

Trust Board paper J

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 5 May 2011

COMMITTEE: Audit Committee

CHAIRMAN: Mrs K Jenkins, Non-Executive Director

DATE OF COMMITTEE MEETING: 12 April 2011

RECOMMENDATIONS MADE BY THE COMMITTEE FOR CONSIDERATION BY THE TRUST BOARD:

- the revision of the Trust's corporate governance policies (Minute 21/11 refers).

OTHER KEY ISSUES IDENTIFIED BY THE COMMITTEE FOR CONSIDERATION/ RESOLUTION BY THE TRUST BOARD:

- None

DATE OF NEXT COMMITTEE MEETING: 31 May 2011

**Mrs K Jenkins
26 April 2011**

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON
TUESDAY 12 APRIL 2011 AT 3PM IN CONFERENCE ROOMS 1A & 1B,
GWENDOLEN HOUSE, LEICESTER GENERAL HOSPITAL SITE**

Present:

Mrs K Jenkins – Non-Executive Director (Chairman)
Mr R Kilner – Non-Executive Director
Mr I Reid – Non-Executive Director
Mr D Tracy – Non-Executive Director

In Attendance:

Mrs F Coles – Assistant Director of Finance
Mrs H Majeed – Trust Administrator
Mr J Shuter – Deputy Director of Finance and Procurement
Mr S Ward – Director of Corporate and Legal Affairs

Ms K Gabri – KPMG, the Trust's External Auditor
Mr D Sharif – KPMG, the Trust's External Auditor

Ms S Thomas – Associate Chief Internal Auditor, East Midlands Internal Audit Services, the Trust's Internal Auditor

Ms A Tudor – Chief Internal Auditor, East Midlands Internal Audit Services, the Trust's Internal Auditor

Ms J Clarke – Local Counter Fraud Specialist, East Midlands Internal Audit Services, the Trust's Internal Auditor (for Minutes 22/11-26/11 (inclusive) and Minute 31/11)

Mr R Holmes – Local Counter Fraud Specialist, East Midlands Internal Audit Services, the Trust's Internal Auditor (for Minutes 22/11-26/11 (inclusive) and Minute 31/11)

RECOMMENDED ITEM

ACTION

21/11 REVIEW OF CORPORATE GOVERNANCE POLICIES

The Director of Corporate and Legal Affairs presented paper P, a report on the results of a review of the Trust's key corporate governance policies. In addition to this, minor amendments had been received from the Local Counter Fraud Specialist in respect of the 'Policy on Fraud'. Members approved and recommended that these revisions be presented to the Trust Board for approval.

DCLA

Recommended – that (A) the contents of paper P be received and noted;

(B) the revisions to the Trust's corporate governance policies identified in section 2 of paper P be approved and the Director of Corporate and Legal Affairs be authorised to publish the revised documentation accordingly;

DCLA

(C) subject to incorporation of amendments to the 'Policy on Fraud', as now reported by the Director of Corporate and Legal Affairs, the 'Policy on Fraud' be approved, and

(D) it be noted that the Trust's corporate governance documents will continue to be the subject of review as the Trust prepares to submit its application for NHS Foundation Trust status and that further reports will be submitted to the Audit Committee and/or Trust Board, as appropriate.

DCLA

RESOLVED ITEMS

22/11 PRIVATE DISCUSSIONS WITH BOTH SETS OF AUDITORS

As at previous meetings, and in line with the guidance detailed within paper A, private discussions took place between the Chairman and members of the Audit Committee and External and Internal Audit ahead of the start of the formal meeting.

Resolved – that the position be noted.

23/11 APOLOGIES

Apologies for absence were received from Mr H Arif, Chief Internal Auditor, East Midlands Internal Audit Services; Mr A Bostock, KPMG, the Trust's External Auditor; Mr M Lowe-Lauri, Chief Executive; Mr A Seddon, Director of Finance and Procurement and Mr T Thomas, Head of Internal Audit, East Midlands Internal Audit Services.

24/11 MINUTES

Resolved – that (A) the Minutes of the meeting held on 15 February 2011 (papers B and B1 refer) be confirmed as a correct record, and

(B) the contents of the associated Audit Committee action sheet arising from the same meeting (paper B2 refers) be received and noted.

25/11 MATTERS ARISING REPORT

The Chairman confirmed that the Matters Arising report (paper B3) highlighted the matters arising from the meeting held on 15 February 2011 and provided an update on any outstanding matters arising on the Audit Committee meetings held since 7 September 2010. Discussion took place regarding progress of the following item:-

(a) Minute 77/10/2 of 16 November 2010 – confirmation to be provided outside the meeting in respect of when the anonymous report of the best CIP models used within other Trusts would be available.

IA

Resolved – that (A) the matters arising report (paper B3) and subsequent discussion on progress of a specific item be received and noted, and

(B) Internal Audit be requested to confirm outside the meeting in respect of when the anonymous report of the best CIP models used within other Trusts would be available.

IA/TA

26/11 LOCAL SECURITY MANAGEMENT ANNUAL OPERATIONAL PLAN 2011-12

In his capacity as the Trust's Local Security Management Specialist (LSMS), Mr N Bond attended the meeting to provide an update on the local security management work plan for 2011-12 (paper C). The three priority action areas for the LSMS related to protection of staff from violence and aggression, compliance with Care Quality Commission and NHSLA standards and crime prevention. The plan equated to in excess of 600 hours of work which was a reduction of 200 hours from the 2010-11 plan.

In response to a query on the reason for the quarterly review of security information in the staff handbook, it was noted that this referred to the staff induction handbook which was published by the Human Resources Directorate on a quarterly basis and the LSMS had taken this opportunity to review the security information and make any changes, as appropriate. Responding to another query, it was noted that 85% of the physical assaults experienced by staff were from patients and mainly related to their illness and hence might not require a full investigation. The remaining 15% of violence and aggression incidents would require review and action planning.

In response to a query on whether systems were in place to liaise with other Trusts, it was noted that the LSMS attended the LSMS quarterly meetings where the operational plan was discussed, however, members noted that other NHS Trusts did not do anything widely different from UHL.

The Committee Chairman queried whether the LSMS had any concerns relating to work pressures in addition to his role as the Head of Facilities – in response, it was noted that while it would be desirable to have additional time to undertake further proactive work, this plan addressed all the ‘must-dos’. The Head of Facilities highlighted that the majority of incident investigation duties were undertaken by the security teams based on all the three hospital sites. In response to another query, the LSMS agreed to include the RAG and risk level rating within the work plan and circulate an updated version to Audit Committee members, for information. The Local Security Management Specialist Annual Report 2010-11 would be presented to the Audit Committee in May 2011.

LSMS

LSMS

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

(B) the Local Security Management Specialist be requested to include the RAG and risk level rating within the Security Management Work Plan for 2011-12 and circulate an updated version to Audit Committee members, outside the meeting, and

LSMS

(C) the Local Security Management Specialist be requested to present the ‘Local Security Management Specialist Annual Report 2010-11’ to the Audit Committee in May 2011.

LSMS/
TA

27/11 OPERATIONAL FINANCE ISSUES

27/11/1 Losses and Special Payments

The Assistant Director of Finance presented paper D which detailed the content of the Trust’s Losses and Special Payments Schedule 2010-11, submitted as part of the Trust’s Annual Accounts.

In discussion on this item, members:

- (a) queried the increase in other bad debts particularly in the second half of the year – it was explained that this related to salary over-payments written off following failure to recover those debts;
- (b) queried the reason for salary over-payments not to be classed under 1(b) of Appendix 1 – it was noted that as it was not a loss of cash, it had to be treated as a bad debt;
- (c) noted an increase in the number of cases in relation to overseas visitors although the monetary value had decreased;
- (d) re-iterated the need for entitlement to treatment of overseas visitors to be

- checked before treatment was commenced;
- (e) noted that all personal injury payments were made under advice from the NHS Litigation Authority and related primarily to employers' and public liability cases;
 - (f) noted that there was a timing issue in relation to personal injury payments – where payments made in a particular year may actually relate to a case dating back to a number of years;
 - (g) queried the reason for salary over-payments not being referred to a debt collection agency – it was noted that these had been written-off where the debtor was deceased or bankrupt or the debts were of small value, however, other cases had been referred to the debt collectors/solicitors;
 - (h) suggested that a split of the overseas visitor payments in respect of elective and emergency admissions would prove useful – the Assistant Director of Finance agreed to email this to members outside the meeting;
 - (i) queried the actions being taken by the Trust to be proactive and to understand any learning in relation to overseas visitors' debts, salary overpayments and personal injury payments and suggested that this be further discussed by the Executive Team.

ADF

ET

Resolved – that (A) the report on losses and compensation payments in 2010-11 (paper D) be received and noted;

(B) the Assistant Director of Finance be requested to email members with the split of the overseas visitor payments in respect of elective and emergency admissions, and

ADF

(C) the Executive Team (at its informal meeting on 15 April 2011) be requested to discuss the actions being taken by the Trust to be proactive and to understand any learning in relation to overseas visitors' debts, salary overpayments and personal injury payments.

ET/TA

27/11/2 Treasury Management Activity 2010-11

The Committee Chairman noted her position with Citibank, declared her non-prejudicial interest and, with the agreement of other members of the Committee, remained present for this item.

Paper E outlined the treasury management activity in 2010-11. The Committee Chairman queried the measures put in place by the Finance Directorate for maximising income from investments – in response, the Assistant Director of Finance advised that the Trust was allowed to make investments only with the National Loans Deposit Fund.

Resolved – that the investment performance of the Trust in 2010-11 (paper E) be received and noted.

27/11/3 Discretionary Procurement Actions

Paper F provided a summary of five requests for discretionary procurement action between February and March 2011, in accordance with schedule 9.8.4 of the Trust's Standing Orders. Members noted that the number of such cases had reduced considerably.

Resolved – that the discretionary procurement actions detailed in paper F be noted.

27/11/4 Implementation of Internal and External Audit Recommendations

Further to minute 12/11/1 and 12/11/2 of 15 February 2011, the Assistant Director of Finance presented paper G, a report on the outstanding internal and external audit recommendations. She advised the following two amendments to the paper:-

- (a) the high risk issue in relation to the ORMIS theatre controls had not been resolved, and
- (b) in relation to the outstanding actions in respect of the Recruitment of Bank and Agency audit – all Divisions had now confirmed that an authorised signatory listing was maintained providing assurance that requests were approved by the Budget Holder.

In response to a query, it was noted that the IM&T Directorate was on target for completion of the priority 2 systems relating to the Technical Security Review. The Committee Chairman requested that information on any due-dates that had been revised and a report on the completion of Internal Audit outstanding actions referred to Trust Management be provided to the Audit Committee in May 2011. The reporting cycle and process following a second follow-up review would be discussed with the new Internal Auditors and proposals would be submitted to the Audit Committee in May 2011.

ADF

ADF

In discussion on the outstanding External Audit recommendations, it was noted that though the Trust had made progress by bringing forward the timetable of the fixed asset verification exercise, significant improvement was still required to the process. The escalation by Divisions had been good but some areas had not met the deadline and there was a requirement to complete the returns by end of April 2011. The Non-Executive Directors of the Committee requested details of Divisions that had not completed returns on asset verification and they offered to escalate this issue through the Divisional Board meetings. The Assistant Director of Finance agreed to provide this information. The Director of Corporate and Legal Affairs also agreed to raise this issue at the informal Executive Team meeting on 15 April 2011.

ADF

DCLA

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

(B) the Assistant Director of Finance be requested to discuss with the new Internal Auditors regarding the reporting cycle and the process following a second follow-up review and submit proposals to the Audit Committee in May 2011;

ADF/TA

(C) the Assistant Director of Finance be requested to report the completion of Internal Audit outstanding actions referred to Trust Management to the Audit Committee in May 2011;

ADF/TA

(D) the Assistant Director of Finance be requested to email the Non-Executive Directors of the Audit Committee regarding the Divisions which had not complied with returns on fixed asset verification, and

ADF

(E) the Director of Corporate and Legal Affairs be requested to raise the issue in relation to Divisional non-compliance of fixed asset verification at the informal Executive Team meeting on 15 April 2011.

DCLA

28/11 **FINANCE STATUS AND STRATEGIC OVERVIEW**

28/11/1 Contract Negotiations

Paper H provided an update on the agreement reached with Leicestershire County and Rutland PCT as lead commissioner for financial year 2011-12.

The Deputy Director of Finance and Procurement advised that in 2010-11, it was locally agreed to apply contract terms to over and under-performance for elective activity. Over-performance had been paid at 50% and under-performance had been funded to plan. However, this had been replaced in 2011-12 with a threshold of £5m for over and under-performance, beyond which additional over-performance marginal rates would apply.

Through the contract negotiation process, it had been agreed that Commissioners would support UHL with access to the regional LLR non-recurrent monies for transitional change and contractual transformational change. An initial sum of up to £15m transitional and transformational support had been agreed, subject to agreement to and achievement of transformational KPIS linked to specific schemes.

In response to a query from the Committee Chairman, it was noted that UHL's opening contract proposal was £488.8m and PCT's opening position was £474.4m, however, through negotiation, an agreed position of £481m had been reached.

A profile had been agreed for the following two risk sharing areas, as a solution to closing the contractual gap:-

- pathology direct access - 50-50 above 2009-10 outturn, and
- diagnostic imaging growth at marginal rates.

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

28/11/2 LTFM

The Deputy Director of Finance and Procurement provided a verbal update on the work underway in respect of the LTFM and HDD1 requirements. A Trust Board risk workshop had been held on 7 April 2011. Work was also underway to refresh the finance components of the Trust's IBP. In response to a query, External Audit representatives advised that the EA plan for 2011-12 would set aside time for reviewing timescales.

Resolved – that the verbal update be noted.

29/11 EXTERNAL AUDIT ASSURANCE

29/11/1 External Audit Interim Report 2010-11

External Audit presented paper I, which outlined the key findings following the interim accounts audit undertaken at the Trust up to March 2011. It was noted that the Trust's arrangements in relation to the 2010-11 Quality Accounts would be reviewed as part of External Audit's review of data quality indicators. Discussions were also on-going with the Finance team in respect of the salary sacrifice schemes.

Mr R Kilner, Non-Executive Director advised that the comments arising from External Audit review of the Trust's draft Integrated Business Plan were very useful.

Responding to a query in relation to demand management and income recognition, it was noted that issues in respect of manual intervention had increased the risk of inappropriate income recognition and thereby potentially mis-representation of the financial position.

In response to a query from Mr I Reid, Non-Executive Director, it was noted that the sustainability report referred to environmental performance rather than financial performance and the Assistant Director of Finance suggested that this should be included as part of the Annual Report. The Director of Corporate and Legal Affairs agreed to discuss this issue with the Executive Team in respect of the consideration for the Trust to produce a dry-run sustainability report as part of the Annual Report for 2010-11 in preparation for mandatory sustainability reports from 2011-12.

DCLA

In respect of the medium risk identified in relation to the in-year journal authorisation, External Audit confirmed that the Trust had agreed to introduce a process of sample checking each month to gain assurance over the accuracy of non-reversing journals.

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

(B) the Director of Corporate and Legal Affairs be requested to introduce discussion at the informal Executive Team in respect of the consideration for the Trust to produce a sustainability report as part of the Annual Report for 2010-11 in preparation for mandatory sustainability reports from 2011-12.

DCLA

29/11/2 Payment by Results Assurance Framework - Review of the Trust's 2009-10 reference costs submission to the Department of Health

Ms K Gabri, KPMG (the Trust's External Auditor) introduced paper J which summarised the review of the Trust's 2009-10 reference costs submission to the Department of Health. The review was based on the Audit Commission's methodology to ensure a consistent approach across all acute NHS Trusts and FTs. The recommendations from the review had been summarised in appendix 1 of the paper. The Finance team had agreed to take forward the actions.

Resolved – that the review of the Trust's 2009-10 reference costs submission to the Department of Health (paper J) be received and noted.

29/11/3 Review of Trust's Cost Improvement Programme

Resolved – that the Deputy Director of Finance and Procurement be requested to ensure that the Audit Committee was provided with a written assurance (week commencing 18 April 2011) that, in developing the Annual Operational Plan for 2011-12, UHL had implemented External Audit's recommendations following their 2010-11 review of the Trust's cost improvement programme.

DDFP

30/11 INTERNAL AUDIT ASSURANCE

30/11/1 Draft Interim Head of Internal Audit Opinion 2010-11

Members received and noted the contents of paper K, which detailed the interim Audit Opinion from the Head of Internal Audit, the purpose of which was to contribute to the assurances available to the Accountable Officer and the Board,

when completing the organisation's Statement on Internal Control.

The Chief Internal Auditor provided an overall opinion of significant assurance (in respect of the Board Assurance Framework) noting that the Trust had a sound system of internal control, designed to meet the Trust's objectives, and that controls were generally being applied consistently.

It was noted that three audit assignments had been issued to date in 2010-11 with limited or split (significant/limited) assurance, however, none of these three reviews had identified any high risk issues. Mr D Tracy, Non-Executive Director advised that the follow-up review of Clinical Audit would be discussed at the Governance and Risk Management Committee in April 2011 and the outcome of this discussion would be reported to the Audit Committee in May 2011.

DT,NED

There were three reviews which were currently in progress and members were advised that these would be completed by the deadline.

Resolved – that (A) that the contents of paper K, detailing the Interim Audit Opinion 2010-11 from the Head of Internal Audit be received and noted, and

(B) the follow-up review of Clinical Audit be discussed at the GRMC meeting in April 2011 and the outcome of the discussion be presented to the Audit Committee in May 2011.

DT,NED/
TA

30/11/2 Internal Audit Progress Report

The Chief Internal Auditor presented paper L, which comprised an Internal Audit Progress Report for 2010-11. Appendix A detailed the progress of the individual reviews included within the 2010-11 plan. She advised that a joint session between UHL and NUH NHS Trust had been facilitated in respect of the Clinical Audit benchmarking work which had proved useful to both the parties.

The Committee Chairman requested the Assistant Director of Finance to arrange a handover session between the current and new Internal Auditors when they were appointed by the Trust.

ADF

In response to a query from Mr D Tracy, Non-Executive Director in respect of Information Governance Training, the Chief Internal Auditor advised that IG SOC criteria 112 required 95% of staff to have completed the IG training by June 2011. However, the Trust had indicated that actions had been put in place and staff would be trained by July 2011. The Non-Executive Directors expressed concern highlighting that the deadline was June 2011 and noted that failure to achieve the SOC standards might jeopardise UHL's FT application. In discussion on this issue, the Director of Corporate and Legal Affairs agreed to raise this concern at the informal Executive Team meeting on 15 April 2011. The Chief Internal Auditor commented that other NHS Trusts were also in a similar position to UHL.

DCLA

Resolved – that (A) the Internal Audit Progress Report (paper L) be received and noted, and

(B) the Director of Corporate and Legal Affairs be requested to discuss with the Executive Team (at its informal meeting on 15 April 2011) in respect of the Information Governance Statement of Compliance criteria 112 which required 95% of staff to have completed IG training and report concerns raised by the Non-Executive Directors on whether staff would be trained

DCLA

by the extended deadline of June 2011.

30/11/3 Draft Internal Audit Plan 2011-12

The Deputy Director of Finance and Procurement advised that the new Internal Auditors would be in place from 1 June 2011. An indicative plan was available, however, a finalised Internal Audit plan had not yet been agreed.

In response to a query from Mr R Kilner, Non-Executive Director, it was noted that the new Internal Auditors would be meeting with members of the Finance Team and Executive Directors prior to drafting a plan for 2011-12 which would be presented to the Audit Committee in May 2011.

DDFP

Resolved – that the Deputy Director of Finance and Procurement be requested to ensure that the draft Internal Audit Plan 2011-12 was presented to the Audit Committee in May 2011.

**DDFP/
TA**

31/11 ITEMS FROM THE COUNTER FRAUD SPECIALIST

31/11/1 Local Counter Fraud Annual Operational Plan 2011-12

Ms J Clarke, Local Counter Fraud Specialist presented paper M, the local counter fraud annual operational plan for 2011-12. The following planned resource days had been allocated:-

- (a) creating an anti-fraud culture - 45 days;
- (b) deterring fraud - 5 days;
- (c) preventing fraud - 40 days;
- (d) detecting fraud - 40 days;
- (e) investigation - 40 days, and
- (f) strategic work - 10 days.

In discussion on this item, members:-

(i) queried whether the team liaised with other Trusts in respect of the counter fraud work undertaken - it was noted that the appendix to the paper provided a comparison with other Trusts in the region, and

(ii) queried whether 'preventing fraud' should require more investigation days than 'detecting fraud' - in response, it was noted that in 2011-12, the team would be concentrating on specific areas of fraud-risk and a proactive exercise on over-spends would be undertaken. Hence, the number of days allocated for preventing and detecting fraud were the same.

Resolved – that the Local Counter Fraud Annual Operational Plan 2011-12 (paper M) be received and approved.

31/11/2 On-going Fraud Investigations

Ms J Clarke, Local Counter Fraud Specialist provided a verbal update on the on-going fraud investigations highlighting that there were currently 16 open cases and 9 were pending closure. She advised that the cases mostly related to alterations of sick notes, timesheet frauds and dual employment.

The Counter Fraud team would be working with the Senior Payroll Manager to set up a system to alert any salary over-payments. The Committee Chairman

commented that the system needed to be robust so that it flagged each and every issue/case. Members noted a specific case in relation to salary-overpayment.

Mr R Kilner, Non-Executive Director suggested that the counter fraud team linked with Internal Audit in respect of the weaknesses in authorisation of timesheet and assurance be provided on whether the issue in relation to salary over-payments was actually declining. It was vital that all appropriate checks were undertaken by managers prior to authorising timesheets. Responding to a query from the Deputy Director of Finance and Procurement, it was noted that majority of the salary-overpayments were in relation to the 'Change of Circumstances' that were not being updated in time by both the Trust and Payroll staff. Further to investigation, the Local Counter Fraud Specialist was requested to provide an update on the position relating to salary over-payments (including details on whether it was a process driven by Trust/Payroll staff). The Assistant Director of Finance commented that national fraud initiative work was also undertaken to pick-up any payroll issues relating to staff who worked in more than one NHS Trust.

LCFS

Members noted that the number of fraud referrals had increased and this was attributed to an increase in staff awareness. Fraud awareness training had been arranged for all Payroll staff.

The Assistant Director of Finance confirmed that salary overpayment issues relating to the previous payroll provider had almost been closed down.

Resolved – that (A) the verbal update on on-going fraud investigations be received and noted, and

(B) further to investigation, the Local Counter Fraud Specialist be requested to provide a position statement on salary over-payments and also advise on whether this was process driven by Trust/Payroll staff.

LCFS

32/11 AUDIT COMMITTEE - ANNUAL REVIEW OF EFFECTIVENESS

The Director of Corporate and Legal Affairs introduced paper N and advised that the members of the Audit Committee had completed the checklist prepared by KPMG and the results had been discussed by the Committee Chairman and members, the Director of Finance and Procurement and the Director of Corporate and Legal Affairs. Further to the agreement of the Committee Chairman, the Director of Corporate and Legal Affairs agreed to forward the results of the completed self-assessment checklist to the Trust Administrator for incorporation within the minutes of the meeting.

These are set out below:-

- a report summary sheet would be developed for all Audit Committee papers to identify the key issues (building on the report summary sheet used for Trust Board) – Chairman and Director of Corporate and Legal Affairs to action;
- the arrangements in place to ensure the Audit Committee is kept informed of material matters between meetings will be documented and augmented by introducing a system of notification of material issues to Audit Committee members – Director of Corporate and Legal Affairs to action;
- existing arrangements for professional development will be formalised

into a more structured approach – Committee Chairman, Director of Finance and Procurement and Director of Corporate and Legal Affairs to action;

- consideration will be given to strengthening the Audit Committee’s oversight of risk management – Committee Chairman and Director of Corporate and Legal Affairs to action;
- with the appointment of a new Internal Audit provider, action will be taken to clarify and strengthen processes to ensure management response to Internal Audit recommendations in a timely manner – Director of Finance and Procurement to action, and
- the annual timetable for Audit Committee business will be reviewed to ensure that the Committee is proactive in its approach and anticipates Foundation Trust requirements – Committee Chairman, Director of Finance and Procurement and Director of Corporate and Legal Affairs to action.

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

(B) the outcome of the Audit Committee’s annual review of effectiveness be approved and the resulting actions implemented accordingly.

**AC Chair/
DFP/
DCLA**

33/11 DRAFT STATEMENT ON INTERNAL CONTROL 2010-11

The Trust’s draft Statement on Internal Control for 2010-11 was presented at paper O (appendix A) following the prescribed format and informed as appropriate by the Head of Internal Audit’s draft interim Opinion statement in Minute 29/11/1 above. The draft Statement on Internal Control was subject to External Audit review to ensure that it had been prepared in accordance with Government guidance and was consistent with the auditor’s knowledge of the organisation. The Director of Corporate and Legal Affairs confirmed that the Trust Board had charged the Audit Committee to review the adequacy of all risk and control related disclosure statements, including the draft Statement on Internal Control, prior to finalisation ahead of the Audit Committee on 31 May 2011 and submission to the Trust Board on 2 June 2011 for ultimate approval.

DCLA

Resolved – that (A) the draft Statement on Internal Control 2010-11 be noted as presented (appendix A of paper O), and

(B) the finalised Statement on Internal Control 2010-11 be presented to the Audit Committee on 31 May 2011 and on to the Trust Board for final approval on 2 June 2011.

**DCLA/
TA**

34/11 GOVERNANCE AND RISK MANAGEMENT COMMITTEE AND FINANCE AND PERFORMANCE COMMITTEE

34/11/1 Significant Risk and Control Findings identified by the Governance and Risk Management Committee (GRMC) and the Finance and Performance Committee

Members noted that there were no significant risk and control findings identified by the Governance and Risk Management Committee (GRMC) and the Finance and Performance Committee for consideration by the Audit Committee. However, members noted that the Trust’s performance in 2011-12 would be highly dependent on the performance of the health economy in general.

Mr D Tracy, Non-Executive Director highlighted that at the Trust Board meeting in April 2011, the Medical Director was tasked to provide assurance to the GRMC

in respect of patient safety, in light of the 'red' status of some patient safety indicators. Any issues arising from this would be reported subsequently to the Audit Committee.

Members also noted that the issue in relation to the Emergency Department had been identified as a key risk in the Trust's FT application.

Resolved – that the position be noted.

34/11/2 Governance and Risk Management Committee

Resolved – that the Minutes of the Governance and Risk Management Committee meetings held on 27 January 2011 and 24 February 2011 (papers Q and Q1 refer) be received and noted.

34/11/3 Finance and Performance Committee

Resolved – that the Minutes of the Finance and Performance Committee meetings held on 27 January 2011 and 24 February 2011 (papers R and R1 refer) be received and noted.

35/11 ANY OTHER BUSINESS

There were no items of any other business.

36/11 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

- the revision of the Trust's corporate governance policies (Minute 21/11 refers).

37/11 DATE OF NEXT MEETING

Resolved – that (A) the next meeting of the Audit Committee be held on Tuesday, 31 May 2011 from 2pm in Conference Rooms 1A and 1B, Gwendolen House, Leicester General Hospital, and

(B) it be noted that this meeting would be preceded by a private meeting between the Audit Committee Chairman and the Non-Executive Director members at 1:30pm, with representatives from Internal and External Audit to attend from 1:45pm in the Members' Room, Gwendolen House, Leicester General Hospital.

The meeting closed at 4:50 pm.

Hina Majeed
Trust Administrator