

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 12 April 2018

COMMITTEE: Audit Committee

CHAIRMAN: Richard Moore, Non-Executive Director

DATE OF COMMITTEE MEETING: 9 March 2018

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 :

- None

DATE OF NEXT COMMITTEE MEETING: 25 May 2018

**Richard Moore
Non-Executive Director and Audit Committee Chair**

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST
MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON FRIDAY, 9TH MARCH
2018 AT 2PM IN THE CJ BOND ROOM, CLINICAL EDUCATION CENTRE, LEICESTER
ROYAL INFIRMARY

Present:

Mr R Moore – Non-Executive Director (Chair)
Mr A Johnson – Non-Executive Director
Mr M Traynor – Non-Executive Director

In Attendance:

Ms T Barker – Assistant Manager, Grant Thornton (the Trust's External Auditor)
Mrs G Belton – Corporate and Committee Services Officer
Mr C Benham – Director of Operational Finance
Mr N Bond – Head of Capital Projects (for Minute 05/18/3.3)
Mr N Howlett – Health and Safety Services Manager (for Minute 09/18)
Mr R Manton – Risk and Assurance Manager (for Minute 10/18/1)
Ms H Rose – Deputy Head of Privacy (for Minutes 03/18/2 and 04/18/2)
Ms E Simons – Head of Projects and Programmes (for Minute 03/18/2)
Mr N Sone – Financial Controller
Mr D Streets – Head of Procurement and Supplies (for Minute 05/18/3.2)
Mr P Traynor – Chief Financial Officer
Mr S Ward – Director of Corporate and Legal Affairs
Mr N Mohan – Local Counter Fraud Specialist, PwC
Mr M Stocks - Partner, Grant Thornton (the Trust's External Auditor)
Ms A Breadon – Head of Internal Audit, PwC (the Trust's Internal Auditor)

RESOLVED ITEMS

ACTION

01/18 APOLOGIES

Apologies for absence were received from Mr J Clarke, Chief Information Officer, Col (Ret'd) I Crowe, Non-Executive Director and Ms C Wood, Senior Manager, PwC.

02/18 MINUTES

Resolved – that the Minutes of the meeting held on 12th January 2018 (papers A1 and A2) be confirmed as a correct record.

03/18 MATTERS ARISING

03/18/1 MATTERS ARISING LOG

The Committee received and noted paper B, which detailed progression against the actions and matters arising from previous Committee meetings.

Resolved – that the matters arising report (paper B) be received and noted.

03/18/2 IM&T GOVERNANCE

Further to Minute 98/17 of 12 January 2018, Ms Simons, Head of Projects and Programmes (IM&T) attended to present paper 'C', which detailed the lessons learned on the issue of orphan systems, reinforcement across the organisation of the IM&T department's involvement in all new IM&T hardware and software purchases and

mitigation of risks and future governance arrangements including clear lines of responsibility. The Audit Committee were requested to comment on progress to-date and any particular insights into the process going forward.

Specific discussion took place regarding the following issues:-

- (i) the particular issues caused by staff creating their own access databases and the need to keep flagging awareness throughout the organisation of the need to provide declarations in such instances as, currently, there was not considered to be sufficient awareness by all staff;
- (ii) the importance of policing this matter and ensuring that Information Asset Owners were aware of their accountability and the sanctions that would be applied if staff were wilfully found not to be providing declarations as per the process – it was agreed that the Director of Corporate and Legal Affairs would discuss this matter further with the Chief Information Officer, and
- (iii) recognition of the need to work closely with the University of Leicester – members noted the work being undertaken by the Deputy Head of Privacy in conjunction with staff within the Research and Development team at the University and also the work described relating to the development of a tool for staff to access and use.

DCLA

Resolved – that (A) the contents of this report (paper C) and the additional verbal information provided, be received and noted, and

(B) the Director of Corporate and Legal Affairs be requested to discuss with the Chief Information Officer the need to make Information Asset Owners more aware of their accountability and sanctions that would be applied in instances where staff were found to be wilfully not declaring systems.

DCLA

04/18 KEY ISSUES

04/18/1 Report from the Chief Financial Officer

Resolved – that this Minute be classed as confidential and taken in private accordingly on the grounds that public consideration at this stage would be prejudicial to the effective conduct of public affairs.

04/18/2 Progress Report on Compliance with the General Data Protection Regulations (GDPR)

Ms Rose, Deputy Head of Privacy, presented paper 'D', which detailed a monthly update on progress and issues in relation to implementation of the General Data Protection Regulation (GDPR), commitment to the regular production of such a report for the Audit Committee having arisen following the GDPR Internal Audit review. The report provided assurance that the Trust was currently on track to meet the schedule identified in the PDD/PID and on track to address the issues identified by Internal Audit in their GDPR review.

In discussion, note was made that increased resources had been allocated to the Privacy Team and that any request for additional resources for the Access to Health records team would be submitted and considered through the usual annual business planning process.

In conclusion members received and noted the contents of this report. It was agreed

that this report, and subsequent updates on this issue, would be circulated to all Trust Board members for information. It was also agreed that an update on this item would be scheduled on the agenda of all future Audit Committee meetings until further notice.

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

(B) this report, and subsequent updates on this issue, be circulated to all Trust Board members for information, and

CCSO

(C) an update on this item be scheduled on the agenda of all future Audit Committee meetings until further notice.

CCSO

05/18 REPORTS FROM INTERNAL AUDIT

05/18/1 Internal Audit Progress Report

Ms A Breadon, Head of Internal Audit introduced paper E, which provided an update on the work of Internal Audit since the last meeting of the Audit Committee in January 2018 and which specifically highlighted the following: -

- (1) the issuing of final reports for the following reviews: Backlog Maintenance, National Institute of Health Research, EPR Plan B, Financial Systems and Cash Management;
- (2) agreement with UHL management to begin fieldwork for the Information Governance Toolkit review week commencing 26 February 2018, which was an additional review to the 2017/18 Internal Audit plan;
- (3) the holding of a scoping meeting with the Chief Nurse and the Director of Clinical Quality to progress the corporate governance work (development of a process for regularly assessing compliance with the CQC standards);
- (4) agreement, at the request of the Director of Workforce and Organisational Development, to defer the fieldwork for the payroll review to May 2018, this review having originally been planned for February 2018, and
- (5) the continued review of TrAction, the online tracking system to assess implementation of agreed audit actions. As at 22 February 2018, there were six actions overdue and outstanding – 1 high risk, 4 medium risks and 1 low risk.

Members received and noted the contents of this report and expressed their dissatisfaction that the payroll review had had to be delayed into the new financial year since this formed a fundamental part of the Trust's expenditure. Accordingly, it was agreed that the Audit Committee Chairman would write to the Trust's Chief Executive on behalf of the Audit Committee to seek to ensure that the Internal Audit into Payroll took place at the time detailed in the revised Internal Audit schedule and that Internal Audit were given full access to the documentation required as soon as possible. It was also agreed that the Chief Financial Officer and the Director of Corporate and Legal Affairs would take all possible action to facilitate the Payroll Audit taking place at the (re) scheduled time in May 2018 (this audit having had to be delayed from its originally scheduled time earlier in the 2017/18 financial year).

AC
Chair /
CFO /
DCLA

Resolved – that (A) the Internal Audit progress report (paper E) be received and noted,

(B) the Audit Committee Chair be requested to write to the Trust’s Chief Executive on behalf of the Audit Committee to seek to ensure that the Internal Audit review into Payroll took place at the time detailed in the revised Internal Audit schedule and that Internal Audit were given full access to the documentation required as soon as possible and

**AC
Chair**

(C) the Chief Financial Officer and the Director of Corporate and Legal Affairs be requested to take all possible action to facilitate the Payroll Audit taking place at the (re) scheduled time in May 2018.

**CFO/
DCLA**

05/18/2

Draft 2018-19 Internal Audit Plan and Risk Assessment

Ms A Breadon, Head of Internal Audit presented paper ‘F’, which detailed the work undertaken in relation to assessing risk and the proposed Internal Audit work for 2018/19. The plan had been developed following a full risk assessment process based upon consideration of all of the Trust’s activities, along with consideration of the Trust’s strategic risks as identified in the BAF. The plan also reflected planning meetings held to date with key individuals. The aim of the plan was to demonstrate how the work of Internal Audit was focussed on the areas of greatest risk so that the internal audit resource was used effectively. The document also detailed where components of the Trust’s operations and strategic risks had not been covered through Internal Audit work, in order that the Audit Committee could ensure that areas of significant concern were being addressed through other means of assurance. It was important that the Internal Audit Plan was flexible and responsive to emerging risks and the need for independent assurance and Internal Audit would, therefore, regularly report to the Audit Committee on progress against plan and any changes in-year. The Audit Committee was requested to approve the Internal Audit Plan following discussion and agreement of the contents. Note was made that the Plan had been presented and discussed at the Executive IM&T Board on 27 February 2018, at which time the benefit of a CMG-level Internal Audit review of workforce and recruitment had been highlighted, albeit acknowledging that undertaking such might lead to another item having to be removed from the Plan to accommodate it.

In discussion, members:-

- (i) agreed that the Chief Financial Officer and Director of Corporate and Legal Affairs would discuss, outwith the meeting, the possibility of combining / mapping across (if appropriate) the Internal Audit review on corporate planning with the Internal Audit (CMG level) review relating to workforce and organisational development referenced above;
- (ii) debated whether the Internal Audit Plan was sufficiently clinically focussed – it was noted that the CQC draft report had indicated the plan to be fairly well balanced between clinical and non-clinical items;
- (iii) agreed to approve quarter 1 of the Internal Audit Plan, with the final version of the 2018/19 Internal Audit Plan to be scheduled on the agenda of the May 2018 Audit Committee meeting for final confirmation, alongside a supplementary report detailing how the Trust gained assurance for those areas not specifically being reviewed by Internal Audit, and
- (iv) agreed that all ‘high risk’ rated Internal Audit Review reports would be submitted to future meetings of the Executive Board for discussion and that all ‘low risk’ and ‘medium risk’ rated Internal Audit review reports would be submitted to future meetings of the Executive Board for information.

**CFO /
DCLA**

**IA/CCSO
/CFO**

**CCSO /
Relevant
Lead**

Resolved – that (A) quarter 1 of the 2018-19 Internal Audit Plan (and Risk

Assessment) be approved,

(B) the final version of the 2018/19 Internal Audit Plan be scheduled on the agenda of the May 2018 Audit Committee meeting for final confirmation, alongside a supplementary report detailing how the Trust gained assurance for those areas not specifically being reviewed by Internal Audit,

IA/CCSO
/CFO

(C) the Chief Financial Officer and Director of Corporate and Legal Affairs be requested to discuss, outwith the meeting, the possibility of combining / mapping across (if appropriate) the Internal Audit review on corporate planning with the Internal Audit (CMG level) review relating to workforce and organisational development referenced above, and

CFO/
DCLA

(D) all 'high risk' rated Internal Audit Review reports be submitted to future meetings of the Executive Board for discussion and all 'low risk' and 'medium risk' rated Internal Audit review reports be submitted to future meetings of the Executive Board for information.

CCSO/IA

05/18/3 2017/18 Finalised Internal Audit Reviews

Members received and noted the contents of paper G, which summarised the outcome of the five Internal Audit Review reports which had been issued since the Audit Committee meeting held in January 2018.

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

05/18/3.1 Electronic Patient Record – Plan B (Overall High Risk Rating)

Paper G1 detailed the outcome of the Internal Audit Review of EPR Plan B. Whilst the Trust had set out a proposed governance structure for the delivery of the EPR Plan B Programme, the review did identify areas for improvement around the programme set up and the existing IT infrastructure. The overall report classification was high risk, with two high risk findings (relating to Fit for Purpose IT infrastructure and the funding for EPR Plan B and calculation of savings) and two medium risk findings (relating to formalising the programme management framework and strengthening the Change Management Process), the full details of which were detailed within the report.

In discussion, the Chief Financial Officer made reference to the process in place for assessing priorities in the absence of external funding and of the need to give internal capital allocation (and the consideration of specific risks) particular focus at the Finance and Investment Committee and Trust Board meetings. The Medical Director expressed the frustration of clinical staff in relation to issues with some of the current IT systems and how the transformation of the current systems alone would be of great benefit.

In concluding discussion on this matter, the Committee agreed that:-

- (i) the Medical Director and Head of Projects and Programmes would immediately commence those recommendations which were not resource-related and review resource-related actions once the plan for next year (2018/19 financial year) was finalised, and
- (ii) the 'high risk' nature of the Internal Audit assessment of the EPR Plan B should be flagged to the Trust Board (either via the Audit Committee Minutes or via scheduled discussion at the next Trust Board meeting on 12 April

2018).

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

(B) the Medical Director and the Head of Projects and Programmes be requested to immediately commence those recommendations which were not resource-related and review resource-related actions once the plan for next year (2018/19 financial year) was finalised, and

MD/HoPP

(C) the 'high risk' nature of the Internal Audit assessment of the EPR Plan B be flagged to the Trust Board (either via the Audit Committee Minutes or via scheduled discussion at the next Trust Board meeting on 12 April 2018).

CCSM

05/18/3.2 Financial Systems – Procurement and Purchase to Pay Data Analysis (Overall Medium Risk)

Paper G2 detailed the outcome of the Internal Audit Review of Financial Systems, specifically procurement controls and processes and data analysis on the Purchase to Pay process. The medium risk classification of the final report was based only on the procurement controls and processes element of the Internal Audit work, as a risk rating was not assigned to the data analysis work. There were two medium risk findings (relating to adhering to the procurement policy and contract monitoring) and one low risk finding (relating to reporting). Mr Streets, Head of Procurement and Supplies, confirmed that all recommendations would be enacted upon by the indicated deadline.

Resolved – that the contents of this report (paper G2) be received and noted.

05/18/3.3 Backlog Maintenance (Medium Risk)

Paper G3 detailed the outcome of the Internal Audit Review of Backlog Maintenance. One medium risk classification was highlighted in the final report (relating to the accuracy and reporting of forecast spend) and four low risk classifications (relating to (1) the recording and prioritisation of backlog maintenance issues (2) reporting the level of outstanding backlog maintenance (3) reporting, governance and oversight and (4) meeting minutes). Mr Bond, Head of Capital Projects, was in attendance at the meeting to respond to members' questions and provided assurance around the annual process of prioritisation undertaken in relation to statutory duties and adjusted (where necessary) in response to any in-year issues. Specific discussion took place regarding risk and the management of such in relation to the Trust's estate.

In discussion on this item:-

- (i) in light of concern expressed at the Audit Committee regarding the deadline of December 2018 in relation to reporting the level of outstanding backlog maintenance, it was agreed that the Head of Capital Projects would submit a report (to the Executive Strategy Board, the Finance and Investment Committee and the Audit Committee) in twelve weeks' time regarding the statutory compliance issues identified to-date, the work undertaken to inform the programme and how this would be prioritised, and
- (ii) the Audit Committee Chair requested that Internal Audit reviewed the timeframe around the actions and the rating.

HoCP

IA

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

(B) the Head of Capital Projects be requested to submit a report (to the Executive Strategy Board, the Finance and Investment Committee and the Audit Committee) in twelve weeks' time regarding the statutory compliance issues identified to-date, the work undertaken to inform the programme and how this would be prioritised and

HoCP

(C) Internal Audit be requested to review the timeframe around the actions and the rating.

IA

05/18/3.4 National Institute for Health Research (NIHR) – Local Clinical Research Network (Low Risk)

Paper G4 detailed the outcome of the Internal Audit Review of the National Institute for Health Research (NIHR). The Trust was the host for the Local Research Clinical Network (LCRN) for the East Midlands and, in line with NIHR requirements, was required to undergo an audit every three years. The review focussed on the key processes and controls at LCRN and the final report was rated low risk overall with one medium risk finding (relating to delays in paying LCRN partner invoices) and three low risk findings (relating to the delay in visits to LCRN partners to seek assurance over the partner controls and processes, not declaring conflicts of interest at all LCRN decision-making groups and a lack of evidence of the level of review that took place on the monthly reconciliations). The Chief Financial Officer confirmed that the medium rated risk had now been addressed and resolved.

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

05/18/3.5 Cash Management Follow Up (No Risk Rating)

Paper G5 detailed the outcome of an Internal Audit Follow Up undertaken during 2017/18 of the status of recommendations made as part of work undertaken by Internal Audit in November and December 2016 in relation to cash flow forecasting processes. Of the nine recommendations raised initially, five had now been implemented and four had been partially implemented and therefore remained open. An overall report classification had not been provided in the final report as it was intended to reflect the status of the recommendations.

Specific discussion took place regarding the lack of progress in reducing the backlog of supplier invoices as a consequence of which the Audit Committee recommended that the Financial Controller arranged extra short-term resource to assist the position in terms of the backlog of invoices not on the system. Note was made that issues detailed within this report were discussed in detail each month at the Trust's Finance and Investment Committee.

FC

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

(B) the Financial Controller be recommended to arrange extra short-term resource to assist the position in terms of the backlog of invoices not on the system.

FC

06/18 REPORTS FROM THE LOCAL COUNTER FRAUD SPECIALIST (LCFS)

06/18/1 Local Counter Fraud Specialist Progress Report

Mr Mohan, Local Counter Fraud Specialist, presented paper H, which detailed progress in relation to counter fraud activity against the Annual Counter Fraud Work Plan and

included a summary of progress against the plan, a brief summary of referrals received and details of communications materials shared with the Trust.

Specific discussion took place regarding the significant drop in the number of responses to the Staff Fraud Awareness Survey compared to the previous year and potential reasons for this. It was therefore proposed to consider an alternative means of engaging with / being visible to staff. Despite the low response rate to the survey, the level of case referrals suggested a good awareness amongst staff in relation to fraud. It was suggested that enhanced engagement at senior management level would offer another route into the organisation through the cascading of messages. In response to a query raised as to whether the level of referrals being received was what would be expected of an organisation the size of UHL, the Local Counter Fraud Specialist confirmed that it was reflective of the scale of the organisation.

Resolved – that the Local Counter Fraud progress report dated March 2018 (paper H) be received and noted.

06/18/2 Counter Fraud Work Plan for 2018/19

Mr Mohan, Local Counter Fraud Specialist detailed the draft Counter Fraud Work Plan for 2018 (paper I) which had been developed following full consideration of the NHS Anti-Fraud Standards and built upon the work of the Trust's Fraud Risk Group to consider the wide range of fraud and corruption risks that could impact upon the Trust. 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.

In discussion, it was agreed that it would be beneficial for the Fraud Risk Group to meet more frequently than the currently scheduled six-monthly meetings. It was therefore agreed that the Local Counter Fraud Specialist would schedule meetings of the Fraud Risk Group on a quarterly basis (with a minimum of three meetings per year) and would submit the outcomes of that meeting to the UHL Audit Committee.

LCFS

LCFS/
CCSO

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

(B) the Local Counter Fraud Specialist be requested to schedule meetings of the Fraud Risk Group on a quarterly basis (with a minimum of three meetings per year), and

LCFS

(C) the Local Counter Fraud Specialist be requested to submit the outcomes of the meetings of the Fraud Risk Group to the UHL Audit Committee.

LCFS/
CCSO

07/18 **REPORTS FROM EXTERNAL AUDIT**

07/18/1 External Audit Progress Report

Paper J, as presented by Mr Stocks, External Audit provided an update on the delivery of External Audit, which was on track to be delivered to meet NHS deadlines, and information on sector issues relevant to Audit Committee members.

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

07/18/2 Informing the Audit Risk Assessment

Paper K, as presented by Ms Barker, External Audit detailed some important areas of the auditor risk assessment where External Audit were required to make inquiries of the Audit Committee under auditing standards. The report included a series of questions asked of Trust management and the responses received from management. The Audit Committee were asked to consider whether these responses were consistent with its understanding and whether it had any further comments to make. Particular discussion took place in relation to risks associated with achievement of the control total and the need for continuing dialogue in relation to this.

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

08/18 FINANCE – STRATEGIC AND OPERATIONAL ISSUES

08/18/1 Alliance Asset Transfer – Update on Asset Tagging

Further to Minute 103/17/1 of 12 January 2018, the Financial Controller presented paper L, which provided a summary report relating to the use of tags for asset tracking. Members received and noted the contents of this report. As the Audit Committee considered it appropriate to seek the view of those areas with relevant expertise in this matter, such as Medical Physics, IM&T etc. they agreed to delegate the issue of asset tagging to the Capital Monitoring and Investment Committee and requested that an update on progress was presented to the Audit Committee in six months' time.

**FC/
CCSO**

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

(B) the issue of Asset Tagging be delegated to the Capital Monitoring and Investment Committee with an update on progress to be provided to the Audit Committee in six months' time.

**FC/
CCSO**

08/18/2 Update on Overseas Visitors (OV) Hospital Charging Regulations

Paper M, as presented by the Financial Controller, detailed the outcome of a national pilot project in which the Trust had been participating in relation to determination of a patient's OV status. The Department of Health had confirmed that the requirements of the pilot would not be mandated nationally going forward as the main finding from the pilot was that it had not been possible to identify any improvement or deterioration in the numbers of patients identified as chargeable or patients invoiced that was directly attributable to the programme. Progress against key actions had been included within a table in the report.

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

08/18/3 Discretionary Procurement Actions

The Director of Operational Finance presented paper N, which detailed the standing report on Discretionary Procurement Actions. Members received and noted the contents of this report and requested that the Director of Operational Finance review the background to the entry relating to scaffolding towers to confirm its accuracy.

DOF

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

(B) the Director of Operational Finance be requested to review the background to the entry relating to scaffolding towers to confirm its accuracy.

DOF

09/18 ITEMS FROM THE LOCAL SECURITY MANAGEMENT SPECIALIST

09/18/1 Local Security Management Progress Report

Paper M, as presented by Mr Howlett, Health and Safety Services Manager, detailed the work of Local Security Management (which formed part of the remit of Health and Safety Services) and focussed on training, crime and sanctions taken against perpetrators. The Committee were invited to note and support the on-going training agenda for Conflict Management training and were also invited to take note of the contents of the report and support the work of Security Management in pursuing this agenda.

Members commended the presentation of this new report to the Committee. Particular discussion took place regarding investment in CCTV systems, as a result of which the Director of Estates and Facilities and the Chief Financial Officer were requested to determine the possibility of prioritising CCTV in 'hot' areas of the Trust's site as part of the 2018/19 capital programme, with the output of that discussion to be reported to the Audit Committee in May 2018.

**DEF /
CFO**

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

(B) the Director of Estates and Facilities and the Chief Financial Officer be requested to determine the possibility of prioritising CCTV in 'hot' areas of the Trust's site as part of the 2018/19 capital programme, with the output of that discussion to be reported to the Audit Committee in May 2018.

**DEF /
CFO**

09/18/2 Progress against the Local Security Management Annual Plan 2017/18

Paper P, as presented by Mr Howlett, Health and Safety Services Manager updated the Committee on progress against the Local Security Management Plan for 2017/18. The Audit Committee was invited to note the contents of this report and to support the reporting of security management related matters as outlined in this report and in the suggested format.

Resolved – the contents of this report be received and noted and proposals detailed therein be supported.

10/18 GOVERNANCE

10/18/1 Integrated Risk Management Report (including the 2017-18 Board Assurance Framework)

Paper Q, as presented by Mr R Manton, Risk and Assurance Manager, presented an overview of the 2017/18 Board Assurance Framework and the organisational risk register (Datix). The highest scoring risks (all currently rated at 20) related to achieving and maintaining staffing levels that met service requirements, delivering cost improvement and financial plans and managing the level of emergency and elective demand. These items had been reported to the relevant Executive Boards for scrutiny during January 2018. There were eight annual priorities, four of which were components of the Quality Commitment, which had been assessed as off-track at month end (January 2018) with six of these forecasted to be at risk of non-delivery in 2017/18. All other priorities were rated as on-track for month-end and year-end delivery.

Thematic analysis of the CMG risk register entries showed the common risk causation themes as workforce shortages, demand and capacity imbalance, equipment resource

gaps, estates systems and infrastructure, IM&T infrastructure and non-compliance with local and national processes / policy requirements. IM&T risks had been updated and were presented to the UHL Executive IM&T Board in February 2018 for scrutiny and endorsement. Risk reporting challenges included appropriate airtime at CMG and Executive Boards to review and scrutinise risk registers and also for 'horizon scanning' to recognise emerging risks that might impact upon Trust objectives. The Audit Committee were invited to review the contents of this report and advise as to any further action required in relation to the effectiveness of internal risk control arrangements in place.

In discussion, members:-

- (i) noted the intention to refresh the Board Assurance Framework, taking into account feedback from the CQC, and the joint work that was being undertaken by the Risk Assurance Manager and Strategy team with this aim. It was noted that the Risk Assurance Manager would be submitting a further such report to the May 2018 meeting of the Audit Committee and to the June 2018 meeting of the Trust Board;
- (ii) queried whether the actions relating to annual priority 1.2.2 were sufficiently specific – it was noted that these actions were being reviewed in light of CQC findings;
- (iii) commented upon the degree of maturity in the way in which some local risk registers were utilised;
- (iv) noted that a new suite of metrics was being developed to allow for more robust and measurable outcomes;
- (v) discussed the process by which the Trust Board received assurance regarding the BAF, noting that whilst all the priorities were being monitored, the process of information flow could be further enhanced – this would be brought to the attention of the Trust Board when it received its next quarterly report on this item, and
- (vi) made reference to the overall theme relating to the funding shortfall, in response to which the Risk and Assurance Manager undertook to reflect this on the corporate risk register.

RAM

In conclusion, members received and noted the contents of this report.

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

(B) the Risk and Assurance Manager be requested to submit a further report to the May 2018 Audit Committee meeting and to the Trust Board in June 2018.

RAM

10/18/2

Consolidated List of Outstanding Audit Recommendations

Paper R, as presented by the Director of Corporate and Legal Affairs, provided the RAG rated tracker of all overdue actions arising from Internal Audit, External Audit and local counter fraud reviews. He noted that actions referenced relating to data quality had now been closed and that this report was the subject of monthly review by the Executive Team at the Executive Performance Board meetings. In relation to a query raised about whether an extension had been provided for the action referenced under point b) of the report, the Director of Corporate and Legal Affairs confirmed that the EPB had approved one final extension. The contents of this report were received and noted.

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

10/18/3 Conflict of Interests – 6 Monthly Update

Paper S, as presented by the Director of Corporate and Legal Affairs, detailed the first six monthly report to the Audit Committee following new rules coming into force on 1 June 2017 for managing conflicts of interest in the NHS. The new rules had a part-year effect due to the timing of their national introduction. From 2018/19 declarations would be in line with the usual financial reporting cycle. It was recognised that further targeted work was required to ensure that all decision-making staff had registered an appropriate declaration for 2017/18 and the steps to deliver this were as outlined within the report. The Director of Corporate and Legal Affairs extended his gratitude to Ms H Stokes, Corporate and Committee Services Manager, for her work in this area.

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

10/18/4 Draft Annual Governance Statement 2017/18

Paper T, as presented by the Director of Corporate and Legal Affairs, explained the approach which was to be adopted in preparing the Annual Governance Statement (AGS) 2017/18. It was noted that the AGS would be finalised following the financial year-end and thereafter would be circulated to Audit Committee members for comments. Ultimately the AGS would be submitted as part of the Annual Accounts for the Trust Board to approve and adopt in May 2018.

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

11/18 ASSURANCE GAINED FROM COMMITTEES ON KEY RISKS/ISSUES

11/18/1 Quality and Outcomes Committee (QOC)

Resolved – that the Minutes of the meetings of the Quality and Outcomes Committee held on 21 December 2017 and 25 January 2018 (papers U1 and U2) be received and noted.

11/18/2 People, Process and Performance Committee (PPPC)

Members received and noted the contents of the Minutes of the People, Process and Performance Committee meetings held on 21 December 2017 and 25 January 2018 (papers V1 and V2 refer). Mr A Johnson, Chair of the People, Process and Performance Committee highlighted that Emergency Department performance continued to be a particular issue, with the Committee unable to assure the Trust Board that performance against the required standard would be met.

Resolved – that the Minutes of the meetings of the People, Process and Performance Committee held on 21 December 2017 and 25 January 2018 (papers V1 and V2) be received and noted.

11/18/3 Finance and Investment Committee (FIC)

Members received and noted the contents of the Minutes of the Finance and Investment Committee meetings held on 21 December 2017 and 25 January 2018 (papers W1 and W2). Mr M Traynor, Chair of the Finance and Investment Committee, noted that the Committee continued to keep cash under constant review.

Resolved – that the Minutes of the meetings of the Finance and Investment Committee held on 21 December 2017 and 25 January 2018 (papers W1 and W2)

be received and noted.

11/18/4 Charitable Funds Committee (CFC)

Resolved – that the Minutes of the Charitable Funds Committee meeting held on 1 February 2018 (paper X refers) be received and noted.

12/18 ANY OTHER BUSINESS

Resolved – that there were no further items of business.

13/18 IDENTIFICATION OF KEY ISSUES FOR THE ATTENTION OF THE TRUST BOARD

Resolved – that there were no particular issues to bring to the attention of the Trust Board.

14/18 CONFIDENTIAL ITEM OF BUSINESS

14/18/1 Report by the Chief Financial Officer

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

15/18 DATE OF NEXT MEETING

Resolved – that the next Committee meeting be held on Friday, 25 May 2018 at 9am in the C J Bond Room, Clinical Education Centre, Leicester Royal Infirmary and be followed by an Extraordinary Public Trust Board meeting to approve the Annual Report and Accounts for 2017/18.

The meeting closed at 4.55pm.

Gill Belton - Corporate and Committee Services Officer

Cumulative Record of Members' Attendance (2017-18 to date):

Name	Possible	Actual	% Attendance
R Moore	6	5	83%
S Crawshaw (up to 16.6.17)	1	0	0%
I Crowe	6	5	83%
A Johnson	6	6	100%
B Patel (up to Sept 2017)	3	3	100%
M Traynor	6	6	100%

Attendees

Name	Possible	Actual	% Attendance
N Sone	6	6	100%
S Ward	6	6	100%
P Traynor	6	6	100%