progress report, including the list of 27 overdue actions from previous Internal Audit reviews. Given the historic nature of some of those actions, the Audit Committee Non-Executive Director Chair requested that they be reviewed by the Director of Corporate and Legal Affairs and the Chief Financial Officer to assess which ones were still applicable and appropriate – an update would be provided accordingly to the next Audit Committee. PwC advised that some of the actions were still necessary to be delivered, even if overdue. The QC Non-Executive Director Chair commented, however, on the need for an appropriate culture within UHL of progressing such actions. In light of a separate data security review planned by NHS Digital, Internal Audit would not be undertaking a review on that issue. In further discussion, PwC requested appropriate management support to progress their waiting list audit review (which had been deferred due to operational pressures), which the Audit Committee agreed to highlight to the Trust Board for information.	DCLA/ CFO AC NED CHAIR
	<u>Resolved</u> – that (A) the need for appropriate management input in concluding IA's review of cancelled operations be highlighted to the Trust Board, and	AC NED CHAIR

	(B) the list of overdue actions from Internal Audit reports be reviewed to assess which ones remained relevant/appropriate, with an update to the next Audit Committee accordingly.	DCLA/ CFO
39/22/7	<u>Internal Audit Reviews</u>	
	The Audit Committee discussed 3 completed Internal Audit reviews presented by PwC, covering: (i) the quality impact assessment CIP process [low risk rating]; (ii) carparking income [medium risk rating], and (iii) risk management [advisory report – no risk rating]. The Audit Committee Non-Executive Director Chair expressed his view that the carparking report recommendations included some basic process improvements. He also queried the scope to explore a cashless approach more widely, and sought confirmation of the latest review date of the secure cash transport contract. The Chief Financial Officer provided assurance that carparking was a key issue for the Trust's new Interim Director of Estates and Facilities. Audit Committee noted the Internal Audit reviews presented.	IDEF
	Resolved – that confirmation be sought outside the meeting of when the 3rd party secure cash transport contract had been most recently reviewed.	IDEF
39/22/8	<u>Report by the Local Counter-Fraud Specialist</u>	
	Resolved – that this Minute be classed as confidential and taken in private accordingly.	
40/22	ITEMS FOR NOTING	
40/22/1	<u>Minutes of Board Committee Meetings</u>	
	Resolved – that the Minutes of the following meetings be received and noted at papers Q to U1 inclusive: <ul style="list-style-type: none"> • Charitable Funds Committee 11 February 2022; • Quality Committee 24 February and 31 March 2022; • Reconfiguration and Transformation Committee 31 March 2022; • Finance and Investment Committee 24 February and 31 March 2022, and • Operations and Performance Committee 23 February and 30 March 2022. 	
41/22	ANY OTHER BUSINESS	
41/22/1	<u>Internal Audit - PwC</u>	
	The Audit Committee Non-Executive Director Chair thanked Ms A Breadon and Ms C Wood (outgoing Internal Auditors) for their contribution to the work of the Audit Committee.	
	Resolved – that the position be noted.	
42/22	IDENTIFICATION OF ANY KEY ISSUES FOR THE ATTENTION OF THE TRUST BOARD	
	Resolved – that (A) the item in confidential Minute 33/22 above be recommended for Trust Board approval, and (B) the items in confidential minute 38/22/2 and minutes 38/22/3 and 39/22/6 above be highlighted to the Trust Board for information.	AC NED CHAIR AC NED CHAIR
43/22	DATE OF NEXT MEETING	
	Resolved – it be subsequently agreed that the next Audit Committee meeting be held on Wednesday 31 August 2022 from 10am – 12noon (virtually via MS Teams).	

The meeting closed at 12.58pm

Helen Stokes **Corporate and Committee Services Manager**

Audit Committee Cumulative Record of Members' Attendance (2022/23 to date):

Members:

Name	Possible	Actual	%
M Williams	1	1	100
V Bailey	1	1	100
S Harris	1	1	100
B Patel	1	1	100

In attendance:

Name	Possible	Actual	%
M Brice	1	1	100
B Cassidy	1	1	100
L Hooper	1	1	100
S Linthwaite	1	1	100