

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

**DATE OF TRUST BOARD MEETING: 5 January 2012**

**COMMITTEE: Audit Committee**

**CHAIRMAN: Ms K Jenkins, Non-Executive Director**

**DATE OF COMMITTEE MEETING: 15 November 2011. A covering sheet outlining the key issues discussed at this meeting was submitted to the Trust Board on 1 December 2011.**

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

**There are no specific recommendations for the Trust Board from the Audit Committee.**

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

- **progress against the KPMG governance review findings (Minute 73/11/1), and**
- **the SRR/BAF and additional dashboard (Minute 74/11).**

**DATE OF NEXT COMMITTEE MEETING: 14 February 2012**

**Ms K Jenkins  
29 December 2011**

**UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST**

**DRAFT MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON  
TUESDAY 15 NOVEMBER 2011 FROM 2PM IN ROOMS 1A & 1B, GWENDOLEN HOUSE,  
LEICESTER GENERAL HOSPITAL SITE**

**Present:**

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

**In Attendance:**

Mr P Cleaver – Risk and Assurance Manager (for Minute 74/11)  
Dr K Harris – Medical Director (for Minute 74/11)  
Mrs S Hinchliffe – Chief Operating Officer/Chief Nurse (for Minute 73/11/1)  
Mr M Lowe-Lauri – Chief Executive  
Mr A Seddon – Director of Finance and Procurement  
Mr N Sone – Charity Finance Lead  
Ms H Stokes – Senior Trust Administrator  
Dr A Tierney – Director of Strategy (for Minutes 75/11 and 79/11/2 only)

Mr A Bostock – KPMG (the Trust's External Auditor)  
Ms J Clarke – Local Counter Fraud Specialist (East Midlands Internal Audit Services)  
Ms A Breadon – Head of Internal Audit, PWC (the Trust's Internal Auditor)  
Ms J Watson – Senior Internal Audit Manager, PWC (the Trust's Internal Auditor)

**RESOLVED ITEMS**

**ACTION**

**70/11 PRIVATE DISCUSSIONS WITH BOTH SETS OF AUDITORS**

As at the previous meeting, 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.

**71/11 APOLOGIES**

Apologies for absence were received from Mr J Shuter, Deputy Director of Finance and Procurement and Mr S Ward, Director of Corporate and Legal Affairs.

**72/11 MINUTES**

**Resolved** – that the Minutes of the meeting held on 30 September 2011 be confirmed as a correct record.

**73/11 MATTERS ARISING FROM THE MINUTES**

Members considered the contents of the Matters Arising report (paper C), noting in particular:-

- confidential Minute 63/11/3 – an update on this issue would now be provided to the 14 February 2012 Audit Committee, noting that there was no additional risk as a result of that slippage, and
- Minute 65/11 – benchmarking data on pressure sores appeared to be available only to members of the Shelford Group. The GRMC Chair clarified that UHL had in fact now obtained pressure sores benchmarking data from other hospitals and was satisfied that it was not an outlier on this issue. The new SHA Chief Executive was interested in pressure

LCFS

sores, noting UHL's lead role on this issue.

**Resolved – that the matters arising report and any associated actions be noted as detailed above.**

LCFS

73/11/1 Progress Against External Audit Governance Review (Minute 63/11/1)

The Chief Operating Officer/Chief Nurse attended to present progress against KPMG's governance review of UHL's Divisions, drawing particular attention to:-

- the development of a 'governance pack' for use by Divisions/CBUs (the front cover of which matched the Trust Board version) – this could be rolled out in November 2011 and was likely to be mandatory; COO/  
CN
- the Divisional/CBU training needs analysis which would also be discussed at the December 2011 Workforce and Organisational Development Committee. Core objectives and minimum requirements had been finalised for all CBU managers, and the talent profile was scheduled for discussion by the Executive Team on either 18 or 22 November 2011; COO/  
CN
- the refinement of the quality, finance and performance monthly report front sheet, which would now focus on key appropriate issues for the specific receiving Committee (eg quality issues for GRMC, finance aspects for Finance and Performance Committee);
- the decision (following careful review by the Director of Finance and Procurement) not to change the in-month timing of the Divisional confirm and challenge sessions, and
- further work underway by the Director of Corporate and Legal Affairs on specific governance aspects, which were not therefore covered in this presentation.

In discussion, the Audit Committee:-

- (a) queried how to run Divisional meetings in as effective and productive a manner as possible, ensuring appropriate input, attendance, and focus. It was proposed to specify 'core attenders' for meetings, and Audit Committee members strongly advised limiting numbers to avoid making meetings unwieldy. A previous review of all Executive Director meeting commitments was also being updated by the Chief Operating Officer/Chief Nurse, with the aim of releasing them from unnecessary commitments and thus creating appropriate management headroom;
  - (b) noted the outcome of initial work to identify where current managers might not be in posts best suited to their strengths – the timescale for addressing these issues would vary depending on the most appropriate route to be used;
  - (c) noted the intention to reconstitute some existing groups with a more hard-edged performance management focus, concentrating on actions rather than discursive meetings;
  - (d) welcomed the progress in response to the External Audit report. The Audit Committee Chair requested further feedback once the new format meetings had been in place for a month, to gain assurance that the new processes were working – she suggested it would be helpful for either External Audit or Non-Executive Directors to attend some of the new-style Divisional/CBU meetings. The External Audit representative confirmed that a follow-up review was scheduled for January/February 2012, and Non-Executive Directors agreed to attend 2 meetings of their aligned Divisional Boards and feedback accordingly to the Chief Operating Officer/Chief Nurse. Executive Director views would also be sought, and COO/  
CN
  - (e) a request from the Audit Committee Chair for an update to the February 2012 Audit Committee re: the mechanism for picking up wider performance management/cultural/workforce issues. That February 2012 update should also cover how the Trust Board would be advised of the changes outlined above. NEDs
- COO/  
CN

**Resolved – that (A) the Divisional/CBU training needs analysis be reported to the 19 December 2011 Workforce and Organisational Development Committee;**

COO/  
CN

**(B) Non-Executive Directors and Executive Directors attend the new-style Divisional/CBU meetings in December 2011/January 2012, and feedback accordingly to the Chief Operating Officer/Chief Nurse, and**

EDs/  
NEDs

**(C) an update on where best to address/progress wider cultural and performance management issues, be reported to the 14 February 2012 Audit Committee (including how the Trust Board would be kept informed of such changes).**

COO/  
CN

73/11/2 Progress on an Audit Committee Annual Calendar of Business and a Review of Audit Committee Members' Training Requirements (Minute 43/11/1.3 of 31 May 2011)

**Resolved – that this item be deferred in the absence of the Director of Corporate and Legal Affairs.**

DCLA

#### 74/11 **BOARD ASSURANCE FRAMEWORK (SRR/BAF) 2011-12**

Paper E updated the Audit Committee on the development of UHL's SRR/BAF, outlined how the document was used to manage risks better, and provided a copy of the SRR/BAF as of 27 October 2011. The dashboard at tabled paper E1 also showed any movement in the current scoring of SRR/BAF risks compared to the previous month. In presenting the SRR/BAF, the Medical Director noted that the new risk 18 (inadequate organisational development) would be included on the Trust Board iteration for December 2011. He confirmed that the suggestions from the September 2011 Audit Committee had been actioned and noted a high-level review of UHL's SRR/BAF by Internal Audit. The document was now also reviewed by the Executive Team 2 weeks before its Trust Board submission as part of the robust challenge process.

In discussion on the report, the Audit Committee:-

- (a) welcomed the dashboard document and requested that this also be included in the Trust Board iteration henceforth, subject to appropriate population of the 'comments' column by Executive Director leads. As an example, the Director of Finance and Procurement advised that the independent review of the LLR contracting base could be included in the comments column for risk 1 (continued overheating of the emergency care system);
- (b) considered that the risk score for a deteriorating patient experience needed reviewing, given its significant impact. Following Executive Team discussion earlier on 15 November 2011, this risk score was now being reviewed by the Chief Operating Officer/Chief Nurse and Director of Communications and External Relations accordingly;
- (c) suggested that the GRMC's existing quarterly review of the SRR/BAF should also encompass the wider environment/context for the patient experience/patient safety risks;
- (d) queried the level of Executive Team 'comfort' with the various target risk scores, and sought clarity on the difference between amber and orange on the tabled dashboard;
- (e) queried how far the document consistently reflected the risks/timescales identified by UHL in its FT tripartite formal agreement;
- (f) suggested that the Trust Board coversheet be used to highlight any issues which impacted significantly on UHL's strategic risk register, and
- (g) supported the scheduled monthly Executive Team review of the SRR/BAF.

MD/EDs

MD

EDs

**Resolved – that (A) the update on the Strategic Risk Register/Board Assurance Framework (SRR/BAF) 2011-12 be noted;**

**(B) the 'risk movements' dashboard accompany future iterations of the SRR/BAF report to Trust Board, with appropriate population of the 'comments' column by lead Executive Directors;**

MD/  
EDs

**(C) a review of the context and wider environment for patient experience and safety risks**

	<b>be included as an integral part of the existing quarterly review of the SRR/BAF;</b>	<b>MD</b>
	<b>(D) the Trust Board covering reports be used to highlight any specific items of note relating to the SRR/BAF (as identified by Executive Directors), and</b>	<b>EDs</b>
	<b>(E) the intention to review the patient experience risk score be noted.</b>	<b>COO/ CN/ DCER</b>
<b>75/11</b>	<b>INFORMATION GOVERNANCE</b>	
	<b><u>Resolved</u> – that this Minute be classed as confidential and taken in private accordingly.</b>	
<b>76/11</b>	<b>FINANCE STATUS AND STRATEGIC OVERVIEW</b>	
76/11/1	<u>Stabilisation to Transformation – Financial Recovery Plan Update</u>	
	The Director of Finance and Procurement confirmed that the interim phase I report had been received from Deloitte and Finnamore. Month 7 reforecasting was currently underway and appeared to be in line with the financial recovery plan. It was unlikely, however, that a finalised position would be available for the 24 November 2011 Finance and Performance Committee as originally intended, although the realistic expectations for that meeting would be clearer after the end of the CBU confirm and challenge sessions on 16 November 2011. The 15 November 2011 Executive Team had also received further proposals from Deloitte and Finnamore, which were now being updated in light of comments at that meeting (copy of the proposals to be circulated to the Finance and Performance Committee Chair and Mr R Kilner, Non-Executive Director).	<b>DFP</b> <b>DFP</b>
	In discussion, members noted the need for clarity on the information which would be available to the 24 November 2011 Finance and Performance Committee and subsequently, leading up to the next meeting with the SHA. The Audit Committee Chair voiced concern that finalised detail would not be available for the next Finance and Performance Committee meeting, and sought reassurance that this represented no additional risk. The Director of Finance and Procurement echoed that disappointment and outlined the reasons why the detail was unlikely to be available for 24 November 2011. He acknowledged the need for appropriate plans to be in place prior to the December 2011 meeting with the SHA, and (in response to a query) commented on the likely need for additional resource within a specific Clinical Business Unit. Non-Executive Director members also voiced concern over the level of progress on paycost reductions, noting that these had been flagged to CBUs some months previously. The Director of Finance and Procurement assured members that pay expenditure was falling, albeit due to the implementation of rigorous central controls (which were necessary to continue). The Director of Finance and Procurement also noted the key need for Divisions to continue appropriate momentum on their cost improvement programme plans and on the transformational schemes – the Finance and Performance Committee Chair suggested therefore that it might be useful to receive an update on UHL’s transformational schemes at that Committee’s 24 November 2011 meeting. In response to a query from the Audit Committee Chair, the Director of Finance and Procurement and the Chief Executive noted the need to maintain progress on robust reforecasting into the 4 <sup>th</sup> quarter of 2011-12.	<b>DFP/ FPC CHAIR</b>
	<b><u>Resolved</u> – that (A) a copy of the Deloitte and Finnamore proposals be provided to the Finance and Performance Committee Chair and to Mr R Kilner, Non-Executive Director, and</b>	<b>DFP</b>
	<b>(B) further discussion take place on the function and format of the 24 November 2011 Finance and Performance Committee meeting, including a possible review of transformational schemes.</b>	<b>DFP/ FPC CHAIR</b>

76/11/2 Continuing Validity of Internal and External Audit Plans for 2011-12

At the request of the Audit Committee Chair, Internal and External Audit representatives confirmed that they were content that their 2011-12 audit plans remained relevant and appropriate. Mr A Bostock, KPMG, so advised that a scheduled refresh exercise was currently underway in respect of External Audit's plans.

**Resolved – that the assurances above be noted.**

**77/11 OPERATIONAL FINANCE ISSUES**

77/11/1 Discretionary Procurement Actions

**Resolved – that the report on discretionary procurement actions September – October 2011 be noted (paper F).**

77/11/2 Losses and Special Payments in 2011-12

Paper G advised members of the losses and special payments made for the period April – September 2011, during which time there had been no novel, contentious or repercussive cases requiring DoH approval. Although – if extrapolated for the year – the figures could be seen to indicate a rise in overseas visitor losses compared to 2010-11, the Director of Finance and Procurement considered that one specific case was likely to account for a significant amount of the 6-month figure. Debts were now being chased more robustly and proactively, with UHL's processes being reviewed in line with recently-issued national guidance (further update on this review to be provided to the February 2012 Audit Committee). Mr R Kilner, Non-Executive Director requested details of the 2-3 highest value such payments. In further discussion, members queried the apparent rise in the number of cases (although noting that a number of historic cases were included), and queried what further actions could be taken by UHL. The Audit Committee Chair also requested that additional management information be provided re: personal injury claims, for the February 2012 Audit Committee meeting.

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**Resolved – that (A) details of the 2-3 highest value overseas payments be circulated to Audit Committee members for information, and**

DFP

**(B) the February 2012 Audit Committee be updated on:-  
(1) the current review of the overseas payments function, and  
(2) additional management information on personal injury payments.**

DFP

**78/11 ITEMS FROM THE LOCAL COUNTER FRAUD SPECIALIST**

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

**79/11 ITEMS FROM INTERNAL AUDIT**

79/11/1 Internal Audit Progress Report

**Resolved – that the Internal Audit progress report be noted (paper H).**

79/11/2 Implementation of Internal Audit Recommendations – Information Governance Audit and Outstanding Information Technology Actions

Paper I summarised the outstanding recommendations relating to the 2010-11 information governance audit and any outstanding IT actions. Internal Audit representatives advised that it would be helpful to have a central UHL lead for checking that audit recommendations were being pursued, and the Executive Team agreed to discuss this accordingly.

EDs

The Director of Strategy advised that the Trust's new Information Governance Manager would start in post on 21 November 2011. In discussion on paper I, the Audit Committee noted:-

- (a) the continuing need to monitor progress on rolling out information governance training, even though other elements of that action were complete;
- (b) the need to reflect new national data protection guidance once issued (anticipated November 2011);
- (c) that Internal Audit was content with the proportion of UHL staff having completed the Danny's Day IG training (approximately 80%). The reference to excessive training reflected the perception that the previously-used IG e-training modules had been lengthy to complete, and
- (d) clarification from the Director of Strategy on the more robust processes now in place to assess systems risks. Appropriate disaster recovery plans were now included as UHL's IT systems were updated – this was a rolling programme, although assurance was provided that all of the Trust's critical systems now contained disaster recovery plans.

In further discussion, the Audit Committee Chair noted the revised action date of December 2011 for the outstanding sickness absence audit issues. She requested that these issues be appropriately progressed through either the Executive Team or the Workforce and Organisational Development Committee.

DHR

**Resolved** – that (A) Executive Team discussion take place re: identifying a central lead to ensure that audit recommendations were pursued, and

EDs

(B) the outstanding issues from the sickness absence audit be pursued through either the Executive Team or the Workforce and Organisational Development Committee.

DHR

## 80/11 ITEMS FROM EXTERNAL AUDIT

### 80/11/1 External Audit Progress Report

In introducing the progress report at paper J, the External Audit representative particularly noted that the tendering exercise had begun following the demise of the Audit Commission, an update on which would be provided to the February 2012 Audit Committee.

EA

**Resolved** – that an update on the tendering exercise be provided to the 14 February 2012 Audit Committee.

EA

### 80/11/2 Progress Against External Audit ISA 260 Recommendations

Paper K from the Director of Finance and Procurement detailed UHL progress against the recommendations from External Audit's 2010-11 ISA 260 report. Advising that further work was required to finalise the report (as most actions were in fact now closed), the Director of Finance and Procurement noted that an update would be provided accordingly to the February 2012 Audit Committee meeting. This update would also address the Audit Committee Chair's query on why action timescales had been extended.

DFP

**Resolved** – that a further update on UHL progress against the External Audit ISA 260 recommendations be provided to the 14 February 2012 Audit Committee.

DFP

## 81/11 NHSLA ACCREDITATION PROCESS FOR 2011-12

Members noted that the outcome of Executive Team and November 2011 GRMC discussions on the Trust's NHSLA accreditation position for 2011-12 would be reviewed at the February 2012 Audit Committee meeting. In his capacity as Finance and Performance Committee Chair, Mr I Reid, Non-Executive Director suggested that this item should also be reviewed by the Finance and Performance Committee at an appropriate date, noting the need for 12 calendar months of evidence for a successful level 2 accreditation. The Director of Finance and

MD

MD/  
FPC

Procurement also noted that the Executive Team had discussed NHSLA issues in detail prior to the October 2011 Trust Board.

**Resolved** – that this item be scheduled for further discussion at:-  
(1) the 24 November 2011 Finance and Performance Committee, and  
(2) the 14 February 2012 Audit Committee.

MD/  
STA

**82/11 ASSURANCE GAINED FROM THE FINANCE AND PERFORMANCE COMMITTEE AND GRMC**

**Resolved** – it be noted that this item had been included in error on this agenda, and that no discussion was required.

**83/11 ITEM FOR INFORMATION**

**83/11/1 Internal Audit Review of the Implementation of Action Plans Relating to Serious Untoward Incidents (SUIs)**

In considering the above Internal Audit review of SUI action plans implementation (paper L), members voiced concern at the apparent length of time taken by UHL to finalise this report and queried what process lessons could be learned accordingly. Internal Audit representatives confirmed that the target timescale for finalising and issuing reports had not been met on this occasion, and the GRMC Chair agreed to seek clarity on timeliness issues from the Trust's Patient Safety Team accordingly. In terms of the process for issuing and considering such reports, Audit Committee members suggested that they should receive reports 7 days after their finalisation by Internal Audit, accompanied by a covering email indicating whether relevant UHL managerial sign-off had been received. The Audit Committee Chair suggested that delays should be escalated to the Director of Finance and Procurement, who agreed to reinforce the need for timely responses to his Executive and Divisional Director colleagues via the Executive Team. It would also be helpful to understand the true need to submit audit reports to multiple different Committees, noting that the report at paper L was also scheduled for GRMC consideration in November 2011.

GRMC  
CHAIR

IA

DFP

In respect of the specific audit report findings at paper L, members noted significant activity in relation to the high risk finding (process for escalating SUI forms which had not been approved within the 14 day requirement), with monthly exception reports now provided to the GRMC, QPMG, and confirm and challenge meetings. It was noted, however, that these reports monitored rather than resolved the situation. The Audit Committee Chair queried whether the 14-day timescale was appropriate and reasonable in itself, and if so, queried what further reinforcement actions were needed. Paper L also outlined the actions taken in respect of the 2 medium risk findings.

**Resolved** – that (A) the timeliness of the management response to the Internal Audit report on implementing SUI action plans be discussed with the Patient Safety Team;

GRMC  
CHAIR

(B) future IA reports be circulated to Audit Committee members within 7 days of finalisation, with a covering email indicating whether it had received appropriate UHL management sign-off;

DFP/  
IA

(C) the need for timely responses to IA reports be reiterated to Executive and Divisional Directors via the Executive Team, and

DFP

(D) an appropriate route (eg the Director of Finance and Procurement) be identified for escalating delays in responding to Internal Audit reports.

DFP

**84/11 MINUTES FOR INFORMATION**

84/11/1 Governance and Risk Management Committee

In discussion, the Audit Committee Chair queried whether complaints data fell within the remit of the Internal Audit review of patient experience.

**Resolved – that the Minutes of the 25 August 2011 and 29 September 2011 GRMC meetings be noted for information.**

84/11/2 Finance and Performance Committee

**Resolved – that the Minutes of the 24 August 2011 and 28 September 2011 Finance and Performance Committee meetings be noted for information.**

**85/11 ANY OTHER BUSINESS**

There were no items of any other business.

**86/11 IDENTIFICATION OF ANY KEY ISSUES FOR THE ATTENTION OF THE TRUST BOARD**

It was agreed that the following items should be highlighted to the 1 December 2011 Trust Board:-

**AC  
CHAIR**

- (a) the SRR/BAF and additional dashboard in Minute 74/11 above, and
- (b) progress against the KPMG governance review findings in Minute 73/11/1 above.

**Resolved – that the above identified issues be highlighted to the 1 December 2011 Trust Board via these Minutes.**

**AC  
CHAIR**

**87/11 DATE OF NEXT MEETING**

**Resolved – that the next meeting of the Audit Committee be held on Tuesday 14 February 2012 at 10.30am in Conference Rooms 1A and 1B, Gwendolen House, Leicester General Hospital site.**

The meeting closed at 4.55pm.

Helen Stokes  
**Senior Trust Administrator**