

Trust Board paper I

**UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST**

**REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD**

**DATE OF TRUST BOARD MEETING: 28 May 2012**

**COMMITTEE: Audit Committee**

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

**DATE OF COMMITTEE MEETING: 18 April 2012**

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

**Proposed changes to the Corporate Governance Policies – (Minute 15/12 refers)  
– *already approved by the Trust Board on 26 April 2012***

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

**None.**

**DATE OF NEXT COMMITTEE MEETING: 29 May 2012**

**Ms K Jenkins – Non-Executive Director and Audit Committee Chair  
22 May 2012**

**DRAFT**

**UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST**

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON  
WEDNESDAY 18 APRIL 2012 FROM 10.30AM 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

**In Attendance:**

Mrs G Belton – Trust Administrator  
Mr N Bond – Local Security Management Specialist (for Minute 20/12)  
Mrs F Coles – Assistant Director of Finance  
Mr P Cleaver – Risk and Assurance Manager (for Minute 19/12/2 and 23/12/2.1 (part))  
Mrs S Hotson – Director of Clinical Quality (for Minute 23/12/2.2)  
Mr M Lowe-Lauri – Chief Executive  
Mr A Seddon – Director of Finance and Procurement  
Mr R Smith – Information Governance Manager (for Minute 19/12/1)  
Mr S Ward – Director of Corporate and Legal Affairs

Mr A Bostock – KPMG (the Trust's External Auditor)  
Mr D Sharif – 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)

**RECOMMENDED ITEMS**

**ACTION**

**15/12 REVIEW OF CORPORATE GOVERNANCE POLICIES**

The Director of Corporate and Legal Affairs presented paper 'S', which updated the Committee on proposed changes to the Corporate Governance Policies (encompassing the Standing Orders, Standing Financial Instructions, Reservation of Powers to the Trust Board and Delegate of Powers, Code of Business Conduct for Trust Staff and Policy in Fraud). He noted the potential need to further revise the Reservation of Powers to the Trust Board and Delegate of Powers and possibly also the Standing Orders as a result of EMPATH.

The Committee agreed the proposed changes to the Corporate Governance Policies for onward recommendation onto the Trust Board for formal approval.

**DCLA**

**Recommended** – that the proposed changes to the Corporate Governance Policies as outlined in paper S be agreed and recommended onto the Trust Board for formal approval.

**DCLA**

**RESOLVED ITEMS**

**16/12 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.

**17/12 APOLOGIES**

Apologies for absence were received from Mr D Tracy, Non-Executive Director.

**18/12 MINUTES**

In discussion regarding the Minutes of the previous meeting of the Audit Committee held on 14 February 2012 (papers B and B1 refer), the Chair requested that the Trust Administrator included a reference to 'quality' under Minute 5/12/1 point b (if appropriate based upon the recorded notes of the previous meeting), and that Minute 5/12/2 (b) was amended to note the requirement to reference any serious breaches in information governance in the Annual Governance Statement (if applicable).

**Resolved – that the Minutes of the meeting held on 14 February 2012 (papers B and B1 refer) be confirmed as a correct record, subject to:**

- (1) a reference to 'quality' being included under Minute 5/12/1 point b (if appropriate based upon the recorded notes of the previous meeting), and**
- (2) Minute 5/12/2 (b) being amended to note the requirement to reference any serious breaches in information governance in the Annual Governance Statement (if applicable).**

TA

TA

**19/12 MATTERS ARISING REPORT**

Members discussed the contents of the Matters Arising report (paper C refers), and received a verbal update on progress in respect of two specific items, as a result of which the Trust Administrator was requested to:

- (1) update the reference to Minute 5/12/4 in the Matters Arising Report to reflect that Lead Directors and Lead Officers had now been assigned in respect of criteria 3.4 – 3.5 and criteria 5.4 – 5.7 of the NHSLA Risk Management Standards, and
- (2) update the reference to Minute 9/12/2 in the Matters Arising Report to reflect that Internal Audit had amended the report, as requested.

TA

**Resolved – that (A) the contents of the Matters Arising report (paper C) be received and noted, and**

**(B) the Trust Administrator be requested to update the Matters Arising report as outlined under points (1) and (2) above.**

TA

**19/12/1 Information Governance Strategy Update**

Further to Minute 5/12/2 (a) of 14 February 2012, the Information Governance Manager attended to present paper 'D', which detailed an update on progress in respect of the actions being undertaken to address the information governance risks highlighted by the Trust's internal auditors in a report published in December 2011.

In further discussion on this item, members made note of the Information Governance training provided as part of the Trust's induction training for staff, and (in response to a query raised) noted that the volume of organisations submitting IG Toolkit submissions made it unlikely that the Trust would receive specific feedback from the Information Commissioner.

The Chair thanked the Information Governance Manager for presenting this report to the Committee.

**Resolved – that the contents of this report, and the additional verbal information provided, be received and noted.**

19/12/2 NHSLA Accreditation Process

Further to Minute 5/12/4 of 14 February 2012, the Risk and Assurance Manager attended to present paper 'E', which detailed an update regarding progress in relation to compliance at level two of the NHSLA ARMS (Acute Risk Management Standards). The following points were particularly highlighted during presentation of the report:

- (1) the new accountability and reporting framework agreed by the UHL Executive Team (which provided greater clarity in terms of Executive Leads and Officers);
- (2) collection of evidence for self assessment had commenced in March 2012, the outcome of which would be reported to ET on 1 May 2012 (along with a formal project plan);
- (3) work had commenced to achieve compliance on previously identified areas of non-compliance, however the timescale for completion was difficult to estimate due to the size and complexity of particular issues, and
- (4) the possibility that further areas of non-compliance may be identified from the March 2012 evidence collection exercise and the need for caution in terms of the Trust's ability to deliver Level Two in the first quarter of 2013/14 until there was a clear understanding of all relevant issues.

In discussion on this item, members:

- (i) made note of the significant work being undertaken in relation to written procedures (in terms of ensuring that these met the specific criteria required by the NHSLA) and queried the possibility of learning from other Trusts who may have already progressed these aspects – it was noted that the majority of Trusts were in a similar situation to UHL in this respect, and as such, this was an issue for Trusts nationally. The Trust had identified a number of policies on which to base future work, but these were currently untested by the NHSLA. Note was also made of the likelihood that Trusts who were currently graded at level 2, could have their grading reduced to level 1 upon re-assessment due to the fact that the requirements were reviewed and updated on a regular basis by the NHSLA. In light of the particular issues highlighted in relation to those elements which had been RAG rated 'red', the Chief Executive agreed the need to target Executive Lead resources on these specific areas; **CE**
- (ii) noted the current lack of clinical engagement described with regard to Diagnostic Testing Procedures, and requested that the Chief Executive escalate this issue along with those highlighted above (point i refers); **CE**
- (iii) noted the particular issues described with regard to the issue of Medical Devices training (in terms of the volume of work to be undertaken, and the long term sickness of the Lead Officer). The Chief Executive made note of work undertaken within other large teaching Trusts in respect of Medical Devices training and it was agreed that the Chief Executive and Risk Assurance Manager would discuss this particular aspect further outwith the meeting; **CE**
- (iv) queried the process by which to provide effective feedback on those specific issues for which little evidence had currently been collated – in response, the Risk Assurance Manager noted that initial feedback relating to such would first be provided to the Executive Team at its meeting on 1 May 2012, and
- (v) made note of central resourcing issues in relation to risk management (both in respect of the NHSLA ARMS and broader risk management

issues). It was therefore agreed that the Chief Executive would ask the Medical Director to hold further discussions with the Director of Safety and Risk and the Risk and Assurance Manager outwith the meeting with specific regard to resource within the central risk management team.

CE

In conclusion, the Chair thanked the Risk and Assurance Manager for attending today's meeting to present this report, noting the need for him to escalate any particular issues of concern in the continued progression of this work.

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

**(B) the Chief Executive be requested to undertake the specific actions outlined under points (i), (ii), (iii) and (v) above.**

CE

## 20/12 LOCAL SECURITY MANAGEMENT ANNUAL OPERATIONAL PLAN 2012-13

The Local Security Management Specialist attended to present paper 'F', which detailed the Local Security Management Specialist Annual Work Plan, and requested Audit Committee approval for the three key work streams identified within the plan.

In discussion, the Local Security Management Specialist noted the requirement to appoint a Non-Executive Director to lead on security matters, and the Director of Corporate Affairs undertook to ask the Trust Chairman to discuss the need for a Non-Executive Director nominee with the Trust's Non-Executive Directors at a meeting scheduled for 20 April 2012.

DCLA

It was noted that this report did not discuss the performance of the security function or the measures of success of the Security Strategy, both of which would be addressed in the Annual Security Report due to be presented to the Audit Committee in June 2012.

LSMS/  
TA

**Resolved – that (A) the contents of this report be received and noted, and the work streams detailed endorsed,**

**(B) the Director of Corporate and Legal Affairs be requested to raise with the Trust Chairman the need to seek a Non-Executive Director nominee to act as the Lead on security issues with the Trust's Non-Executive Directors at a meeting scheduled for 20 April 2012, and**

DCLA

**(C) the Local Security Management Specialist be requested to present the Local Security Management Annual Report 2011/12 to the Audit Committee meeting due to be held on 29 May 2012.**

LSMS/  
TA

## 21/12 FINANCE – STRATEGIC AND OPERATIONAL ISSUES

### 21/12/1 2012-13 Revenue and CIP Assurances

The Director of Finance and Procurement reported verbally to advise that the Trust had signed a contract with PCTs at the end of March 2012 in respect of the 12/13 financial year, and dialogue remained on-going in this respect. The Trust continued work on its deficit plan, and had identified all of the Cost Improvement Programmes (CIPs) for 2012/13. A report on this subject would shortly be submitted to the Finance and Performance Committee after which the plan would be recommended onto the Trust Board for formal approval. He further advised that very little of the support identified for the 2012/13 financial year was non-current, which was a different position to that of the previous year and was due, in the main, to the success of the counting and coding changes implemented. Five particular themes had been identified for the 12/13 financial year, some of which would require

additional support.

In discussion on this item, members:

- (i) queried whether the additional support required for some of the transformation work would put the planned amount to be achieved through CIPs (currently expected to be in the order of £32 million) at risk – the Director of Finance and Procurement advised not. He did, however, highlight to members one particular risk to the plan currently which was the result of ambiguity in terms of the funding of any redundancy costs which required resolution;
- (ii) queried what processes would be introduced to ensure that issues concerning potential impacts on quality were considered when implementing cost improvements – it was agreed that the Director of Finance and Procurement would circulate to members of the Audit Committee, outwith the meeting, a copy of a presentation provided by the Trust to the SHA the previous day which detailed such processes. It was further noted that this process would be the focus of discussion at the Trust's Governance and Risk Management Committee, and
- (iii) made note of the need for the Trust to be well prepared for the 13/14 and 14/15 financial years, in light of the site reconfiguration schemes planned within this timeframe.

DFP

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

**(B) the Director of Finance and Procurement be requested to circulate to members of the Audit Committee, outwith the meeting, the documentation referenced under point (ii) above.**

DFP

21/12/2 Annual Accounts Status and Process for Signing

The Deputy Director of Finance reported verbally to advise that work continued to review the annual accounts ahead of their submission to the SHA by 9am on 23 April 2012. He noted that a draft of the annual accounts would be presented to the Audit Committee at its next meeting on 29 May 2012 for recommendation onto the Trust Board for formal approval at its meeting on 7 June 2012.

DFP

**Resolved – that (A) this verbal information be noted, and**

**(B) a draft of the Trust's annual accounts be submitted to the next meeting of the Audit Committee on 29 May 2012 for recommendation to the Trust Board for formal approval at its meeting on 7 June 2012.**

DFP

21/12/3 Annual Losses and Compensations 2011-12

The Assistant Director of Finance presented paper 'G', which informed the Committee of the losses and special payments for the year ending 31 March 2012 (appendix 1 to the report refers) noting that an update report on such items was presented to the Committee on a twice-yearly basis. This annual schedule would be submitted in April 2012 and formed part of the Trust's Annual Accounts in line with Treasury requirements.

In discussion on this item, members noted the particular trends observed through the data presented, noting also the on-going work around such areas. A query was raised as to the reason for the apparent increase in compensation payments relating to personal injury payments (relating primarily to Employer's and Public Liability cases). The Director of Corporate and Legal Affairs noted that the claims referenced may pre-date this financial year, however happened to have been resolved within the

same financial year.

**Resolved – that the contents of this report, and the additional information provided, be received and noted.**

21/12/4 Treasury Management Activity 2011-12

Prior to receipt of paper 'H', which reported on the 2011/12 investment performance of the Trust, Ms Jenkins, Chair of the Audit Committee and Non-Executive Director, declared herself as an employee of Citibank (this report detailing the interest received from the Trust's Citibank account). This declaration of interest was formally noted by members and recorded accordingly.

Members received and noted the contents of this report.

**Resolved – that (A) the contents of this report be received and noted, and (B) Ms Jenkins declaration of interest be formally noted and recorded accordingly.**

21/12/5 Discretionary Procurement Actions

Members received and noted the contents of paper 'I', which reported on discretionary procurement actions for the period February 2012 to March 2012 in line with the Trust's Standing Orders.

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

**Post-Meeting Note: The Director of Finance and Procurement subsequently provided notification that the Thulium Laser cost as reported in paper I was incorrect and should have read £25k and not £250k. A corrected report had been issued to the Trust Administrator for the centrally-held record.**

21/12/6 Report from the Assistant Director of Finance and Procurement

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

**22/12 ITEMS FROM THE LOCAL COUNTER FRAUD SPECIALIST**

22/12/1 Local Counter Fraud Specialist Progress Report

The Local Counter Fraud Specialist presented paper 'J', which summarised progress made towards completion of the Trust's 2011/12 Counter Fraud Work Plan. The Year End Annual Report was in the process of completion and would be available for presentation to the next Audit Committee meeting. Following a meeting with the Director of Finance and Procurement on 15 March 2012 to discuss progress with the Counter Fraud Work Plan for 2012/13, a draft Counter Fraud Work Plan had been provided to the Director of Finance and Procurement covering the seven generic areas of action. When the plan had been agreed by the Director of Finance and Procurement, it would be presented to the Audit Committee for approval.

**LCFS**

The Local Counter Fraud Specialist particularly highlighted the final results for the 2011/12 Qualitative Assessment process, noting that NHS Protect had confirmed that the Trust achieved level 4 demonstrating the delivery of an innovative counter fraud service at the highest level of achievement nationally, and this was noted by members.

Particular discussion took place in respect of the following:

- (i) the 'Maizie' email series, which was to be disseminated to other NHS bodies by NHS Protect as an example of exceptional performance, innovation and notable practice (noting that UHL was the first and only Trust to have undertaken such an exercise), and
- (ii) the invitation issued to the Local Counter Fraud Specialist to attend the Musculo-Skeletal CBU Senior Nurse Forum to provide a presentation on fraud awareness.

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

**(B) the Year End Annual Report be submitted to the next meeting of the Audit Committee on 29 May 2012, and**

LCFS/  
TA

**(C) the Counter Fraud Work Plan for 12/13, once agreed by the Director of Finance and Procurement, be submitted to the Audit Committee for approval,**

LCFS/  
TA

22/12/2 Report from the Local Counter Fraud Specialist

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

**23/12 ITEMS FROM INTERNAL AUDIT**

23/12/1 Internal Audit Progress Report

Internal Audit presented paper 'K', which provided an update on the work of Internal Audit since the last meeting, including an overview of the status of the audit plan and an update on implementation of audit recommendations. In addition, Internal Audit had submitted the following final reports to the Committee in full: Risk Management, Clinical Audit and Budgetary Control (Minute 23/12/2 below refers). It was noted that Internal Audit would be submitting the Internal Audit Plan for 2012/13 to the next meeting of the Audit Committee on 29 May 2012.

IA/TA

Particular discussion took place with regard to the audit recommendations currently outstanding, in terms of any risks arising from these and the reasons for these recommendations not having yet been implemented. Note was made that Internal Audit were in the process of working towards implementation of a 'tracker system' which would serve as a useful tool to the Trust's Executive Team to be able to track outstanding audit actions and act on these accordingly. In conclusion of the discussion on this particular issue, it was agreed that the Director of Finance and Procurement would (1) arrange for the Lead Officers of any outstanding audit recommendations requiring implementation to brief the Audit Committee on any barriers (and resulting solutions) to immediate implementation of the recommendations and (2) consider, in aggregate, what effect these outstanding recommendations had on the Trust's risk profile.

DFP

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

**(B) Internal Audit be requested to submit the Internal Audit Plan for 12/13 to the next meeting of the Audit Committee, and**

IA

**(B) the Director of Finance and Procurement be requested to:**

- (1) arrange for the Lead Officers of any outstanding audit recommendations requiring implementation to brief the Audit Committee on any barriers (and resulting solutions) to immediate implementation of the recommendations, and**



**(2) consider, in aggregate, what effect these outstanding recommendations had on the Trust's risk profile.**

**DFP**

23/12/2 Internal Audit Reviews

23/12/2.1 Internal Audit Review – Risk Management

Internal Audit presented paper 'L', which detailed the results of their review into Risk Management at the Trust. Overall the Trust was considered to have adequate processes in place at the highest level and the issues for focus concerned operating these processes effectively (with due regard to the volume and resource entailed), and the need to further develop the Trust's Business Assurance Framework (BAF).

In discussion on this item, members:

- (i) noted the progress being made to-date, as detailed within the action plan (paper L1 refers) as presented by the Risk and Assurance Manager;
- (ii) noted the need to strengthen accountability at local level, and considered it appropriate that this issue was considered regularly at Divisional Boards (potentially undertaking challenge at the Quality and Performance Management meetings as appropriate);
- (iii) considered that the Divisions required support in achieving a consistent model;
- (iv) recognised the need to mainstream risk management activities via encapsulation into the management regime thereby encompassing risk management within the performance agenda of the Executive Team, Divisions and Clinical Business Units;
- (v) made reference to the related issue of the CNST Scheme, which represented a full organisational piece and required broader risk management arrangements. There were a small number of areas which required particular focus, and it was considered that the opportunity now existed to involve clinical leaders in taking forward this agenda;
- (vi) requested that the Risk and Assurance Manager gave consideration to the provision of risk management training to Senior Managers within 3 months of their appointment, and not within 6 months as was currently the case – the Risk and Assurance Manager undertook to pursue this matter;
- (vii) queried whether risk management should be included within the induction training for staff – the Risk and Assurance Manager undertook to give consideration to this issue, however did note the potential limitations to such an approach in light of the 2 hour interactive presentation currently utilised for the induction of senior managers, which was required to give the issue the prominence required;
- (viii) queried whether Internal Audit had any anonymised examples of organisations with good SMART objectives – Internal Audit noted that they were currently discussing supporting the Risk and Assurance Manager in the training he was delivering for this purpose;
- (ix) noted that the reason for those items currently rag-rated 'red' was due to a lack of resource being available to progress these issues currently. A wider discussion took place regarding the (small) size of the central support function for risk management at UHL compared to other similarly-sized NHS Trusts, balanced by the need to promote the devolution of risk management to the Divisions (considered to be well resourced currently at UHL) rather than to increase central resource thereby risking that risk management was viewed as a 'central responsibility'. It was agreed that the Chief Executive would request that the Medical Director submitted a report to the next meeting of the Audit Committee in May 2012 which detailed the accountability for risk management within the Trust (in terms of how this was split between the central team and divisional teams) and

**RAM**

**RAM**

reported on the extent to which CBU Clinical Leaders viewed risk management as part of their role.

CE/MD/  
TA

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

**(B) the Risk and Assurance Manager be requested to progress the actions outlined under points (vi) and (vii) above, and**

RAM

**(C) the Chief Executive be requested to brief the Medical Director of the Committee’s request that he submit a report for the next meeting of the Audit Committee on 29 May 2012 which detailed the accountability for risk management within the Trust (in terms of how this was split between the central team and the divisional teams) and reported on the extent to which CBU Clinical Leaders viewed risk management as part of their role.**

CE/MD

23/12/2.2 Internal Audit Review – Clinical Audit

Internal Audit presented paper ‘M’, which detailed the results of their review into Clinical Audit at the Trust. The Director of Clinical Quality attended to present the management response to the results of the audit, noting that the Clinical Audit Committee would be receiving this report at their meeting due to be held the following day. She further noted that the clinical audit function was supervised by the Clinical Audit Team and Clinical Audit Committee, with the audit work carried out by the Divisions, with whom the report would also be shared.

Members queried how the Trust compared to other organisations in terms of the percentage of audits completed and actions taken. Internal Audit noted that the number of outstanding actions for the Trust was quite high, however the volume of audits undertaken within the Trust was also high and this needed to be taken into account. In this respect, it was agreed that the Chief Executive would request that the Medical Director took soundings from the Association of University Hospitals regarding the number of audits undertaken within other Trusts in order to benchmark the Trust in this respect, and to give consideration to the possibility of having a reduced number of audits overall, with those audits undertaken particularly playing into strategic issues for the Trust. The Director of Clinical Quality noted that audits undertaken within the Trust were prioritised from 1 to 4 (with those graded ‘1’ being mandatory audits) and that a dashboard of audits undertaken (detailing information regarding the changes made as a result of the audit) was provided to the Governance and Risk Management Committee, Clinical Effectiveness Committee and the Quality and Performance Management Group, thus ensuring scrutiny at a high level within the Trust.

CE/MD

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

**(B) the Chief Executive be requested to take forward with the Medical Director the specific issues outlined above.**

CE/MD/  
TA

23/12/2.3 Internal Audit Review – Budgetary Control

Internal Audit presented paper ‘N’, which detailed the results of their review into Budgetary Control at the Trust. It was agreed that Internal Audit would repeat this audit later in the calendar year 2012.

IA

In relation to the target date for the 2013/14 CIPs, currently scheduled as 1 December 2012, it was agreed that the Director of Finance and Procurement would review the timetable for planning and submit a report to a future meeting of the Audit Committee regarding the strategic planning process for 2012/13.

DFP/TA

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

**(B) Internal Audit be requested to repeat this audit later in the calendar year 2012, and**

**IA**

**(C) (in relation to the target date for the 2013/14 CIPs) the Director of Finance and Procurement be requested to review the timetable for planning and submit a report to a future meeting of the Audit Committee regarding the strategic planning process for 2012/13.**

**DFP/TA**

23/12/3 Internal Audit Annual Report

Internal Audit presented paper 'O', which outlined the results of the Internal Audit Plan for 2011/12 along with the Head of Internal Audit's Opinion for 2011/12 for inclusion in the Annual Governance Statement. Overall, there was significant assurance regarding the Trust's systems of internal control. The report contained details of issues of medium and high risk, however none of these impacted significantly on the wider context.

Members noted that a review of the Trust's Emergency Department (ED) formed part of the Internal Audit plan, and they queried the process for gaining assurance in this respect. It was noted that ED was the Trust's major transformational scheme and there was a need to give consideration as to the appropriate time to undertake the audit. It was therefore agreed that the Chief Executive, in conjunction with the Acute Care Division, would give consideration to the timing of the internal audit review of the ED, as part of the work being undertaken to construct the Emergency Care Project (noting the potential for an early review by Internal Audit of the interim plan in terms of its sustainability and deliverability).

**CE**

Particular discussion took place regarding aspects of the plan that Audit Committee members would expect to see included within a review by Internal Audit.

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

**(B) the Chief Executive, in conjunction with the Acute Care Division, be requested to undertake the action outlined above in relation to the Internal Audit Review of the Emergency Department.**

**CE/ACD**

24/12 **ITEMS FROM EXTERNAL AUDIT**

24/12/1 External Audit Interim Report 2011-12

External Audit presented paper 'P', which summarised key findings arising from their Interim Audit work at the Trust in relation to the 2011/12 financial statements. The report also provided an update on work to support their 2011/12 value for money (VFM) conclusion up to March 2012. Mr Sharif noted that he had copies of the management response to the report, which he undertook to circulate to members for information.

**EA**

A particular query was raised in relation to the issue outlined under point number 4 of appendix 2, and the Director of Corporate and Legal Affairs and the Assistant Director of Finance confirmed that action had been taken to address this recommendation.

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

**(B) External Audit be requested to circulate to members of the Audit Committee an updated version of paper 'P' (detailing the management**

response).

EA

## 25/12 AUDIT COMMITTEE – ANNUAL REVIEW OF EFFECTIVENESS

The Director of Corporate and Legal Affairs presented paper 'Q', which updated the Committee on the recommendation that all Audit Committees annually assessed their performance, and invited the Committee to agree an approach similar to that adopted in the previous year whereby the Committee Chair and members had completed a self assessment questionnaire using a checklist prepared by the Trust's External Auditors, and then met with the Director of Corporate and Legal Affairs and the Director of Finance and Procurement outside the meeting to discuss the results and report back on the outcome and resulting actions to the following meeting of the Audit Committee.

The Committee agreed to adopt the approach described within the report, and queried progress on the actions agreed as a result of the previous year's review. The Director of Corporate and Legal Affairs undertook to self-assess the Committee on progress made against the results of the previous year's annual review of effectiveness.

DCLA

In further discussion on this item, it was agreed that External Audit would share with the Director of Corporate and Legal Affairs a process by which to give Board members who did not sit on the Audit Committee a chance to comment on the Committee's effectiveness.

EA

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

**(B) it be agreed to adopt the approach outlined with the report in order to assess the Committee's effectiveness for 2011/12, and**

DCLA/AC  
Members

**(C) External Audit be requested to share with the Director of Corporate and Legal Affairs a process by which to give Board members who did not sit on the Audit Committee a chance to comment on the Committee's effectiveness.**

EA

## 26/12 DRAFT ANNUAL GOVERNANCE STATEMENT 2011-12

The Chief Executive and Director of Corporate and Legal Affairs presented paper 'R', which detailed the Trust's Draft Annual Governance Statement (AGS) 2011/12 and invited the Committee to review and comment upon the contents of the document.

During discussion of the content of this document, the Director of Corporate and Legal Affairs was requested to:

- (i) expand the narrative of the AGS to confirm that there had been no lapses of data security requiring notification to the Information Commissioner, but that there had been untoward incidents regarding data security (thereby providing an appropriate 'read across' to other documents);
- (ii) reflect on issues detailed within the Internal Audit opinion and final report (published after the draft AGS was written) and those detailed in any further Internal Audit reports published subsequently, and include these – where relevant – in future iterations of the document;
- (iii) link with Audit colleagues to seek views on assurance around the quality account;
- (iv) include reference to the Emergency Department in future iterations of this document following the assurance work to be undertaken in respect of the ED plan;
- (v) include appropriate references to management capability following the Trust Board's review of this issue;

- (vi) reflect on issues relevant to the Trust and actions being undertaken to mitigate any identified risks and provide appropriate assurances;
- (vii) produce an updated draft (based on the latest information available to date, and requests for the inclusion of additional information as made at today's meeting) and circulate this to Audit Committee members ahead of the submission of the draft Annual Governance Statement to the Strategic Health Authority on 23 April 2012, and
- (viii) present the final version of the Annual Governance Statement to the Audit Committee at its May 2012 meeting, ahead of submission to the Trust Board for formal approval at its June 2012 meeting.

DCLA

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

(B) the Director of Corporate and Legal Affairs be requested to amend the document to reflect points (i) to (vi) above,

DCLA

(C) the Director of Corporate and Legal Affairs be requested to produce an updated draft (based on the latest information available to date, and requests for the inclusion of additional information as made at today's meeting) and circulate this to Audit Committee members ahead of the submission of the draft Annual Governance Statement to the Strategic Health Authority on 23 April 2012, and

DCLA

(D) the Director of Corporate and Legal Affairs be requested to present the final version of the Annual Governance Statement to the Audit Committee at its May 2012 meeting, ahead of submission to the Trust Board for formal approval at its June 2012 meeting.

DCLA

## 27/12 REVISED TERMS OF REFERENCE – AUDIT COMMITTEE

The Director of Corporate and Legal Affairs reported verbally with regard to the fact that NHSLA Standards required a Committee's Terms of Reference to state how many Committee meetings members must attend. He sought members' views on a recommendation he was planning to present to the Trust Board that members should attend at least 75% of meetings in a calendar year and that appropriate monitoring arrangements would be introduced in this respect. Members expressed their support for this recommendation.

**Resolved** – that support be expressed for a recommendation to be made to the Trust Board that Committee members must attend at least 75% of Committee meetings within a calendar year.

## 28/12 MINUTES FOR INFORMATION AND DISCUSSION

### 28/12/1 Governance and Risk Management Committee

**Resolved** – that the Minutes of the Governance and Risk Management Committee meetings held on 26 January 2012 and 23 February 2012 (papers T and T1 refer) be received and noted.

### 28/12/2 Finance and Performance Committee

**Resolved** – that the Minutes of the Finance and Performance Committee meetings held on 25 January 2012 and 22 February 2012 (papers U and U1 refer) be received and noted.

**29/12 ANY OTHER BUSINESS**

**Resolved** – that there were no further items of business.

**30/12 IDENTIFICATION OF ANY KEY ISSUES FOR ESCALATION TO THE TRUST BOARD**

**Resolved** – that the following key issue be escalated to the Trust Board:

- **Review of Corporate Governance Policies (Minute 15/12 above refers).**

**31/12 DATE OF NEXT MEETING**

**Resolved** – that (A) the next meeting of the Audit Committee be held on **Tuesday 29 May 2012 at 10.30am 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 10am, with representatives from Internal and External Audit to attend from 10.15am in the Members Room, Gwendolen House, Leicester General Hospital.**

The meeting closed at 12.47pm.

Gill Belton  
**Trust Administrator**