

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST**MINUTES OF A VIRTUAL AUDIT COMMITTEE MEETING HELD ON FRIDAY 23 DECEMBER 2022****AT 9 AM***(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: Ms L Barbrook - Head of Contracts, Estates and Facilities
 Mr J Brown - External Audit (KPMG)
 Ms B Cassidy - Director of Corporate and Legal Affairs
 Ms K Ceesay - Associate Director of Peoples Services and Transformation
 Ms J Clarke - Local Counter Fraud Specialist (360 Assurance)
 Ms K Henry - External Audit (KPMG)
 Ms L Hooper - Chief Financial Officer
 Mr Richard Manton - Head of Risk Assurance
 Ms K Meats - Internal Audit (360 Assurance)
 Ms A Moss - Corporate and Committee Services Manager
 Mr Z Safdar - Assistant Director of Finance
 Ms C Teeney - Chief People Officer
 Mr R Walton - External Audit (KPMG)

RECOMMENDED ITEMS**ACTION****74/22 AUDIT COMMITTEE TERMS OF REFERENCE AND WORKPLAN**

The Director of Corporate and Legal Affairs presented the updated terms of reference and annual work programme for Audit Committee. The terms of reference had been updated to include reference to the oversight of the statutory recommendations. The terms of reference reflected those in the NHS Audit Handbook.

Resolved – that (A) the terms of reference be recommended to the Trust Board for approval, and

**NED
CHAIR**

(B) the work programme be noted.

RESOLVED ITEMS**75/22 APOLOGIES FOR ABSENCE**

There were no apologies for absence.

76/22 DECLARATIONS OF INTERESTS

Mr S Harris, Non-Executive Director, declared his role as Director of Trust Group Holdings Ltd. As this was judged to be a non-pecuniary interest, the Audit Committee agreed that he should remain present.

77/22 MINUTES

Resolved – that the Minutes of the 28 October 2022 Audit Committee be confirmed as a correct record.

78/22 MATTERS ARISING REPORT

The Committee received a summary of the matters arising from the 28 October 2022 Audit Committee meeting and outstanding matters arising from previous meetings.

Resolved – that any updates provided at this meeting be reflected in the next iteration, and any required actions be taken by the appropriate named leads.

79/22 ITEMS FOR EXPLORATION

79/22/1 Report of the Chief People Officer (Transactional Services Transformation Update)

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

79/22/2 Report of the Internal Auditor and Director of Estates and Facilities. (Time and Attendance System (2223/UHL/03))

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

79/22/3 Annual Governance Review and Annual Report

The Director of Corporate and Legal Affairs presented the draft 2021/22 Annual Report and Annual Governance Statement which had been produced in accordance with the 2021/22 FT Annual Reporting Manual.

It was noted that the documents reflected the historic issues that the Trust was addressing to improve its governance, financial reporting, and leadership culture. It was suggested that the summary emphasised the progress made, noting that there was considerable work to do.

Resolved – that the content for the Annual Governance Review and Annual Report be supported.

79/22/4 Report of the Assistant Director of Finance (TGHL Tax Review Update)

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

79/22/5 Board Assurance Framework and Risk Management

The Head of Risk Assurance presented a report to assure the Committee with respect to risk management. It included the refreshed Board Assurance Framework (BAF) and the description of the process to identify, escalate and mitigate operational risks and risk management governance. The report set out the next steps to develop risk management.

The BAF had been developed through discussion with Executives and Non-Executives and at Trust Board development sessions and meetings. Independent advice and input from internal audit, NHSE/I and Deloitte had been reflected in the BAF which was aligned to refreshed strategic themes

A Risk Management Committee, chaired by the Chief Executive, had been established in March 2022. All new risks scoring 15 and above were presented for approval. The Director of Corporate and Legal Affairs noted that the Internal Audit Report identified the need to improve attendance at Risk Committee and, since a number of risks scored highly, to ensure appropriate oversight and challenge.

Ms V Bailey, Non-Executive Director wondered whether the Risk Register highlighted the main issues. The Head of Risk Assurance noted that a key next step was to align the operational Risk Register to the Board Assurance Framework. Other actions, for example, cross-referencing risks within committee reports would also help to evidence greater alignment.

The Committee considered its role in relation to the BAF and noted that it should receive assurance in relation to the process, and note risks escalated by other committees as they were off track.

Resolved – that the assurance provided by the key next steps in the development of the Trust's Board Assurance Framework and risk management arrangements be noted.

79/22/6 Finance Improvement Plan

The Assistant Director of Finance presented an update on the progress made in developing and implementing the Trust's Financial Improvement Plan. The plan had been updated to include the management response from the recommendations contained in the recent report on the Healthcare Financial Management Association Financial (HFMA) Sustainability Self-Assessment for 2022.

It was reported that 40 actions had been completed; 45 were in progress and 47 were outstanding. It was expected that 22 actions would be completed by the end of December 2022. The Assistant Director noted that the risks to delivery were the competing priorities on the team which included the preparation of the external audit, Month 9 submission and the audit of 2022/23 accounts. The Chief Financial Officer explained the governance arrangements which included fortnightly meetings of the Financial Improvement Board. She considered that in context of the pressure on the Directorate good progress had been made.

Resolved – that the progress on the Finance Improvement Plan be noted.

79/22/7 Progress of Management Response to Statutory Recommendations

The Chief Financial Officer presented the report setting out progress in relation to the Statutory Recommendations 'Audit of Accounts 2019/20 - Financial Reporting, Governance and Financial Sustainability'.

It was noted that the actions would be updated in light of the NHSEI planning guidance expected that day. The Chief Financial Officer noted the guidance, and the allocation for the next two years, should enable the Trust to make progress with respect to action number 9 and the Trust's return to a long term sustainable financial position.

Resolved – that the progress of the management response to Statutory Recommendations be noted.

79/22/8 Internal Audit Overdue Actions

The Director of Corporate and Legal Affairs presented a report updating the Committee on progress for the actions from Internal Audit reports. The report noted that 86 actions were open; of which 58 were current and 28 historic (where the original action due date was prior to 1 April 2022). Internal Audit advised that the Trust's compliance rate was 29%.

The Non-Executive Audit Committee Chair, asked about the rate of progress and noted the lack of a supporting narrative for those actions which were outstanding. The Director noted that the overdue actions had been highlighted to Executive Directors and progress chased. It was hoped that the position would be turned around by the end of March 2023. The Director noted the need for greater clarity for those actions which had a revised deadline date but were considered overdue as the original deadline date had passed. She noted that some actions were partially complete, and it was a matter of gathering the evidence to ensure the action could be fully closed off.

Mr S Harris, Non-Executive Director, asked whether the report could present the actions in an order which reflected the level of risk.

The Director noted the discrepancy in the number of overdue actions reported by the Trust and Internal Audit which was due to when the reports had been drafted. In future the report would be co-produced between the Trust and Internal Auditor.

Resolved – that report on the Internal Audit Overdue Actions be noted.

80/22 EXTERNAL AUDIT

80/22/1 Report from the External Auditor (Progress Report 2022/23)

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

81/22 INTERNAL AUDIT AND COUNTER-FRAUD

81/22/1 Internal Audit Progress Report 2022/23

The Audit Committee received a report from Internal Audit detailing the progress on the Trust's 2022/23 Internal Audit Plan.

Ms K Meats, Internal Audit, noted that since the last report six internal reviews had been completed and were included on the agenda. Terms of Reference had been agreed for the review of the Data Quality Framework. The Head of Internal Audit Opinion stage 2 work had commenced. A survey regarding the effectiveness of governance and risk management arrangements had been issued to Board members.

Following discussions with the Chief Nurse it was proposed to amend the audit plan. Since the handling of complaints was subject to an external review, it was recommended that the focus is changed to consider the processes for collecting and inputting data and the accessibility of the friends and family test.

Ms Keats noted the implementation rate of actions was one of the elements which informed the Head of Internal Audit Opinion. The Trust's current implementation rate of 29% would indicate an opinion of 'weak assurance' in this respect.

Resolved - that (A) Internal Audit Progress Report 2022/23 be noted, and

(B) changes to audit plan, as outlined, be approved.

82/22/2 Internal Audit Reviews

The Audit Committee discussed completed Internal Audit reviews, as follows:

Review of Healthcare Financial Management Association (HFMA) Improving NHS financial sustainability checklist (2223/UHL/04)

The review had assessed the Trust's self-assessment for the HFMA financial sustainability checklist. A low-risk finding was noted, and the review concurred with the Trust's self-assessment. It was noted that the actions arising had been captured in the Finance Improvement Plan.

The Non-Executive Audit Committee Chair asked whether the position of system partners was known. The Chief Financial Officer agreed to circulate the reports submitted to the ICS Finance Board.

Strategic Governance and Risk Management (2223/UHL/05)

The review, which was conducted on an advisory basis, assessed the overarching governance and risk management arrangements in place. It was noted that key documentation, such as standing Financial Instructions, and terms of reference were in the process of being updated. A number of medium and low risk findings were made, and actions agreed to improve governance.

CFO

Resolved - that (A) the Internal Audit Reports be received, and,

(B) the Minutes relating to Cyber Security – mock phishing campaign (2223/UHL/02) Subsidiary Governance (2223/UHL/06); and General Ledger and Financial Reporting (2223/UHL/07) be classed as confidential and taken in private accordingly.

CFO

(C) the submission made by system partners with respect to the HFMA checklist be circulated.

83/22/3 360 Assurance: Counter Fraud Progress Report

The Audit Committee received a report on progress on the Counter Fraud Plan for 2022/2023.

Ms J Clarke, 360 Assurance, noted that with respect to the low level of referrals, that work was underway to promote the service and process for raising concerns about fraud. It was noted that the low number of referrals was reflective of the NHS as a whole. Ms V Bailey, Non-Executive Director, queried whether there should be more referrals given the weaknesses in the HR and payroll processes referenced earlier in the meeting.

Resolved – that the Counter Fraud Progress Report be noted.

84/22 **ITEMS FOR NOTING**

84/22/1 Minutes of Board Committee Meetings

Resolved – that the Minutes of the following Board Committee meetings be received and noted at papers Q1 - V inclusive:

- **Charitable Funds Committee 7 October 2022**
- **Quality Committee 29 September and 27 October 2022**
- **Operations and Performance Committee 28 September and 26 October 2022**
- **Finance and Investment Committee 29 September and 27 October**
- **Reconfiguration and Transformation Committee 24 August 2022**
- **People and Culture Committee 25 August 2022.**

85/22 **ANY OTHER BUSINESS**

There was no other business.

86/22 **IDENTIFICATION OF ANY KEY ISSUES FOR THE ATTENTION OF THE TRUST BOARD**

Resolved – that the following be recommended to the Trust Board for approval

- **Audit Committee Terms Of Reference And Workplan**

To be presented as a stand-alone report.

**AC NED
CHAIR**

87/22 **DATE OF NEXT MEETING**

Resolved – that the next Audit Committee meeting be held on Friday 10 February 2023 from 9 am. (virtually via MS Teams).

The meeting closed at 11.25 am

Alison Moss Corporate and Committee Services Officer

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

Members:

Name	Possible	Actual	%
M Williams	4	4	100
V Bailey	4	4	100
S Harris	4	4	100
B Patel	4	4	100

In attendance:

Name	Possible	Actual	%
M Brice (until Sep 2022)	2	2	100
B Cassidy	4	4	100
L Hooper	4	4	100
S Linthwaite	4	3	75