


University Hospitals of Leicester 
NHS Trust

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 20 DECEMBER 2012

COMMITTEE: Audit Committee

CHAIRMAN: Ms K Jenkins, Non-Executive Director

DATE OF COMMITTEE MEETING: 13 November 2012

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

- 2011-12 Annual Audit Letter be recommended onto the Trust Board for formal receipt and endorsement.
(To note that the Trust Board endorsed the Annual Audit Letter at its meeting on 29 November 2012).

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

None

DATE OF NEXT COMMITTEE MEETING: 12 February 2013

Mrs K Jenkins
12 December 2012

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON
TUESDAY 13 NOVEMBER 2012 FROM 10.30AM IN THE BOARD ROOM, VICTORIA BUILDING,
LEICESTER ROYAL INFIRMARY**

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 C Carr – Head of Performance Improvement (for Minute 64/12/1)
Mrs S Hinchliffe – Chief Nurse/Deputy Chief Executive (for Minutes 64/12/1 and 64/12/2)
Mrs H Majeed – Trust Administrator
Mr A Seddon – Director of Finance and Business Services
Mr N Sone – Acting Head of Financial Services
Mr S Ward – Director of Corporate and Legal Affairs

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

Mr R Holmes – Head of Counter Fraud 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 ITEM

60/12 2011-12 ANNUAL AUDIT LETTER

Paper M detailed the draft Annual Audit Letter and summarised the key issues arising from KPMG's 2011-12 audit of the Trust, highlighting areas of good performance and recommendations.

Recommended – that the contents of the draft 2011-12 Annual Audit Letter be received and noted and the final version (now appended to these Minutes) be recommended onto the Trust Board for formal receipt and endorsement.

Post Meeting Note: - The 2011-12 Annual Audit Letter was presented to the Trust Board on 29 November 2012 and was endorsed.

RESOLVED ITEMS

ACTION

61/12 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.

62/12 APOLOGIES

Apologies for absence were received from Ms J Clarke, Local Counter Fraud Specialist (East Midlands Internal Audit Services).

63/12 MINUTES

In respect of Minute 50/12/3, the Director of Finance and Business Services advised that 'the main area' should read 'an area'.

Resolved – that subject to the above amendment, the Minutes of the meeting held on 4 September 2012 (papers B-B1 refers) be confirmed as a correct record.

64/12 MATTERS ARISING FROM THE MINUTES

Members considered the contents of the Matters Arising Report (paper C refers) and particularly discussed the following:

- Minute 49/12 (relating to the process in place to sign-off overdue clinical audits) – Mr R Kilner, Non-Executive Director advised that he was not convinced with the response provided in the matters arising report. He noted that the clinical audits might have been completed but the issue was that these had not been signed-off in a timely manner. He agreed to circulate a Divisional clinical audit outstanding report (when available) to Mr D Tracy, Non-Executive Director/GRMC Chairman for a further discussion at an appropriate GRMC meeting. It was agreed that an update from the GRMC would then be provided to a subsequent Audit Committee meeting.
- Minute 50/12/1 (relating to an appointment of an interim CBU Manager – to check that recommendation 2 of the HMT review of tax arrangements was adhered to) – the Director of Finance and Business Services advised that the appointment in question was through an agency and hence the request to check the recommendation was not appropriate/not applicable, and
- Minute 50/12/3 (relating to implementation of performance management measures including timescales and accountabilities) – the Director of Finance and Business Services briefed members on the detailed measures in place advising that the 9 point matrix was one of those.

DT,
GRMC
Chair

Resolved – that the matters arising report (paper C) and any associated actions above, be noted.

64/12/1 Management Response to Internal Audit's Imaging Waiting List Review

The Chief Nurse/Deputy Chief Executive and the Head of Performance Improvement attended the meeting to present paper D, a report assuring the Audit Committee that the Trust had taken appropriate management steps to respond to the PwC recommendations. Members noted that PwC was commissioned to review diagnostic waiting time processes, following waiting list anomalies which were identified by the Imaging CBU. There were no high risk findings in the PwC report, however the report classification was high risk.

The Chief Nurse/Deputy Chief Executive advised that a clinician review of all patients waiting over six weeks for their diagnostic investigation was undertaken and this review reported no evidence of patient harm. The issue of Imaging waiting lists had no impact on the RTT.

The Head of Performance Improvement confirmed that new systems were in place to ensure that all new imaging referrals were being appropriately processed so that patient waiting times were being monitored accurately and effectively.

Responding to a query on the inconsistencies in the definition of the start date to be

used for monitoring diagnostic waiting times, the Head of Performance Improvement assured members that the policies had been re-written for the different types of referrals. The local standard operating procedures had also been reviewed to ensure that they were consistent with other relevant policies within the Trust and national guidelines.

In respect of on-going assurance of compliance with Trust and CBU policies, it was noted that within the Imaging CBU local policy, there was a detailed timetable for local monthly monitoring of compliance at critical points in the waiting list process and associated actions that were required to be undertaken. The Trust also undertook periodic spot audits in all specialties in relation to RTT.

A detailed report on the data quality diamonds within the Trust's Quality and Performance report was scheduled to be presented to the November 2012 Trust Board meeting. The Head of Performance Improvement provided a brief overview of this report and advised that in respect of data quality assurance, the Referral to Treatment Indicator was being used as the starting point.

Resolved – that PwC's report on the imaging waiting list review and associated management response be received and noted.

64/12/2 Update on Strategic Risk Register/Board Assurance Framework (BAF)

The Chief Nurse/Deputy Chief Executive provided a verbal update advising that the existing SRR/BAF was being reviewed in the afternoon on 13 November 2012 (risk register session) to:-

- gain a greater understanding of priorities;
- ensure that the language was fit for purpose;
- include any other risks that had emerged since the last review, and
- align areas identified at the Trust Board development session.

Mr D Tracy, Non-Executive Director queried the timetable for adopting the revised SRR – in response, the Chief Nurse/Deputy Chief Executive advised that an early draft needed to be in place by the end of November 2012/early December 2012, however this would be confirmed after the scheduled risk register session. It was suggested that key areas could be available for the November 2012 Trust Board and a finalised version would be presented to the December 2012 Trust Board.

CN/DCE

Mr R Kilner, Non-Executive Director suggested that an autumn refresh of the SRR/BAF would be more appropriate given the significant amount of work that needed to be done. He also highlighted concerns that key risks from Divisions were not adequately channelled to the strategic risk register. He requested that this be discussed at the risk register session.

CN/DCE

The Committee Chairman commented that the timing of the refresh of the SRR/BAF was timely given that the Trust's strategic direction had also been launched. However, there was a need for a clear and documented process showing how organisational risks are to be appropriately escalated to the SRR.

Resolved – that (A) the verbal update be received and noted, and

(B) the Chief Nurse/Deputy Chief Executive ensure that the concerns raised by the Committee in respect of the refreshed SRR/BAF be discussed at the risk register session in the afternoon on 13 November 2012 and appropriately actioned.

CN/DCE

65/12 **ITEMS FROM THE LOCAL COUNTER FRAUD SPECIALIST**

65/12/1 Local Counter Fraud Specialist Progress Report

The Head of Counter Fraud Services presented paper E, the Counter fraud Progress report. 50% of the annual plan had been completed by the end of September 2012. The following points were made in particular:-

- certificates for completion of the new counter fraud e-learning module had been issued to over 1700 members of staff since 1 April 2012, and
- the Local Counter Fraud Services team was working with NHS Protect on the Qualitative Assessment pilot.

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

65/12/2 Report by the Head of Counter Fraud Services

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

66/12 FINANCE – STRATEGIC AND OPERATIONAL ISSUES

66/12/1 Discretionary Procurement Actions

Paper F listed the Discretionary Procurement Actions for the period August-October 2012 in line with the Trust's Standing Orders. Members queried the 'British Thoracic Annual Conference' case – it was noted that some financial benefit was made through this procurement action.

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

66/12/2 Losses and Special Payments

Paper G informed the Audit Committee of the losses and special payments for the period April-September 2012.

Mr I Reid, Non-executive Director highlighted that in this period, there were 8 overseas visitor cases with total value of £27,140 which were potential bad debts. He specified in respect of the value of the cases, it did not seem these were emergency cases and therefore the payment should have been made upfront. In response, the Acting Head of Financial Services advised that the cases in question might have been older cases but were being written-off in-year. He also noted that the process for monitoring and embedding procedures relating to overseas visitors and private patients was being reviewed.

Members noted that the total special payments had reduced in comparison to 2011-12. The Director of Corporate and Legal Affairs advised that the clinical negligence claims had significantly increased. However, growth in the number of claims lodged did not translate to claims settled. Mr A Bostock, External Auditor commented that most of these claims could be resolved with an apology, however, it was noted that some claimants were intent on legal action and an apology would not suffice.

The Committee Chair queried whether any of the losses/special payments could be recovered through insurance/wider health economy – it was noted that all personal injury payments were made under advice from the NHS Litigation Authority (NHSLA) and related primarily to employers and public liability cases. The NHSLA settled claims on the Trust's behalf, however the premium payment would increase depending on the number of cases. In relation to the recovery of losses, members were advised that cases were being referred to the specialist debt recovery agency

more promptly.

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

66/12/3 Report by the Acting Head of Financial Services

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

67/12 ITEMS FROM INTERNAL AUDIT

67/12/1 Internal Audit Progress Report

Paper I provided the Committee with an update on Internal Audit's work since the last meeting of the Audit Committee. Ms A Breadon, Internal Auditor advised that given the situation in relation to the audit plan, Internal Audit continued to focus on core work which was not dependent on the BAF, whilst the SRR/BAF was being updated. Responding to a query from the Committee Chair, Internal Auditors advised that most of the audits had been scheduled towards the end of the financial year.

Particular discussion took place regarding the audit of the catalogue function within the Procurement and Supply Chain departments and the Audit Committee noted the need for assurance that the finding in relation to communication issues between the Project Manager and Catalogue Manager had been resolved – in response, Internal Auditors advised that meetings had been scheduled with appropriate staff to take this forward.

The Internal Auditors confirmed that on the current BAF, 'delivery of the transformation programme' was the only risk with a high risk score of 20 and they confirmed that this would be addressed within the revised internal audit plan. The Committee Chairman suggested that at the SRR/BAF discussion session on 13 November 2012, Executive Directors took into consideration the assurance required for mitigation of key risks, outputs and the direction of travel.

In discussion on whether an additional Audit Committee meeting needed to be convened to discuss the revised BAF and internal audit plan, Internal Auditors confirmed that an Internal Audit plan was in place but it had not been formulated based on areas of risk that would be identified in the revised BAF and this would be possible only when the revised BAF would be available. The Director of Finance and Business Services advised that he met with Internal Audit colleagues on a regular basis and he suggested that he would take a pragmatic decision on flexing the plan, as appropriate.

The Committee Chair requested that the revised Internal Audit plan be submitted to the Audit Committee in February 2013, however in the meantime work would continue on focusing the key risks in the BAF. An update on the development of the SRR/BAF be provided to the Trust Board.

IA

DFBS

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

(B) the Internal Auditors present the revised Internal Audit plan at the Audit Committee meeting in February 2013, however, work to continue on focusing the key risks in the BAF, and

IA/TA

(C) an update on the development of the SRR/BAF be provided to the Trust Board in November 2012.

DFBS/
TA

67/12/2 Internal Audit Agreed Action Tracking Report

Paper J provided an update on the Trust's progress in implementing the agreed actions that had been raised through internal audit work. In respect of the electronic portal that was due to be set-up for tracking the agreed actions, Audit Committee members requested that they be provided access rights to this system.

IA

Ms J Watson, Internal Auditor advised that a revised implementation date had been provided for some actions which were dependent on the need for a system upgrade. However, Audit Committee members cited examples of actions where a revised implementation date had been given even though a system upgrade was not key for the implementation of that action. Members advised that 're-targeted' action should be considered as an 'overdue' action. The Director of Finance and Business Services and the Director of Corporate and Legal Affairs agreed to make the Executive Team aware of this and if there was a change in date for implementing an action then the Executive Director concerned would need to provide an update to the Executive Team. In future such reports, Internal Auditors were requested to class actions with a revised implementation date as 'over-due'.

DFBS/
DCLA

IA

Resolved – that (A) the Internal Auditors provide access rights to Audit Committee members in respect of the portal for tracking internal audit agreed actions;

IA

(B) the Director of Finance and Business Services and the Director of Corporate and Legal Affairs ensure that the Executive Directors were aware that an update would need to be provided to the Executive Team, if there was a change in date for implementing an agreed Internal Audit action, and

DFBS/
DCLA

(C) the Internal Auditors ensure that future tracking reports classed actions with a revised implementation date as 'over-due'.

IA

68/12 **ITEMS FROM EXTERNAL AUDIT**

68/12/1 External Audit Progress Report

Members received and noted the contents of paper K, which provided a summary of work undertaken in the last quarter, work planned for the next quarter and an overview of relevant technical updates.

Responding to a query from Mr R Kilner, Non-Executive Director on whether there was a closure loop in respect of the technical updates, the Director of Finance and Business Services advised that the Executive Team reviewed the Department of Health's newsletter "The Week" on a weekly basis and any substantive issues arising from this were also reported to the Trust Board through the Chief Executive's monthly report.

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

68/12/2 External Audit's Opinion on Trust's Quality Accounts

Mr A Bostock, External Auditor, presented paper L, which detailed an overview of the work undertaken to provided a limited assurance opinion on whether the Trust's Quality Accounts had been prepared in accordance with the relevant regulations. These included results of sample testing over the preparation of two mandated and one local performance indicator. Of the three indicators tested there were no improvements required.

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

68/12/3 Update on implementation of External Audit Recommendations

The Audit Committee noted the outstanding External Audit actions and the ongoing work to clear the issues (Appendix 1 of paper N refers).

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

69/12 **AUDIT COMMITTEE SELF ASSESSMENT/REVIEW OF EFFECTIVENESS ACTIONS**

Paper O summarised the actions agreed at the informal meeting with the Director of Corporate and Legal Affairs and the Audit Committee members to discuss the results of the Audit Committee self assessment. Progress on the actions would be made in the meantime with an update being provided to the Audit Committee in February 2013. The Audit Committee self assessment/review of effectiveness actions to feature as a standing item on Audit Committee agenda, until further notice.

DCLA

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

(B) the Audit Committee self assessment/review of effectiveness actions to feature as a standing item on Audit Committee agenda, until further notice.

DCLA/
TA

70/12 **ASSURANCE GAINED FROM THE FINANCE AND PERFORMANCE (F&P) COMMITTEE AND THE GOVERNANCE AND RISK MANAGEMENT COMMITTEE (GRMC)**

Mr D Tracy, Non-Executive Director/GRMC Chairman informed member that the GRMC meetings usually had a busy agenda. He provided examples of reports that were discussed on a monthly, quarterly and adhoc basis. He confirmed that there were no outstanding issues of serious concern that had not already been reported to the Trust Board.

Mr I Reid, Non-Executive Director/F&P Chairman provided a brief update advising that the key issue for 2012-13 was the disappointing financial performance against plan and the gaps in the delivery of the CIP programme. Actions were being taken to address non-pay expenditure which had been consistently adverse to plan during 2012-13 and a further update on this had been scheduled to be presented to the F&P in November 2012. The F&P Committee had also requested an update be provided on the existence of appropriate controls to end bank/agency use of medical staff once the substantive junior doctor vacancies were filled. The main area of focus was on the delivery of the transformation programme. A month by month forecast and achievement of the financial recovery programme was also received by the Committee.

Resolved – that this verbal information be noted.

71/12 **MINUTES FOR INFORMATION**

71/12/1 Governance and Risk Management Committee

Resolved – that the Minutes of meetings of the Governance and Risk Management Committee held on 20 August and 24 September 2012 (papers P – P1 refer) be received and noted.

71/12/2 Finance and Performance Committee

Resolved – that the Minutes of meetings of the Finance and Performance Committee held on 29 August and 24 September 2012 (papers Q – Q1 refer) be received and noted.

72/12 **ANY OTHER BUSINESS**

Resolved – that there were no further items of business.

73/12 **IDENTIFICATION OF ANY KEY ISSUES FOR THE ATTENTION OF THE TRUST BOARD**

Resolved – that there were no key issues for the attention of the Trust Board.

74/12 **DATE OF NEXT MEETING**

Resolved – that (A) the next meeting of the Audit Committee be held on Tuesday, 12 February 2013 from 10:30am in the Large Committee Room, Main Building, 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 10:00am, with representatives from Internal and External Audit to attend from 10:15am in the Small Committee Room, Main Building, Leicester General Hospital.

The meeting closed at 12:45pm

Cumulative Record of Members' Attendance (2012-13 to date):

Name	Possible	Actual	% attendance
K Jenkins (Chair)	4	4	100
R Kilner	4	4	100
I Reid	4	4	100
D Tracy	4	3	75

Hina Majeed
Trust Administrator