


University Hospitals of Leicester 
NHS Trust

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 7 April 2016

COMMITTEE: Audit Committee

CHAIRMAN: Richard Moore, Non-Executive Director

DATE OF COMMITTEE MEETING: 3 March 2016

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 21/16 – Risk Management Report;
- Minute 23/16/2.1 – Internal Audit review of Mortality and Morbidity;
- Minute 23/16/4 – Draft Internal Audit Plan for 2016-17;
- Minute 26/16/1 – Modern Slavery Act 2015, and
- Minute 26/16/3 – Draft Annual Governance Statement 2015-16.

DATE OF NEXT COMMITTEE MEETING: 25 May 2016

**Richard Moore
Non-Executive Director**

30 March 2016

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON
THURSDAY 3 MARCH 2016 AT 2.30PM IN THE C J BOND ROOM, CLINICAL EDUCATION
CENTRE, LEICESTER ROYAL INFIRMARY**

Present:

Mr R Moore – Non-Executive Director (Chair)
Colonel (Retired) I Crowe, Non-Executive Director
Dr S Dauncey – Non-Executive Director

In Attendance:

Mr C Benham – Director of Operational Finance
Ms R Broughton – Head of Outcomes and Effectiveness (for Minute 23/16/2.1 only)
Mr P Cleaver – Risk and Assurance Manager (for Minute 21/16 only)
Mr A Johnson – Non-Executive Director
Ms N Junkin – Recruitment Services Lead (for Minute 22/16/3 only)
Mr R Manton – Risk and Safety Manager (for Minute 21/16 only)
Ms K Rayns – Trust Administrator
Mr N Sone – Financial Controller
Mr M Traynor – Non-Executive Director
Mr P Traynor – Director of Finance
Mr S Ward – Director of Corporate and Legal Affairs

Mr M Curtis – Local Counter Fraud Specialist (EM Internal Audit Services) (for Minutes 22/16 and 29/16/1 only)

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

Ms A Breadon – Director, PwC (the Trust's Internal Auditor)
Ms C Wood – Senior Manager, PwC (the Trust's Internal Auditor)

ACTION

RESOLVED ITEMS

18/16 APOLOGIES

Apologies for absence were received from Professor A Goodall, Non-Executive Director and Mr A Furlong, Medical Director. The Medical Director had been due to attend the meeting for discussion on the Internal Audit review of Mortality and Morbidity (Minute 23/16/2.1 below refers).

19/16 MINUTES

Resolved – that the Minutes of the meeting held on 7 January 2016 (papers A1 and A2) be confirmed as correct records.

20/16 MATTERS ARISING FROM THE MINUTES

Paper B1 advised members of progress on actions from previous Audit Committee meetings, noting in particular:-

(a) Minute 4/16(b) of 7 January 2016 – the Audit Committee's suggestion to amend the executive summary sheet for all Board and Committee papers to include reference to the related risk register entry and current risk score would be explored during the 17 March 2016 Trust Board thinking day discussions on risk management arrangements;

DCLA

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| (b) Minute 4/16(d) of 7 January 2016 – the expected update on UHL’s wider clinical assurance processes had been deferred to the 25 May 2016 Audit Committee meeting in the context of related discussions at other Committees; | CN/MD |
| (c) Minute 7/16 of 7 January 2016 – the most recent Local Security Management Specialist report was submitted for consideration at the Executive Performance Board on 23 February 2016. However, the report had been deferred from that meeting due to pressure on the agenda. Accordingly, the report had also been deferred from the 3 March 2016 Audit Committee, pending appropriate Executive-level review. Assurance was provided that the required actions were still progressing and a report would be presented to the 25 May 2016 meeting alongside the LSMS annual plan; | CE/DSR |
| (d) Minute 77/15(a) of 5 November 2015 – the External Audit report on Payroll Analytics had been deferred to the 25 May 2016 Audit Committee, due to delays in obtaining the payroll information. The Committee Chair queried whether such delays were a recurrent theme and assurance was provided that this matter had been escalated to the Director of Workforce and Organisational Development for appropriate resolution; | DWOD |
| (e) Minute 77/15(b) of 5 November 2015 – the Director of Corporate and Legal Affairs advised that an update on the future provision of self-service functionality within the next ESR module had not yet been provided by the Senior Project Manager. Assurance was provided that this delay would also be raised with the Director of Workforce and Organisational Development for resolution and an update would be provided to the Committee on 25 May 2016; | DCLA |
| (f) Minute 84/15/2.2 of 5 November 2015 – a follow-up Internal Audit review of the governance around hosted services (the Elective Care Alliance) had not yet been scheduled. The Chief Financial Officer briefed the Audit Committee on the ongoing recruitment process for the vacant Alliance Director post. Following the latest (second) round of interviews, the preferred candidate had not accepted the post and the Alliance Leadership Board was now reviewing the position going forwards, and | CFO |
| (g) Minutes 50/15(b) and (c) of 17 September 2015 – a user guide for staff on the corporate governance policies (including performance management elements) had been developed and circulated at the end of February 2016. Consequently, these actions should have been marked as complete on the progress log. | TA |

Resolved – that the matters arising report and any associated actions be noted and taken forward by the appropriate lead.

21/16

RISK MANAGEMENT REPORT – INCLUDING THE BOARD ASSURANCE FRAMEWORK (BAF) UPDATE

Further to Minute 6/16 of 7 January 2016, the Risk and Assurance Manager and the Risk and Safety Manager attended the meeting to present paper C, providing an overview of the current UHL risk management process and identifying areas of good practice and some areas of concern. The report also provided a summary of risks being managed at a local level and how these linked to the BAF. The Audit Committee Chairman highlighted lessons learned from the unannounced CQC inspection of UHL’s Emergency Department and opportunities identified for the Audit Committee to review whether the existing risk management process was fulfilling its purpose in raising awareness of the Trust’s key issues and associated risks within the context of the other competing priorities. The outputs from today’s discussion would be factored into a Trust Board thinking day session on risk management issues (to be held on 17 March 2016).

**DCLA/
RAM**

Section 4.3 of paper C detailed potential changes to the risk reporting arrangements and copies of a flowchart were tabled at the meeting, outlining the proposed roles of risk owners, the Corporate Risk Team, Executive-level Boards, the Audit Committee

and the Trust Board. Under the proposed arrangements, it was intended to increase the amount of 'air time' at Executive Boards and the Trust Board and that the BAF would be disaggregated to enable the respective risks to be considered at the relevant Executive meeting forum (eg medical staffing vacancies to the Executive Workforce Board and delays in EPR approval to the Executive IM&T Board). It was proposed that the risk section would feature at the start of each Executive Board agenda and that a minimum of 20 minutes would be allocated for an in-depth discussion. However, the EWB and the EIM&T meetings are only held on a quarterly basis and the generic Executive Team meeting or the Executive Performance Board meetings will need to be used to review any workforce or IM&T related risks in the intervening months.

Section 4.4 contained a suggestion that the Trust might like to consider the formation of a separate Risk Management Committee, but there was limited support for this option, noting that this governance model had been used previously at UHL. Such models were noted to work well within smaller organisations, eg health centres or mental health Trusts, but members felt that they could lead to a reactive rather than proactive approach and reduced levels of engagement and accountability in a larger Trust. The Risk and Assurance Manager was requested to explore the scope to implement a Risk Management Committee in greater detail including the appropriate terms of reference.

RAM

Under the existing arrangements, the Trust Board currently received a monthly BAF dashboard within the Chief Executive's briefing report and an electronic link to the full BAF document on the Trust's external website. It was proposed that the full BAF would be submitted to each Trust Board meeting in future and that each of the principal risks would be endorsed by the appropriate Executive Board. Mr M Traynor, Non-Executive Director and IFPIC Chairman particularly highlighted the need to review the future agenda content for the Trust Board and Board Sub-Committees in the context of competing priorities and the limited time available at each meeting.

In further discussion on the proposals, Audit Committee members:-

- (a) suggested that a monthly email process could be used to review those risks which came under the control of one of the quarterly Executive Boards;
- (b) expressed concerns about an apparent disconnect between the CMG risk management process and the BAF (as evidenced at recent CMG performance reviews);
- (c) commented upon the apparent lack of operational grip and horizon-scanning, highlighting the following 2 new risks as examples:-
 - risk 2772 re: Nephrology ultrasound equipment failure (score 15), and
 - risk 2774 re: delays in sending outpatients letters (score 15);
- (d) queried whether a consistent risk scoring mechanism was in place and whether the system might be open to misuse (eg to gain additional support for investment or new developments);
- (e) suggested that sufficient 'air time' at the respective Executive Boards might alleviate the need for issues to be escalated in this way in future;
- (f) noted concerns regarding delays in the CMG approvals and administration processes for new risk register entries, and
- (g) agreed that CMGs should be encouraged to eliminate risks themselves (wherever possible) and that it would be helpful for the Executive Boards to receive a summary of any resolved issues as well as those which required further support.

Resolved – that (A) the Audit Committee's discussion on the proposed risk management arrangements (paper C and tabled flow diagram) be noted;

(B) the Risk and Assurance Manager be requested to explore what a potential Risk Management Committee at UHL might look like (including draft terms of reference), and

RAM

(C) the outputs from the discussion on this item be built into the Trust Board thinking day session on 17 March 2016.

DCLA/
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22/16 ITEMS FROM THE LOCAL COUNTER FRAUD SPECIALIST (LCFS)

22/16/1 Counter Fraud Progress Report

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

22/16/2 Counter Fraud Bribery and Corruption Staff Survey 2015-16

Paper D2 summarised the responses to the above survey. Members noted that 1,294 members of staff had provided at least a partial response and the survey had closed on 16 February 2016. The survey results had highlighted the need to further develop staff knowledge in respect of the Hospitality Policy, Declarations of Interest, and awareness of the Bribery Act. Opportunities were being explored to increase the number of staff undertaking the e-learning module, but a decision was required on whether to make this training mandatory, or an essential criteria for key staff. Ideally staff should be undertaking this training once every 3 years. The Chief Financial Officer supported the introduction of mandatory fraud, bribery and corruption awareness training but recognised that the pressure of other competing priorities for statutory and mandatory training courses might be a limiting factor. The Director of Corporate and Legal Affairs and the Chief Financial Officer agreed to liaise with the Director of Workforce and Organisational Development on this issue and provided feedback to the Audit Committee in May 2016.

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CFO

Resolved – that (A) the report on the Counter Fraud Bribery and Corruption Staff Survey be received and noted as paper D2, and

(B) the Director of Corporate and Legal Affairs and the Chief Financial Officer be requested to liaise with the Director of Workforce and Organisational Development to explore the scope to add the Fraud, Bribery and Corruption Awareness e-learning module to the list of statutory and mandatory training courses (to be completed once every 3 years).

DCLA/
CFO

22/16/3 LCFS Review of Pre-Employment Checks

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

23/16 ITEMS FROM INTERNAL AUDIT

23/16/1 Internal Audit Progress Report

Paper F provided an update on the Internal Audit work plan since the last meeting in January 2016. The final reports for the reviews of mortality and morbidity and data quality of IBM Service Reports had been issued and work continued on the remaining 3 reviews, with a view to presenting these final reports to the 25 May Audit Committee (ie medical staffing, waiting times in elective care and patient experience in outpatients). Additional work had been undertaken during February 2016 in respect of the Audit Committee effectiveness review and preparation for completing the Provider Information Request ahead of UHL's comprehensive CQC inspection in

June 2016.

Resolved – that the Internal Audit Progress Report be received and noted as paper F.

23/16/2 Internal Audit Review Reports

23/16/2.1 Review of Mortality and Morbidity (M&M)

Paper G1 detailed Internal Audit's review of internal governance arrangements surrounding M&M processes and the improvements made in line with recently issued NHS England guidance on this subject. The report had been rated overall as medium risk, with 4 medium rated findings. The Head of Outcomes and Effectiveness attended the meeting for this item (on behalf of the Medical Director). In discussion on the report, Audit Committee members noted that:-

- (a) the review had previously been deferred from the 2014-15 IA programme into 2015-16 to allow additional time for the revised processes to become more established;
- (b) work was underway to establish a M&M database and appropriate administrative resources had been agreed to support this workstream;
- (c) arrangements were being made to repeat the self-assessment process at appropriate intervals;
- (d) standardised terms of reference were being introduced for specialty-level M&M meetings and the action tracking processes and reporting points were being strengthened;
- (e) all of the required actions were expected to be completed by the end of June 2016 and an audit would be undertaken in October 2016 to provide further assurance. Following discussion on this point, it was agreed to implement the attendance register arrangements more quickly to enable any concerns about M&M attendance to be escalated promptly and that the Trust should aim to complete the actions by the end of May 2016 (ahead of the next planned CQC visit);
- (f) levels of cultural support and clinical engagement were good and the decision for the medical examiner to screen all avoidable deaths had been key in removing some of the 'noise in the system'. The Director of Corporate and Legal Affairs sought and received feedback on the level of preparedness amongst the Consultant body for the required changes;
- (g) screening involved a review of the patient case notes to identify any potential triggers, such as failure to escalate concerns or a delay in care, and
- (h) the Internal Audit review had been helpful in providing a 'fresh eyes' approach, particularly within the changing landscape of NHS England guidance.

Resolved – that the Internal Audit review of Mortality and Morbidity and the arrangements for implementation of the outstanding actions by the end of May 2016 be noted.

23/16/2.2 Review of IBM Service Reports

Paper G2 detailed Internal Audit's review of the data quality for IBM service reports. As this was not a controls-based review, no overall risk rating had been provided. The report contained 5 key observations and these had been discussed with the Chief Information Officer, with appropriate timescales being agreed to take forward the actions required.

Mr A Johnson, Non-Executive Director sought and received further information about the non-compliant performance for P2 incident resolution, noting that the

performance data had been accurately reported, but this had been RAG-rated as green in error. He observed some personal experience of the extended timescale for resolving some IM&T issues and commented on how frustrating this could be for staff. Assurance was provided that a penalty based regime was in place to manage any poor performance and that this was being actively applied (where appropriate).

Audit Committee members particularly noted the management response relating to reports being made available by the 10th working day of each month and that a programme of spot checks was being implemented. Colonel (Retired) I Crowe, Non-Executive Director advised that he was a member of the Joint Governance Board with IBM and he undertook to bear this information standard in mind at future meetings.

Resolved – that the Internal Audit review of IBM Service Reports be received and noted.

23/16/3 Implementation of the Purchase to Pay Review Finding (Financial Systems Review)

Further to Minute 9/16/2.3 of 7 January 2016, paper H informed the Audit Committee on progress of the arrangements for improving the Trust's purchase to pay process. The Financial Controller advised that the options appraisal was expected to be completed by the end of March 2016 and a further report would be provided to the 25 May 2015 Audit Committee meeting. External Audit representatives noted that they had recent experience of working with potential purchase to pay shared service providers and they agreed to share relevant information with the Financial Controller (outside the meeting).

CFO

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Resolved – that (A) the External Auditors be requested to share relevant information with the Financial Controller relating to potential shared service providers for the purchase to pay process (outside the meeting), and

EA

(B) proposals for improving the purchase to pay process be presented to the 25 May 2016 Audit Committee.

CFO

23/16/4 Draft Internal Audit Plan 2016-17

Paper I provided the draft Internal Audit Plan for 2016-17 and invited the Audit Committee to consider a range of key issues, prior to approving the plan for implementation. The report detailed the approach and methodology used to select the reviews and listed the key contacts who had provided input during the planning phase. As part of the planning process, Internal Audit representatives had attended the Executive Performance Board on 23 February 2016 to discuss the proposed areas of coverage. The Committee Chairman re-iterated the importance of the Audit Committee's role in approving the areas for review in 2016-17 and he invited members to comment on the content of the plan, whether it was considered sufficient and whether the correct priorities were being applied.

In the detailed discussion on this item:-

- (a) the Audit Committee particularly focused upon the list of additional potential areas for review, which were currently not listed in the plan (as referenced on page 12 of the report). Appendix 4 provided the detailed risk assessment with comments provided in a red font where the relevant areas were not listed in the plan;
- (b) Dr S Dauncey, Non-Executive Director and QAC Chair sought and received additional information regarding any changes made by the Executive

Performance Board on 23 February 2016, noting in response that the CIP and e-rostering reviews had been deferred in favour of including reviews of the Quality Commitment and estates statutory compliance;

- (c) Internal Audit representatives highlighted challenges relating to securing appropriate engagement from Human Resources in relation to the proposed review of sickness management. The Executive Performance Board had requested Internal Audit to progress this matter with the Director of Workforce and Organisational Development, but this meeting had not yet taken place. The Director of Corporate and Legal Affairs advised that UHL's sickness absence rates were relatively low amongst the Trust's peer group and he suggested that this review might not be one of the higher priorities for 2016-17;
- (d) Mr M Traynor, Non-Executive Director and IFPIC Chair queried whether all of the estates-related risks had been captured and members discussed the optimum timing for this review. In the context of the current transitional arrangements, it was confirmed that quarter 4 of 2016-17 would be appropriate;
- (e) following discussion on appendix 3 (risks identified on the BAF), the Committee noted that there was no Internal Audit work proposed in respect of many of the key risks (eg risk 2 – emergency attendance/admissions increase) and members were invited to consider whether sufficient work was taking place elsewhere to address these risks. It was agreed that the Director of Corporate and Legal Affairs and the Chief Financial Officer would expand the table in appendix 3 to include the related sources of assurance;
- (f) External Audit representatives advised that items 4 and 5 (IT general controls and payroll processing and data analysis) could be incorporated into the related External Audit reviews in these areas, thus freeing up 20 days of Internal Audit resources, and
- (g) members considered potential uses for the additional 20 days that would be created under point (f) above. Potential suggestions included revalidation, CQC preparations, CIP processes, reconfiguration and contingency.

DCLA/
CFO

The Audit Committee Chairman summarised the discussion, noting that it would not be possible for the Committee to sign off the final plan at today's meeting, pending the further discussions required on potential uses for the additional 20 days identified in point (f) above, and the outcome of discussions with the Director of Workforce and Organisational Development to agree appropriate areas of focus for workforce-related reviews. Members supported the implementation of the draft Internal Audit plan for quarter 1 of 2016-17. Internal Audit representatives were requested to present a further iteration of the Internal Audit plan for consideration by the Executive Team prior to seeking formal approval at the 25 May 2016 Audit Committee meeting.

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Resolved – that (A) the draft Internal Audit Plan now submitted be supported for implementation in quarter 1 of 2016-17;

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(B) the Director of Corporate and Legal Affairs and the Chief Financial Officer be requested to expand the table provided in appendix 3 to include sources of other available assurance, and

DCLA/
CFO

(C) a refined Internal Audit plan for 2016-17 be submitted for consideration by the Executive Team prior to seeking formal approval at the 25 May 2016 Audit Committee meeting.

IA

24/16/1 External Audit Progress Report

Paper J provided an update on progress made against the 2015-16 External Audit risk assessment and plan, since the previous Audit Committee in January 2016 and the preparations underway to deliver the 2016-17 work programme. Appendix A provided the Audit Committee with a technical update covering the CQC's responsibilities to assess value for money, the publication of a National Audit Office guide on the Department of Health, and the additional disclosures now required within annual reports in respect of the UK Modern Slavery Act (Minute 26./16/1 below refers).

The Chief Financial Officer welcomed plans for the CQC to develop a 'use of resources' assessment. However, he noted the untested nature of some of the data arising from Lord Carter's review and suggested that it might be prudent for the CQC to triangulate this with the NHS Improvement data. In addition members noted that the CQC was currently reviewing its own inspection costs to understand what their inspection regime would look like with a 25% and a 40% reduction in costs.

Resolved – that the External Audit progress report be received and noted as paper J.

25/16 **FINANCE – STRATEGIC AND OPERATIONAL ISSUES**

25/16/1 Empath Update

Further to Minute 79/15(b) of 5 November 2015, the Chief Financial Officer introduced paper K, providing a briefing on the revised governance arrangements for progressing the Empath strategic and operational agendas through a Memorandum of Understanding (MoU), which had now replaced the previous Joint Venture Agreement (JVA) and Empath Board.

The first meetings of the Empath Strategic Executive Board and the Empath Operational Board had now been held. Assurance was provided that the Integrated Finance, Performance and Investment Committee were undertaking appropriate monitoring of the new governance arrangements. Therefore, it was agreed to remove the issue of Empath governance from the Audit Committee's forward agenda.

The Chief Financial Officer had received verbal assurance that all of the outstanding Internal Audit recommendations arising from the review of Empath governance arrangements had been addressed, pending submission of the appropriate evidence onto the tracking system for Internal Audit's review.

Resolved – that the briefing on the revised Empath governance arrangements (paper K) and the related discussion on this item be noted.

25/16/2 Discretionary Procurement Actions (January to March 2016)

The Director of Operational Finance introduced paper L providing a summary of the discretionary procurement actions undertaken during the period of January to March 2016 and invited any questions on the report. Appendix 1 summarised the requests for discretionary procurement actions received during the above period. On 7 January 2016, the Audit Committee had raised a number of queries on the assurance process, clarity of roles and explanations of the reasons for approval and appendix 2 set out the responses to these queries. Appendix 3 sought the Committee's approval of the updated list of approved categories of expenditure which were allowable under

the non-purchase order procurement route. In discussion on the report, Audit Committee members:-

- (a) sought and received clarity that the security company listed in the first line of appendix 1 was directly involved in patient care;
- (b) noted that there was only one clinically suitable supplier for arterial cannulas (as referenced in the second line of appendix 1);
- (c) noted a comment from Internal Audit representatives that the list of discretionary procurement actions appeared to be quite small for a Trust of UHL's size, and
- (d) requested that a breakdown of non-purchase order payments be provided to the 25 May 2016 Audit Committee, noting that approximately 65% of the total value of payments were made in this way.

CFO

Resolved – that (A) the discretionary procurement actions report (January 2016 to March 2016) be received and noted, and

(B) the Chief Financial Officer be requested to provide a breakdown of non-purchase order payments to the Audit Committee in May 2016.

CFO

26/16 GOVERNANCE

26/16/1 Modern Slavery Act 2015

Paper M provided an update on the proposed approach to comply with the Trust's obligations under the Modern Slavery Act (which came into statute in March 2015). The Executive Performance Board had also considered this report on 23 February 2016. Appendix 1 provided the definition of modern slavery and appendix 2 provided feedback from engagement with the Trust's key procurement agencies. Members expressed a degree of disappointment that no response had yet been received from Crown Commercial Services, but received assurance that their compliance would already be explicit within the Department of Health national conditions. The Committee Chair sought and received confirmation that a summary of the actions undertaken to comply with the Act would be included within the Trust's Annual Report for 2015-16.

CFO

Resolved – that (A) the briefing note on UHL's compliance with the Modern Slavery Act 2015 (paper M) be received and noted, and

(B) a summary of the actions undertaken and a declaration of compliance be included within the UHL Annual Report for 2015-16.

CFO

26/16/2 Consolidated list of outstanding actions from Internal Audit, External Audit and Local Counter-Fraud reports

Paper N from the Director of Corporate and Legal Affairs advised the Audit Committee of progress against outstanding actions from Internal Audit, External Audit, and Local Counter-Fraud Specialist reports.

UHL's Executive Performance Board (EPB) had considered an earlier iteration of this report on 23 February 2016 and had suggested that the 7 actions relating to car parking income and monitoring of facilities management services be set aside, given that the contractual context with Interserve had now changed. In discussion on this proposal, the Audit Committee Chairman queried whether the risks and process weaknesses would still exist under the new arrangements and he requested that these actions be further reviewed and allocated realistic target dates for completion. Mr A Johnson, Non-Executive Director advised that he sat on the IFM Transition Board and he undertook to raise this issue at the next meeting. In addition, the

AJ, NED

Director of Corporate and Legal Affairs agreed to liaise with the Director of Estates and Facilities to re-set the target dates and provide a narrative explanation on the reasons for any changes. DCLA

The Chief Financial Officer commented upon the following actions which were allocated to him as the Lead Director, noting that:-

- (i) the Empath-related actions were complete (subject to submission of the appropriate evidence for Internal Audit review);
- (ii) progress against the e-rostering actions were clearly set out and the Executive Performance Board had supported a deadline extension until 1 March 2016, and
- (iii) he would be assuming the role of Lead Director for the actions arising from the Internal Audit review of the Alliance governance arrangements (taking over from the Director of Strategy who had now left the Trust).

The Director of Corporate and Legal Affairs undertook to liaise with the Chief Information Officer to ensure that sufficient evidence had been uploaded onto the tracking system to satisfy the IA requirements.

Finally, Internal Audit representatives briefed the Committee on one of the high risk recommendations arising from the review of compliance with Tier 2 and Tier 5 immigration requirements, noting that there was no simple solution to ensure that any restrictions on additional working hours were adhered to. A revised target date for completion of this action would be required whilst the system provider developed a robust solution. In the meantime, some interim controls were being put into place. IA

Resolved – that (A) the report of outstanding actions from Internal Audit, External Audit and Local Counter-Fraud reports be noted;

(B) Mr A Johnson, Non-Executive Director be requested to raise the 7 facilities management recommendations for review at the next meeting of the IFM Transition Board; AJ, NED

(C) the Director of Corporate and Legal Affairs be requested to review the 7 facilities management recommendations with the Director of Estates and Facilities to re-set the relevant target dates and provided a narrative explanation of the rationale for any changes; DCLA

(D) the Chief Financial Officer to assume the Lead Director role for the Alliance recommendations; CFO

(E) the Director of Corporate and Legal Affairs be requested to liaise with the Chief Information Officer to ensure that sufficient evidence had been uploaded onto the TrAction system to satisfy Internal Audit requirements relating to the data security framework, and DCLA

(F) Internal Audit representatives be requested to liaise with the Director of Workforce and Organisational Development to agree a revised implementation date for the compliance with the immigration requirements and to document any mitigating actions for the intervening period. IA

26/16/3 Draft Annual Governance Statement 2015-16

Paper O from the Director of Corporate and Legal Affairs briefed the Audit Committee on the approach to be adopted in preparing the Annual Governance Statement (AGS) for 2015-16. A copy of the TDA guidance on this subject was appended to the report. Section 4 of paper O provided a list of potential internal control issues or

gaps in control to be considered for inclusion in UHL's 2015-16 Statement. Audit Committee members discussed a range of potential additions to this list which included (a) any high risk Internal Audit or External Audit recommendations, (b) any serious untoward incidents or never events, and (c) emergency department performance and ambulance handover delays.

The Committee agreed that the Director of Corporate and Legal Affairs would prepare a draft AGS in consultation with the Chief Financial Officer and the Chief Executive shortly after the financial year-end and that this draft would be circulated to the Trust Chairman and Audit Committee members for comment ahead of the submission to the External Auditor and the TDA by the 22 April 2016 deadline. Subject to any comments, the proposed final AGS would be presented to the 25 May 2016 Audit Committee meeting for approval alongside the Annual Accounts for 2015-16.

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DCLA

Resolved – that (A) the draft Annual Governance Statement for 2015-16 be prepared and circulated to the Trust Chairman and Audit Committee members prior to submission to External Audit and the TDA by the 22 April 2016 deadline, and

DCLA

(B) the proposed final Annual Governance Statement be presented to the Audit Committee for approval on 25 May 2016.

DCLA

26/16/4 Audit Committee Self-Assessment

Paper P from the Internal Auditors set out the Audit Committee self-assessment process undertaken during February 2016 and the key actions arising from this exercise. Members agreed that it would be helpful to schedule an in-depth discussion on the Audit Committee's objectives for 2016-17 at the 25 May 2016 meeting.

Resolved – that (A) the report on the self-assessment of the Audit Committee's effectiveness be received and noted, and

(B) a detailed discussion on the Audit Committee's objectives for 2016-17 be scheduled on the agenda for the 25 May 2016 meeting.

AC
Chair

27/16 **ITEMS FOR INFORMATION**

27/16/1 False or Misleading Information (FOMI) Offence

Paper Q informed Audit Committee members of the potential implications arising from the introduction of the FOMI offence. The Executive Performance Board had previously considered this report and the Director of Performance and Information was noted to be leading on this workstream. In discussion on the report, Colonel (Retired) I Crowe, Non-Executive Director, recorded his support of the proposal to reinstate the data quality diamond process to support data cleanliness and members received assurance that a substantive report on this proposal would be presented to a future meeting of the Executive Performance Board.

Resolved – that the briefing note on the implications of the False or Misleading Information Offence be received and noted as paper Q.

28/16 **ASSURANCE GAINED FROM THE FOLLOWING COMMITTEES ON KEY RISKS/ISSUES OF THE TRUST**

28/16/1 Quality Assurance Committee

Resolved – that the Quality Assurance Committee Minutes from 28 January 2016 (paper R) be received and noted.

28/16/2 Integrated Finance, Performance and Investment Committee

Resolved – that the Integrated Finance, Performance and Investment Committee Minutes from 28 January 2016 (paper S) be received and noted.

28/16/3 Charitable Funds Committee

Mr M Traynor, Non-Executive Director and Charitable Funds Committee Chairman briefed the Audit Committee on the position relating to use of general purpose charitable funds for staff benefit and staff award events. He provided assurance that appropriate action would be taken in relation to future charitable awards and noted that further consideration of this issue would be scheduled on the agenda for the 5 May 2016 meeting of the Charitable Funds Committee.

Resolved – that the Charitable Funds Committee Minutes from 4 February 2016 (paper T) and the information on use of charitable funding for staff benefit be received and noted.

29/16 **ANY OTHER BUSINESS**

29/16/1 Report by the Local Counter Fraud Specialist

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

29/16/2 Report by the Chief Financial Officer

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

30/16 **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 21/16 – Risk Management Report;
- Minute 23/16/2.1 – Internal Audit review of Mortality and Morbidity;
- Minute 23/16/4 – Draft Internal Audit Plan for 2016-17;
- Minute 26/16/1 – Modern Slavery Act 2015, and
- Minute 26/16/3 – Draft Annual Governance Statement 2015-16.

31/16 **DATE OF NEXT MEETING**

Resolved – that the next meeting be held at 2pm on Wednesday 25 May 2016 in the Board Room, Victoria Building at the Leicester Royal Infirmary (note the revised time for this meeting).

The meeting closed at 5:47pm

Kate Rayns
Trust Administrator

Cumulative Record of Members' Attendance (2015-16 to date):

| Name | Possible | Actual | % attendance |
|-----------------|----------|--------|--------------|
| R Moore (Chair) | 5 | 5 | 100% |
| I Crowe | 5 | 4 | 80% |
| S Dauncey | 5 | 5 | 100% |

Attendees

| Name | Possible | Actual | % attendance |
|-----------|----------|--------|--------------|
| A Johnson | 3 | 3 | 100% |
| N Sone | 5 | 5 | 100% |
| S Ward | 5 | 5 | 100% |
| M Traynor | 5 | 5 | 100% |
| P Traynor | 5 | 5 | 100% |
| J Wilson | 3 | 2 | 67% |