

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

**DATE OF TRUST BOARD MEETING: 1 December 2016**

**COMMITTEE: Audit Committee**

**CHAIRMAN: Richard Moore, Non-Executive Director**

**DATE OF COMMITTEE MEETING: 3 November 2016**

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

- None

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

- Minute 87/16/1 – Board Assurance Framework including the improved effectiveness of the Executive level reviews and the pace and degree of changes being implemented.

**DATE OF NEXT COMMITTEE MEETING: 5 January 2017**

**Richard Moore  
Non-Executive Director**

**25 November 2016**

**UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST**

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON  
THURSDAY 3 NOVEMBER 2016 AT 1:30PM IN SEMINAR ROOMS 2 AND 3,  
CLINICAL EDUCATION CENTRE, GLENFIELD HOSPITAL**

**Present:**

Mr R Moore – Non-Executive Director (Chair)  
Colonel (Retired) I Crowe – Non-Executive Director  
Mr A Johnson – Non-Executive Director  
Mr B Patel – Non-Executive Director  
Mr M Traynor – Non-Executive Director

**In Attendance:**

Mrs K Rayns – Trust Administrator  
Mr S Barton – Director of Cost Improvement Programme and Future Operating Model (for Minute 87/16/3)  
Mr C Benham – Director of Operational Finance (excluding Minutes 87/16/2, 87/16/3, 87/16/5, 87/16/7 and 88/16/2 to 92/16 inclusive)  
Mrs S Hotson – Director of Clinical Quality (for Minutes 84/16/2.2 and 87/16/8)  
Mr R Manton – Risk and Assurance Manager (for Minute 87/16/1)  
Mr N Sone – Financial Controller  
Mr P Traynor – Chief Financial Officer  
Mr S Ward – Director of Corporate and Legal Affairs

Ms G Lekh – Local Counter Fraud Specialist, PwC

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

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

**ACTION**

**RESOLVED ITEMS**

**80/16      APOLOGIES**

**Resolved** – that no apologies for absence were received for this meeting.

**81/16      MINUTES**

**Resolved** – that the Minutes of the meeting held on 1 September 2016 (papers A1 to A3) be confirmed as correct records.

**82/16      MATTERS ARISING FROM THE MINUTES**

**82/16/1      Matters Arising Progress Report**

The Audit Committee received and noted papers B1 and B2, advising on progress of the actions and matters arising from previous Audit Committee meetings.

**Resolved** – that the matters arising report be received and noted.

**82/16/2      Internal Audit (Other Sources of Assurance)**

Further to Minute 51/16(a) of 7 July 2016, paper C provided a summary of the sources of alternative assurance for any principal risks to the achievement of the Trust's objectives, which were not subject to formal Internal Audit review during 2016-17. The areas of risk were grouped into 3 sections: (i) potential reviews identified

during the Internal Audit planning process; (ii) areas identified from PwC's own risk assessment, and (iii) areas of risk within UHL's Board Assurance Framework (BAF).

In presenting this report, the Chief Financial Officer commented upon the proportion of risk areas that related to workforce issues and he advised that the Director of Workforce and Organisational Development was reviewing these. Internal Audit representatives agreed that a greater focus on workforce related reviews would be required for 2017-18. In the meantime, members noted that the Director of Workforce and Organisational Development was re-developing the strategy for her service and that a detailed Workforce report was presented at the Integrated Finance, Performance and Investment Committee (IFPIC) meetings each month;

Mr M Traynor, Non-Executive Director queried the number of contingency days left within the Internal Audit Programme for 2016-17, noting in response that there were currently 6 days, but there was likely to be some scope for additional days to be released from deferred reviews. The Chief Financial Officer advised that the process for reviewing alternative sources of assurance would continue into 2017-18 and would form an automatic part of the annual Internal Audit planning process going forwards.

**Resolved** – that the summary of alternative source of assurance for areas of risk not being subject to formal Internal Audit review (paper C refers) be received and noted.

**83/16 ITEMS FROM THE LOCAL COUNTER FRAUD SPECIALIST (LCFS)**

83/16/1 Counter Fraud Progress Report

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

**84/16 ITEMS FROM INTERNAL AUDIT**

84/16/1 Internal Audit Progress Report

Paper E provided an update on the work of Internal Audit since the 1 September 2016 Audit Committee, advising that final reports had been issued for the reviews of Revalidation of Doctors and the Clinical Audit Programme (Minutes 84/16/2.1 and 84/16/2.2 below refer). Fieldwork had also been carried out on the Governance and Risk Management review and the IT Risk Assessment review.

The table on page 6 of paper E set out proposed changes to the Internal Audit plan for the Committee's approval (including the removal of the Financial Systems review and use of 4 contingency days for the Clinical Audit review and the Governance and Risk Management Review). The Audit Committee Chair noted the intention to undertake less work on general financial systems and challenged whether more assurance might be required in relation to improvements to the purchase to pay process and the arrangements for processing invoices and managing creditor payments. In the context of the wider review of cash forecasting processes, the Chief Financial Officer advised that he was content with the proposed changes to the Internal Audit plan, but he queried whether there was any impact upon the External Audit work programme. External Audit representatives confirmed that the changes seemed reasonable and would not impact upon the External Audits reviews of Payroll and Financial Systems.

The Audit Committee supported the proposed changes to the Internal Audit plan (as detailed on page 6 of paper E). Members also noted that the following 2 actions were still outstanding from the Internal Audit review of UHL's Financial Systems:-

- updated staff handbook setting out the required procedures for Bank Staff, and
- implementation of the findings from the data analysis on the Purchase to Pay process.

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

**(B) the proposed changes to the Internal Audit plan for 2016-17 be approved, as set out on page 6 of paper E.**

84/16/2 Internal Audit Reviews

Internal Audit representatives introduced paper F1 providing an overview of the final reports issued for the reviews of Revalidation of Doctors (low risk rating) and the Clinical Audit Programme (medium risk rating). Discussion on these 2 reviews took place under Minutes 84/16/2.1 and 84/16/2.2 below (respectively).

**Resolved – that the Executive overview of the 2 completed Internal Audit reviews be received and noted as paper F1.**

84/16/2.1 UHL Revalidation of Doctors (Low Risk)

Paper F2 provided assurance that there was sufficient evidence available to support the Trust's self-assessment submission for 2015-16. The report highlighted 1 medium risk finding in relation to the way in which UHL stored the key evidence that formed part of a doctor's appraisal portfolio. A recommendation had been made to review and strengthen the process of administration and storage to enable more effective monitoring and identification of trends. This would also reduce the reliance upon key individuals within the Corporate team.

The report also identified 3 low risk findings relating to:-

- (i) production of a series of guidance notes to support the administrative and record management process;
- (ii) a risk that the Responsible Officer might not be able to clearly evidence that all relevant information had been obtained and reviewed prior to making a recommendation about a doctor's fitness to practice, and
- (iii) no process for reviewing appraisee feedback to identify key themes or potential actions to improve the appraisal process.

Audit Committee members commended the outcome of the review. They also queried whether the system was reliant upon a single piece of software and whether the Trust was performing in line with other Trusts. In response, Internal Audit representatives advised that the system for storage and retrieval of evidence was mainly paper-based and that benchmarking data had not yet been reviewed.

**Resolved – that the Internal Audit review of Revalidation of Doctors be received and noted as paper F2.**

84/16/2.2 UHL Clinical Audit Programme (Medium Risk)

Paper F3 detailed the findings of the Internal Audit review of UHL's Clinical Audit Programme, which included 2 medium risk findings and 3 low risk findings. Assurance was provided that the Trust had robust and clear processes in place for the planning and delivery of Clinical Audit. Audit Leads had access to the appropriate guidance and received a good level of support from the central Clinical Audit team.

Ms S Hotson, Director of Clinical Quality attended the meeting for this item. She

provided feedback on the review process, which had been comprehensive, helpful and timely. The feedback regarding the central team was welcomed and assurance was provided that the service would be working through the recommendations arising from the review findings:-

- raising the profile of Clinical Audit within the Trust which was currently seen more as a 'tick-box' exercise than a tool to drive service improvement. Linked to this, there was a lack of clarity around how Clinical Audit was used as a source of assurance for the Trust's key strategic risks, and
- during the first quarter of 2016-17, 31% of audits had overrun and were incomplete.

The review had also identified 3 low risk findings relating to detailed timescales for delivery and documentation of clinical audit work, tracking of time incurred to enable value for money assessments, low attendance at Clinical Audit Lead meetings, the process for sharing good practice and incomplete sections of Clinical Audit summary forms within the sample tested.

In discussion on this review, the Committee Chair commented upon the need to raise the profile of Clinical Audit and to ensure that we were getting the best outcomes from the resource invested.. The Trust's Medical Director and the Chief Nurse had both expressed a desire to harness Clinical Audit as a tool to address any external concerns and drive forward our strategic priorities. The Director of Clinical Quality confirmed that a range of SMART actions were being developed which would be monitored closely by the Executive Quality Board and the Quality Assurance Committee.

DCQ

Colonel (Retired) I Crowe, Non-Executive Director highlighted opportunities to use Clinical Audits as a tool for driving service improvement and linking them to the Trust's strategic risks or external reports (eg CQC inspections). He noted the need for Clinical Audits to add genuine value to the organisation without constraining enthusiasm for new developments. He also noted an opportunity to raise the profile of Clinical Audit through the Clinical Audit Improvement Awards and engage the Trust Chairman and key Board members in the associated publicity.

DCQ

**Resolved – that (A) the findings of the Internal Audit review of UHL's Clinical Audit Programme be received and noted as paper F3;**

**(B) the Director of Clinical Quality to provide regular updates on the progress of the action plan to the Executive Quality Board and the Quality Assurance Committee, and**

DCQ

**(C) the Director of Clinical Quality to explore ways of raising the profile of the Clinical Audit Programme through the Clinical Audit Improvement Awards and the associated publicity.**

DCQ

## 85/16 ITEMS FROM EXTERNAL AUDIT

### 85/16/1 External Audit Progress Report

External Audit presented paper G, advising that work had commenced on the audit of the Leicester Hospitals Charity financial statements. External Audit continued to meet with Trust Executives to review current performance and plans to deliver the year-end forecast outturn and regular meetings were held with the Financial Controller to identify any key issues and emerging technical topics. Appendix A provided the November 2016 technical update, including some helpful advice on working together to disrupt digital crime, the Single Oversight Framework for NHS Providers, Managing Conflicts of Interest in the NHS and Sustainability and Transformation Plans.

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

85/16/2

**External Audit Review of Payroll Analytics**

External Audit presented paper H, providing the outputs of the review of UHL's payroll using the data analytics tool based upon data provided by the Trust's Payroll Manager for the period 1 April 2015 to 31 December 2015. Audit Committee members noted that the Payroll Manager had not yet commented upon the findings of the review and that the Director of Workforce and Organisational Development had not yet had sight of the report. The Audit Committee Chair re-iterated his previous request that any issues relating to lack of engagement in the Payroll Analytics review be escalated to the Director of Workforce and Organisational Development in the first instance and then to the Audit Committee Chair (if a satisfactory response was not received).

External Audit had carried out over 50 tests across the areas of basic pay, profiling, data quality and absence management and investigated any exceptions as part of the audit approach and no material issues or audit differences had arisen which had impacted upon the overall findings. A sample of employees with zero salaries had been reviewed and the zero salary assignments had been deemed appropriate for all those tested (eg bank staff or honorary contracts with no basic salary). Although no issues had been identified, it was suggested that the Trust should seek further assurance in respect of test 11 (employees with pension contributions greater than 15%) and test 13 (employees with overtime payment greater than 20% of gross pay).

Tests on absence management had revealed that Mondays were the worst day and anxiety, stress, musculo-skeletal problems and 'unknown cause' were the most commonly occurring categories of sickness. This was already well-known and would be built into the Trust's Occupational Health Strategy.

External Audit advised of their intention to run the data analytics tool again based upon the November 2016 payroll data and present their findings to the January 2017 Audit Committee. The Chief Financial Officer also requested that some benchmarking data be included in the next report, to allow UHL to assess its own performance against other peer-group Trusts. In discussion on the review findings, the Audit Committee noted:-

- (a) opportunities for Internal Audit to follow-up on the results of test 31 (where 21 fixed term employees had been employed outside of their contract dates);
- (b) a concern surrounding the accuracy of the chart provided on page 12 (total paid to employees by month where the payment date was after the leaving date). This data was noted to be monthly (not cumulative) and 3 of the months had been incorrectly labelled, and
- (c) a request from Mr M Traynor, Non-Executive Director and IFPIC Chair, for additional clarity on the age profile of aged debtors (relating to overpayment of salaries). It was agreed that further details would be provided to Mr M Traynor, Non-Executive Director and the Audit Committee Chair (outside the meeting).

**Resolved – that (A) the External Audit on Payroll Analytics be received and noted as paper H;**

**(B) a further analysis be carried out based on the November 2016 payroll data and the outputs presented to the Audit Committee in January 2017, alongside some benchmarking information from peer-group Trusts;**

EA

**(C) consideration be given to scheduling an Internal Audit review of fixed term**

CFO

employees being employed outside their contract dates;

**(D) External Audit be requested to review the chart on page 12 and confirm the accuracy of this data at the next meeting;** EA

**(E) the Chief Financial Officer be requested to arrange for clarification to be provided to Mr M Traynor, Non-Executive Director and the Audit Committee Chair (outside the meeting) regarding the age profile of aged debtors relating to overpayment of salaries, and** CFO

**(F) any UHL lack of engagement in the External Audit Payroll Analytics Review to be escalated to the Director of Workforce and Organisational Development in the first instance and then to the Audit Committee Chair (in the absence of a satisfactory response).** EA

85/16/3

External Audit of Elective Waiting List Management

Further to Minute 72/16/3 of 1 September 2016, the External Audit progress report (paper G) also advised the Audit Committee on the detailed work being undertaken to progress the above review. Members noted that the previously reported challenges regarding data retrieval had been overcome and the data had now been successfully extracted from the system and processed through the analysis tool. The initial focus was on Referral to Treatment (RTT) pathways, but additional testing was being built-in to review long-term follow-ups, clock stops and circumstances leading to patients falling off the waiting list. The services currently being reviewed were Ophthalmology and General Surgery, but consideration was being given to the inclusion of an additional third service.

The review would also cover the arrangements for monitoring and reporting waiting list management performance through the governance structure from departmental level to the Trust Board. Interviews with personnel were being conducted in respect of compliance with access policies and any local variations in practice.

The Committee Chair requested an updated timescale for the completion of the review, noting in response that a further meeting was scheduled with UHL's Head of Performance Improvement following today's Audit Committee meeting. The Senior Manager, KPMG agreed to advise the Audit Committee Chair of the proposed completion date outside the meeting. EA

The Committee reflected upon the reasons for delays in the timescale. Colonel (Retired) I Crowe, Non-Executive Director queried whether the service level management structure had made the data extraction more complex and whether other Trusts had a more centralised waiting list administration system. In response, it was noted that the majority of KPMG's clients had a similar structure to UHL and a similar balance between dispersed and Corporate service models.

**Resolved – that (A) the update on progress of the External Audit review of Waiting List Management be received and noted, and**

**(B) External Audit be requested to advise the Audit Committee Chair on the expected timescale for completion of this review (outside the meeting).** EA

86/16

**FINANCE – STRATEGIC AND OPERATIONAL ISSUES**

86/16/1

Report by the Chief Financial Officer

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

86/16/2 Discretionary Procurement Actions

The Director of Operational Finance introduced paper J, detailing the 10 occasions when it had been necessary to waive the Trust's regular procurement processes during the period August to October 2016. Appendix 1 set out the details of each case of need and provided additional explanations for the respective approvals.

Further to Minute 73/16/1 of 1 September 2016, the Chief Financial Officer noted that 2 of the cases of need had been proposed and approved by the same Procurement Lead (Mr C Bray). He advised that an additional pool of final approvers would soon be in place and provided assurance that this would not occur again after the end of November 2016.

**Resolved – that the summary of discretionary procurement actions be received and noted as paper J.**

86/16/3 Review of Losses and Special Payments

The Financial Controller introduced paper K, providing a summary of the losses and special payments for the 6 month period March 2016 to September 2016. Appendix 1 detailed the number of cases and total value in each category and the prior year data for comparison purposes. There were no novel, contentious or repercussive cases which required approval by the Department of Health. The report also provided a schedule of debts to be written-off (£49,839 for non-overseas visitors and £132,690 for overseas visitors), noting that all of the individual amounts were below the £25,000 threshold for the Audit Committee's approval. Appropriate provision had been made for this write-off as required under International Accounting Standard (IAS) 39.

Particular discussion took place regarding the aged debt profile (figure 1 on page 2 refers) and the analysis of overseas visitors debt (figure 3 on page 4). Additional clarity was requested in respect of the analysis of overseas visitors debt, noting that the CCGs were now required to underwrite 50% of such debts, where they agreed that the treatment provided was unavoidable. It was particularly noted that the CCGs were not willing to underwrite outpatient appointments or elective care for overseas visitors. The Financial Controller agreed to re-present this data to the January 2017 Audit Committee meeting to clarify the value of overseas debts that were being underwritten by the CCGs and the value that UHL was required to collect itself (eg for elective care).

CFO/FC

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

**(B) a further analysis of overseas visitors debts be presented to the January 2017 Audit Committee to clarify the value that was being underwritten by the CCGs and the value that UHL was required to collect itself.**

CFO/FC

86/16/4 Review of Financial and Accounting Policies in Relation to Property Valuations

Paper L provided a briefing note on recent changes in UHL's approach to property valuations and outlined the current valuation methodology to be used in the revaluation of the Trust's estate as at 31 March 2017 (appendix 2 refers). Audit Committee members noted that UHL's March 2017 valuation would be undertaken using a depreciated replacement cost on a modern equivalent asset basis for specialised properties and that this valuation would be inclusive of VAT as no significant progress had been made in respect of establishing a wholly owned facilities management company to manage major capital projects in the future.

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

**87/16 GOVERNANCE**

**87/16/1 Integrated Risk Management Report (including Board Assurance Framework (BAF) and UHL Risk Register)**

Mr R Manton, Risk and Assurance Manager attended the meeting to present paper M, providing an overview of the 2016-17 Board Assurance Framework (BAF) and organisational risk register. Audit Committee members congratulated Mr Manton on his recent appointment as the Trust's Risk and Assurance Manager, following the retirement of Mr P Cleaver, the previous post holder. In discussion on paper M, Audit Committee members:-

- (a) received assurance that the Trust's principal risks were being reviewed and updated on a regular basis by the Executive risk owners and that appropriate scrutiny of any changes was taking place at the weekly Executive level meetings;
- (b) noted that the risk scores for principal risks 4 and 16 had increased to 20, due to the challenges surrounding the demand and capacity imbalance affecting the Trust's ability to deliver national access standards;
- (c) requested that a tracking mechanism be included within the report to monitor the number of times which a target date had been moved forward for any given risks; **RAM**
- (d) queried how any risks arising from UHL's environmental health inspection would be reflected in future iterations of this report. Noting in response that such risks would be highlighted through the estates and facilities operational risk register, with escalation to the BAF where appropriate;
- (e) noted that risks 10a, 10b and 11 relating to workforce issues would be reviewed at the 22 November 2016 Executive Performance Board, as the next quarterly Executive Workforce Board meeting was not scheduled until January 2017, and
- (f) commented that the wording of new risk 2925 (relating to the impact of capital availability to support the 2016-17 medical equipment replacement programme) appeared very broad and it would be helpful for the Committee to understand the specific risks relating to the delays in providing new medical equipment. **RAM**

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

**(B) the Risk and Assurance Manager be requested to :-**

- (1) include a tracking mechanism in the next iteration of the report to include the number of times that a target date had been moved for any given risk, and** **RAM**
- (2) seek additional detail in relation to new risk 2925 (capital availability for the medical equipment programme) and the specific risks relating to delays in providing new medical equipment in 2016-17.** **RAM**

**87/16/2 Board Assurance Framework – Update on Principal Risk 14 (failure to develop and agree the appropriate vision and strategy for clinical configuration)**

Further to Minute 75/16/3 of 1 September 2016, paper N provided the updated version of the BAF entry for principal risk 14, which was also regularly reviewed by the Executive Strategy Board and the Reconfiguration Programme Board. The Chief Financial Officer expressed his view that the arrangements for disaggregating the BAF and ensuring Executive level oversight of the Trust's key risks appeared to be working well, but he noted the need for a wider review of the whole BAF to test whether the separate components accurately reflected the current risks facing the Trust, and whether this was aligned with the LLR Sustainability and Transformation Plan (STP). **DCLA**

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

**(B) the Director of Corporate and Legal Affairs be requested to consider whether a wider review of the whole BAF would be appropriate to test whether** **DCLA.**

**the separate components accurately reflected the Trust's current risks (including alignment with the STP)**

87/16/3

2017-18 Beds Capacity Plan (including a review of Principal Risk 4 – failure to deliver the national access standards impacted by operational process and an imbalance between demand and capacity)

Paper O provided an overview of the required bed capacity to provide patients with timely access to care in 2017-18 and paper O1 set out the updated BAF entry for principal risk 4. Mr S Barton, Director of CIP and Future Operating Model attended the meeting for the discussion on this item.

A detailed discussion took place regarding the impact of the draft LLR Sustainability and Transformation Plan (STP) upon UHL's ability to deliver emergency, cancer and RTT standards and the potential implications for bed capacity, workforce modelling and financial performance. Members noted a lack of clarity in relation to system-wide integration and that plans for bed reductions had not been fully worked through. The Committee considered the implications of the forthcoming contract negotiations with Commissioners and the risks and consequences if bed reduction strategies were not effective in controlling demand. In the light of current levels of demand, the Committee noted the need to consider a worst-case scenario, which might include poor performance against access targets during 2017-18 (including 4-hour ED performance) and the associated implications for the quality of patient care, financial performance and the Trust's ability to reconfigure its services.

Finally, the Committee Chair sought members' views regarding the review of principal risk 4 and whether there were any additional actions the Trust could take to protect elective care performance and reduce hospital cancellations. In response, the Director of CIP and Future Operating Model briefed the Committee on the existing arrangements to provide additional winter bed capacity and the need for robust management of elective beds to prevent medical admissions outlying into the surgical bed base.

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

87/16/4

Consolidated List of Outstanding and In-Progress Audit Recommendations

Paper P from the Director of Corporate and Legal Affairs advised the Audit Committee of progress against 9 outstanding actions from Internal Audit, External Audit and Local Counter-Fraud Specialist reports. The Executive Performance Board had reviewed the schedule of outstanding actions on 25 October 2016 and the Medical Director had confirmed that the outstanding action relating to Mortality and Morbidity reporting would be completed imminently. Since the report had been prepared, Internal Audit had confirmed that the action for the Director of Operational Finance to ensure that the policy and procedures for bank staff were complete and available on the Trust's intranet was now complete. Evidence was being submitted for 3 of the remaining actions and assurance was provided that the Executive Performance Board would be progressing any outstanding issues at its November 2016 meeting.

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

87/16/5

Update on Conflict of Interests

Further to Minute 37/16/1 of 25 May 2016, paper Q from the Director of Corporate and Legal Affairs provided the Audit Committee with a progress report on the work of the Task and Finish Group established to revise the rules relating to management of conflict of interests in the NHS and the consultation process launched on 19 September 2016. This subject had also been covered in the External Audit technical

update (paper G refers). Once the revised guidance had been issued, further reports on the implications for the Trust would be presented to the Executive Team and the Audit Committee.

DCLA

**Resolved – that (A) the update on Conflict of Interests be received and noted, and**

**(B) a further report on the implications of the revised guidance be presented to the Audit Committee once the finalised guidance was received.**

DCLA

87/16/6 Progress Report on Appointment of Auditors

Further to Minute 64/16 of 1 September 2016, the Director of Operational Finance provided a verbal report on progress with the single process for the appointment of Internal Auditors, External Auditors, External Auditors for the Leicester Hospitals Charity and Local Counter Fraud Services. An additional element had been included in relation to the new Pharmacy Subsidiary Company. Contract specifications had been prepared and tenders would be sought from framework suppliers via the electronic portal. Assurance was provided that progress was on track to meet the required timeframe for the contract awards.

**Resolved – that the above information be received and noted.**

87/16/7 Report by the Director of Corporate and Legal Affairs

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

87/16/8 UHL Policy and Guideline Process

The Director of Corporate and Legal Affairs and the Director of Clinical Quality introduced paper R, providing a briefing on the existing governance process for approving and disseminating policies and clinical guidelines and the specific actions underway to reduce the number of policies and guidelines that had exceeded their review date. The Executive Quality Board was reviewing the position on a monthly basis and had recently agreed that any policies or guidelines that were more than 5 years past their review date would be archived from the Policy and Guideline Library (PAGL) unless a reviewed version was received by the end of December 2016. Appendix 2 provided a list of the 67 documents that fell into this category and the respective lead officers and their managers had been advised of this plan.

The Director of Corporate and Legal Affairs advised the Committee that the transition from 4 Clinical Divisions into 7 Clinical Management Groups and a change in software had exacerbated the situation in recent years, but significant progress had now been made with phase I of the recovery plan. The next phase would require further discussion to be held to agree a reduction in the overall number of policies and guidelines and a streamlined review of their efficacy, using a similar approach as the one used to reduce the number of outstanding actions arising from Internal Audit, External Audit and Counter Fraud reviews. In discussion on the report:-

- (a) Mr B Patel, Non-Executive Director sought and received additional assurance regarding the robust and systematic approach being used to chase the authors of outstanding policy and guideline reviews;
- (b) Colonel (Retired) I Crowe, Non-Executive Director voiced concerns that many of the documents were too wordy, did not conform with prescribed formatting guidance and he suggested that electronic accessibility was an issue. He advocated a 'flashboard' approach using wiring diagrams or process maps and he highlighted the National Archive Database as a good example of electronic accessibility, and

(c) Mr A Johnson, Non-Executive Director commented upon opportunities to adopt a framework for developing a more consistent process for policies and guidelines. He suggested that the Trust should focus on achieving (for example) the ISO 9000 Quality Management Standard and that a robust approach to performance management would also be required.

The Director of Clinical Quality outlined the process for involving the relevant professionals in the testing of policies and guidelines and provided assurance that clinicians and the relevant subject-matter experts reviewed all clinical policies and guidelines. Following a discussion with the Quality Assurance Committee Chairman, it was agreed that the Quality Assurance Committee would continue to review the policy and guideline process from a patient safety perspective. In addition, the Audit Committee would review the process on a bi-annual basis, as many of the documents reviewed would relate to financial or human resources procedures.

**Resolved – that (A) the update on UHL’s Policy and Guideline Process (paper R) be received and noted,**

**(B) the Quality Assurance Committee be requested to continue to monitor progress with the policy and guideline process on a regular basis (with a specific focus on patient safety and quality), and**

DCLA/  
DCQ

**(C) further updates on the policy and guideline process be scheduled on the Audit Committee calendar of business on a bi-annual basis (next due in May 2017).**

DCLA/  
DCQ

**88/16 ITEMS FOR NOTING**

88/16/1 UHL’s selection for the Costing Assurance Audit 2016-17

Paper S updated the Audit Committee on UHL’s selection to be audited as part of NHS Improvement’s Costing Assurance Programme during 2016-17 (as reported to the Integrated Finance, Performance and Investment Committee on 27 October 2016).

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

88/16/2 UHL’s Clinical Quality Assurance Process

Further to Minute 69/16/1 of 1 September 2016, paper T provided an update on the external review of the Trust’s quality governance and assurance processes. This review had commenced in October 2016 and was expected to conclude in November 2016. Reports on the outcomes of the review would be presented to the Quality Assurance Committee and the Audit Committee, accordingly.

**Resolved – that (A) the update on the review of UHL’s Quality Governance and Assurance Processes be received and noted as paper T, and**

**(B) a further report on the outcomes of the review be scheduled on the Audit Committee agenda for January 2017.**

DCLA

**89/16 ASSURANCE GAINED FROM THE FOLLOWING COMMITTEES ON KEY RISKS/ISSUES OF THE TRUST**

89/16/1 Quality Assurance Committee

**Resolved – that the Quality Assurance Committee Minutes from the meetings on 25 August 2016 (paper U1) and 29 September 2016 (paper U2) be received and noted.**

89/16/2 Integrated Finance, Performance and Investment Committee

**Resolved** – that the **Integrated Finance, Performance and Investment Committee Minutes from the meetings on 25 August 2016 (paper V1) and 29 September 2016 (paper V2) be received and noted.**

89/16/3 Charitable Funds Committee

Paper W provided the Minutes of the Charitable Funds Committee meeting held on 6 October 2016. Mr A Johnson, Non-Executive Director and Charitable Funds Committee Chair particularly drew members' attention to the information contained in Minute 38/16/3 whereby the Committee had approved recurrent funding of the annual Christmas lunch for staff.

**Resolved** – that the **Charitable Funds Committee Minutes from 6 October 2016 (paper W) be received and noted.**

90/16 **ANY OTHER BUSINESS**

**Resolved** – that no items of other business were raised.

91/16 **IDENTIFICATION OF KEY ISSUES THAT THE COMMITTEE WISHES TO DRAW TO THE ATTENTION OF THE TRUST BOARD**

**Resolved** – that the following items be brought to the attention of the Trust Board:-

AC Chair

- Minute 87/16/1 – Board Assurance Framework including the improved effectiveness of the Executive level reviews and the pace and degree of changes being implemented.

92/16 **DATE OF NEXT MEETING**

**Resolved** – that the next meeting be held at 2pm on Thursday, 5 January 2017 in Seminar Rooms A and B, Education Centre, Leicester General Hospital.

The meeting closed at 4:23pm

Kate Rayns, **Trust Administrator**

**Cumulative Record of Members' Attendance (2016-17 to date):**

Name	Possible	Actual	% attendance
R Moore (Chair)	4	4	100%
I Crowe	4	3	75%
S Dauncey	2	0	0%
A Johnson	4	4	100%
B Patel	2	2	100%
M Traynor	4	3	75%

**Attendees**

Name	Possible	Actual	% attendance
N Sone	4	4	100%
S Ward	4	4	100%
P Traynor	4	4	100%