


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: 25 April 2013**

**COMMITTEE: Audit Committee**

**CHAIRMAN: Ms K Jenkins**

**DATE OF COMMITTEE MEETING: 3 April 2013**

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

- Minute 17/13 (UHL Risk Reporting Framework).

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

- None

**DATE OF NEXT COMMITTEE MEETING: 28 May 2013**

**Ms K Jenkins  
19 April 2013**

**UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST**

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON  
WEDNESDAY 3 APRIL 2013 AT 10:30AM IN THE LARGE COMMITTEE ROOM,  
MAIN BUILDING, LEICESTER GENERAL HOSPITAL SITE**

**Present:**

Ms K Jenkins – Non-Executive Director (Chair)  
Mr I Reid – Non-Executive Director

**In Attendance:**

Mr C Carr – Head of Performance Improvement (Minute 22/13)  
Ms J Clarke – Local Counter Fraud Specialist (East Midlands Internal Audit Services) (until and including Minute 21/13/3)  
Mr A R Harvey – Interim Trust Administrator  
Mrs S Hinchliffe – Chief Nurse/Deputy Chief Executive  
Ms S Hotson – Director of Clinical Quality (Minutes 23/13/1 – 23/13/2)  
Mr A Seddon – Director of Finance and Business Services  
Mr N Sone – Acting Head of Financial Services  
Ms A Breadon – Head of Internal Audit, PWC (the Trust's Internal Auditor)  
Mr S Hughes – Internal Audit Manager, PWC (the Trust's Internal Auditor)  
Ms C Wood – Internal Audit Manager, PWC (the Trust's Internal Auditor)  
Mr D Hayward – KPMG (the Trust's External Auditor)  
Mr D Sharif – KPMG (the Trust's External Auditor to Minute 23/13)  
Mr D Snare – KPMG (the Trust's External Auditor)

**RECOMMENDED ITEMS**

**ACTION**

**17/13      UHL RISK REPORTING FRAMEWORK**

The Chief Nurse / Deputy Chief Executive submitted paper I, a detailed report aimed at providing the Committee with assurance of robust risk reporting mechanisms providing a line of sight for risks from 'Ward to Board'.

The report detailed the current position and also gave consideration to development areas within the Risk Management Framework, in particular:

- Data quality: implement risk reduction plans;
- Consideration of the requirement of a corporate risk register;
- Stronger links with Internal Audit in relation to risk management;
- The UHL Board Assurance Framework; and
- The need for accountability across the Trust.

Feedback from Divisions on UHL's risk framework included the amount of work involved, the IT changes that were required to enable an improved systems approach and the requirement to update risks on a regular basis (a notable accountability issue). At present the Corporate Team would continue to provide monthly and quarterly reports based on information provided across the Trust. The implementation of system changes was more complex and was also a resource issue. New risks would be subject to a formal sign-off process before they were included on the register. A risk management website was currently in the process of construction and the existing Risk Management Strategy was currently under review. Regular meetings had been established with Internal Audit to ensure that best practice was being followed across the implementation of the Strategy.

In considering the report the Committee discussed the following points:

- The changes proposed would require higher levels of resource effort and

- renewal of existing practices and there were concerns at the capacity of Trust staff to be able to fulfil all the stated requirements;
- In respect of the existing register, some concern was expressed that if items were on the register at 'amber' level they may develop into a higher level risk unless they were constantly reviewed;
  - Further information required as to how risks were entered at CBU level and the processes, including escalation, that are followed. It was agreed that this information should be brought forward to the next meeting of the Audit Committee in May 2013. In respect of Trust Board consideration of risks, the Committee debated whether it was in the best interests of the Trust for the Board to be able to openly review all risks or whether to consider risks on an exception basis. Following debate, the Committee determined to recommend to the Trust Board that it should consider all risks as this would enable open challenge across the whole range of Trust risks; and
  - Due to the developments currently scheduled, the Chair suggested that the Risk Reporting Framework be retained on the agenda as a standing item.

**CN-DCE**

**CN-DCE/  
TA**

**CN-DCE/  
TA**

**Recommended – that (A) the report (paper I) be received and noted;**

**(B) the Risk Reporting Framework be set as a standing item for the Audit Committee from May 2013 onward;** **TA**

**(C) the Trust Board be recommended to consider reviewing all risks in order to allow a more active challenge of risks across the whole range of the Trusts risk portfolio; and** **CN-DCE**

**(D) a report detailing how CBU and other staff enter risks onto the risk register, the proposed sign-off process and the escalation processes in place be submitted to the next meeting of the Audit Committee.** **CN-DCE/  
TA**

### **RESOLVED ITEMS**

**18/13 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.**

**19/13 APOLOGIES**

Apologies for absence were received from Mr R Kilner, Non-Executive Director, Mr J Adler, Chief Executive and Mr A Bostock, External Auditor, KPMG (the Trust's External Auditor).

**20/13 MINUTES**

In respect of Minute 6/13/4 (Update on UHL'S Progress Against EA ISA 260 Recommendations), the External Auditors pointed out that actions had been posted.

In respect of the last paragraph of Minute 7/13/1 (Internal Audit Progress Report), the Internal Auditors reminded the Committee that work proposed in respect of the emergency care pathway was now planned for 2014.

**Resolved – that, subject to the above amendments, the Minutes of the**

meeting held on 12 February 2013 (papers B and B1 refer) be confirmed as a correct record.

TA

## 21/13 MATTERS ARISING REPORT

The Chair confirmed that the Matters Arising report (paper C) highlighted the matters arising from the meeting held on 12 February 2013. The following matters were raised:-

- (a) Minute 4/13b – the Director of Finance and Business Services reported that the appropriate assurances in respect of the process for training for fraud awareness would now be taken through the next FMC Board; DFBS
- (b) Minute 5/13/2 – in response to a question on reported areas of concern in respect of Fraud Awareness Training, the LCFS explained that there had been concerns relating to the lack of training and that such concerns were being addressed through e-learning. The Committee would be provided with a full update at its next meeting on 28 May 2013; LCFS
- (c) Minute 8/13/1 – the Director of Corporate and Legal Affairs reported that various actions were being undertaken which would include a Board Development Session on Monitors' revised powers; and DCLA
- (d) Minute 11/13 – the Chief Nurse / Deputy Chief Executive reported quality impact assessment processes would be updated. A master copy would be held on the shared drive. CN/DCE

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

As above

## 22/13 ITEMS FROM THE LOCAL COUNTER FRAUD SPECIALIST

### 22/13/1 Local Counter Fraud Specialist (LCFS) Progress Report

Paper D summarised the operational counter fraud work plan for 2013/14 counter fraud work plan. The work plan had been compiled to ensure that action continued to embed a counter fraud environment within the Trust, whilst acknowledging that fraud could not be totally removed and therefore needed to be addressed adopting a risk based approach. The Director of Finance and Business Services highlighted that the key principle was to create a culture of awareness and deterrence. Details of the specific areas within the fraud risk assessment were presented.

In considering the report, the Non-Executive members considered that the risk impact scores may be viewed as subjective, but the LCFS reported that the assessment was based on careful consideration of the facts set against the level of mitigation within each individual area. The Chair requested that the risk assessment be shared with Internal Audit to ensure that the high residual risk areas are appropriately reviewed / included in work plans by Internal Audit / LCFS.

LCFS

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

**(B) the proposals with regard to the establishment of Counter Fraud arrangements provided within the Counter Fraud Operational Plan for 2013/14 be approved, subject to the work plan being aligned with the Internal Audit work plan where appropriate.**

LCFS

### 22/13/2 UHL Survey Report – Counter Fraud

The Local Counter Fraud Specialist submitted paper E providing details of the results of an independent survey undertaken on behalf of the Trust which had been designed to evaluate the overall effectiveness of presentations and e-learning

modules in promoting fraud awareness, specifically focussing on the success of deterrent messages carried through communications media. The report identified the strengths and weaknesses highlighted in respect of each key training areas. It was noted that the survey had received a high response rate from staff invited to respond.

In noting that the survey had been primarily aimed at those who had been undertaking e-learning, rather than the organisation as a whole, the Committee considered that similar surveys should be rolled out across all staffing areas.

LCFS

**Resolved – that the report be noted and the feasibility of a roll out across all staff areas of a similar survey be considered.**

LCFS

22/13/3 Report from the Local Counter Fraud Specialist

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

### 23/13 **DATA QUALITY DIAMOND ASSESSMENT UPDATE**

The Head of Performance Improvement submitted paper F which provided the Committee with an updated position in relation to the Data Quality Diamond Assessment process, in particular an update on actions undertaken to date, findings of initial work, timescales by which all appropriate indicators would have been assessed and details of peer review processes undertaken via a UHL Data Quality Forum.

In considering the report the Committee noted the following strengths and weaknesses identified from early findings:

- Strengths – Owners having a good understanding of their targets/standards, clear accountabilities, ease of data retrieval from those systems with customised IT systems, good supporting documentation, availability of national/external reference documents defining standards definitions and positive response to the assessment process.
- Weaknesses – Limited number of people involved in the process, limited number of customised IT systems with some data on spreadsheet system (significant risk issue) and some standards/targets heavily reliant on significant numbers of staff for collection (cost issue).

In presenting the report the Head of Performance Improvement highlighted the following key issues for consideration by the Committee:

- Work to date had entailed self assessment by the accountable staff member with guidance from the Trust Information Manager and Head of Performance Improvement, but such a process risked being too subjective and a more robust process was required;
- RSM Tenons' recommendations from their review of the Trusts' governance framework included the establishment of a Data Quality Forum reporting to the Audit Committee. Terms of reference for the new Forum were currently being drafted and the first meeting, which would include officers at a senior managerial level throughout the Trust, would take place in May 2013. In response to a question from the Committee, it was noted that the Forum would meet monthly based on approximately six assessments per month and
- The Committee was asked to consider the data quality diamond assessment process being included in the Trust's internal audit plans for 2013-14 to provide further assurance of the process.

In noting the above points, the Committee expressed the view that a greater level of support was required for the performance management function. The Director of Corporate and Legal Affairs informed the Committee that this point could be taken forward into the Executive level discussions on performance management which were due to commence on a regular basis from April 2013.

HPI/IDO

**Resolved – that (A) the progress made to date in the self assessment process and the initial findings, as reported, be noted;**

**(B) the outstanding actions and timescales required to complete the self assessment process for all indicators in ‘UHL at a glance’, as reported in paper F, be noted;**

**(C) the establishment of a Data Quality Forum reporting into the Audit Committee be noted and approved;**

HPI

**(D) provision be made for the data quality assessment process to be included within the Trust’s internal audit plans for 2013-14; and**

HPI/  
IA(PWC)

**(E) the Head of Performance Improvement raise the matters reported along with capacity issues for performance management with the Executive Team in its monthly performance discussions.**

HPI/IDO

**24/13 ITEMS FROM THE DIRECTOR OF CLINICAL QUALITY**

**24/13/1 Development of the 2013-14 Clinical Audit Plan Process**

The Director of Clinical Support submitted paper G detailing the process for the development and management of the clinical audit programme. The report included details of prioritisation of topics on the programme, the process of identifying and registering clinical audits and outcome measures from the programme, together with comprehensive details of the statutory and mandatory requirements.

Following a question from the Chair, the Director of Clinical Quality reported that officers were reasonably confident on the process of closing actions and feedback on audits. Feedback of audit outcomes provided a learning process in respect of the issues raised, which in itself meant that future audits were better informed. The learning from the process was put to good use and shared with colleagues by clinical audit seminars and a regular newsletter.

In considering the report the Committee requested that details of the number of audits undertaken, the costs involved and the Clinical Quality dashboard be reported to the next Audit Committee meeting.

DCQ

**Resolved - that (A) the report be received and noted; and**

**(B) details of the number of audits undertaken, the costs involved and the Clinical Quality dashboard be reported to the Audit Committee meeting on 28 May 2013.**

DCQ/TA

**24/13/2 Quality Account Timetable – Update**

The Director of Clinical Quality submitted paper H informing of changes to the 2011/12 Quality Account in respect of Commissioners and Local Scrutineers and details on the development of the 2012/13 Quality Account . An oversight steering group had been formed for the 2012/13 Quality Account which included representatives from the performance and information teams. The priorities for improvement for 2013/14 would be taken from the Quality and Safety Commitment

and details were included within the paper. An emphasis was placed on the need for simplicity in information provision to enable a greater level of engagement.

In considering the report the Chief Nurse / Deputy Chief Executive referred the Committee to the high level of input required to undertake some of the audits, particularly in respect of the Priority 1 areas and the large amount of information that would need to be fed back once the audits had taken place. The Committee shared the concerns in respect of the issues mentioned, in particular the capacity issues arising in respect of Priority 1 audits and members requested that the Audit Committee be kept apprised of such issues at future meetings.

DCQ

The Director of Clinical Quality would work with colleagues to produce a first draft of the Quality Account for presentation to the Quality Assurance Committee in April 2013, following which it would be shared with the City CCG, Healthwatch and the Overview and Scrutiny Committee. In May 2013 a revised version would be shared with external auditors for review prior to the submission to the June 2013 Trust Board.

TA

**Resolved – that (A) progress made with the production of the Quality Account for 2012/13 be noted;**

**(B) the Audit Committee be kept informed in respect of potential capacity issues arising from stated proposals; and**

DCQ

**(C) the timetable for the Quality Account, as stated above be noted, including submission to the Trust Board at its meeting in June 2013.**

DCQ

## 25/13 **FINANCE – STRATEGIC AND OPERATIONAL ISSUES**

### 25/13/1 Discretionary Procurement Actions

The Director of Finance and Business Services submitted paper J, reporting on a summary of seven requests for single tender action between February – March 2013, in accordance with paragraph 9.8.4 of the Trust's Standing Orders.

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

DFBS

### 25/13/2 Report from the Acting Head of Financial Services

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

### 25/13/3 2013-14 Revenue and CIP Assurances

The Director of Finance and Business Services reported that the Trust Board had been updated as to the current position at its meeting on 28 March 2013.

**Resolved – that the current situation, as reported to the Trust Board on 28 March 2013, be noted.**

### 25/13/4 Annual Accounts and Process for Signing

The Acting Head of Financial Services updated the Committee on the various deadlines in respect of the Annual Accounts and process for signing. It was noted that the deadline for the accounts was 22 April 2013. KPMG were due to commence their work on the accounts from 14 April 2013, thence to Audit Committee for approval on 28 May 2013.

	<b><u>Resolved</u> – that the programme for approval and sign off, as summarised above, be noted with final submission of the accounts being reported to the meeting of the Audit Committee on 28 May 2013</b>	<b>AHFS/ TA</b>
25/13/5	<u>Treasury Management Activity 2012-13</u>  The Director of Finance and Business Services submitted paper L detailing the investment performance of the Trust in 2012-13.	
	<b><u>Resolved</u> - that the report be received and noted</b>	
<b>26/13</b>	<b><u>ITEMS FROM INTERNAL AUDIT</u></b>	
26/13/1	<u>Draft Annual Report and Head of Internal Audit Opinion – Draft 2012-13 Annual Governance Statement</u>  The Chairman reported that this item had been deferred pending further detailed discussions on certain aspects, particularly the Internal Audit Review on Business Continuity Management report and its delivery of an appropriate level of assurance. Notwithstanding this, the Director of Finance and Business Services reported that he considered that the proposed dates of responses within the review were too long and a version of the action plan with more expedient dates was currently being drafted and would be shared with Committee members in due course.  Further to discussion, it was agreed that the revised assurance report, together with the draft 2012-13 Annual Governance Statement, would be circulated outwith the meeting to all members by no later than 9 April 2013.	<b>IA/DCLA</b>
	<b><u>Resolved</u> – that consideration of the Draft Annual Report and Head of Internal Audit Opinion the draft 2012-13 Annual Governance Statement be circulated to Committee members outwith the meeting.</b>	<b>IA(PWC) DCLA</b>
26/13/2	<u>Draft Risk Assessment and Internal Audit Plan 2013-14</u>  Internal Audit presented paper N which set out the work that had been carried out in relation to assessing risk and the proposed internal audit work for 2013-14. The Chair reported that as the report had not been tabled in advance of the meeting, it would be placed on the next agenda for formal consideration.  Prior to consideration at the next meeting the Director of Finance and Business Services requested that Internal Audit revise their statement in terms of the Trust “accepting an increased risk appetite” (page 4 of the report, Corporate Objectives and Risks refers) as this was not a true reflection of the Trusts risk profile.	<b>TA</b>
	<b><u>Resolved</u> – that the report be revised as stated above and resubmitted to the next meeting of the Audit Committee on 28 May 2013.</b>	<b>IA(PWC) /TA</b>
26/13/3	<u>Internal Audit Review – Business Continuity Management</u>  Further to discussion at Minute 26/13/1, the Chair reported that consideration of the Internal Audit Review into Business Continuity Management had been deferred to allow Internal Audit to reassess the report in the light of updated information and recirculate to Committee members in due course.	
	<b><u>Resolved</u> – that Internal Audit (PWC) reassess and revise the Internal Audit Review into Business Continuity Management prior to circulating their revised assurance opinion and circulate to Trust Board members by no later</b>	<b>IA(PWC)</b>



than 9 April 2013.

**27/13 ITEMS FROM EXTERNAL AUDIT**

27/13/1 External Audit Progress Report

External Audit presented paper P which detailed progress made in terms of work undertaken since the February 2013 meeting of the Audit Committee and work planned for the next quarter. Mr D Snare, (KPMG) assured members that the external audit plan was on track and a number of actions had been completed.

The report also listed a number of articles that might be useful for the Trust to consider.

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

**28/13 ASSURANCE GAINED FROM THE FINANCE AND PERFORMANCE COMMITTEE AND THE QUALITY ASSURANCE COMMITTEE ON KEY RISKS/ISSUES OF THE TRUST**

Mr I Reid, Non-Executive Director/Chairman of the Finance and Performance Committee reported that the focus of the F&P Committee had been financial robustness to deliver the 2012-13 year-end position.

**Resolved** – that the position be noted.

**29/13 MINUTES FOR INFORMATION AND DISCUSSION**

29/13/1 Quality Assurance Committee

**Resolved** – that the Minutes of the Quality Assurance Committee meetings held on 22 January and 19 February 2013 (papers R-R1 refer) be received and noted.

29/13/2 Finance and Performance Committee

**Resolved** – that the Minutes of the Finance and Performance Committee meeting held on 30 January and 27 February 2013 (papers S-S1 refers) be received and noted.

**30/13 ANY OTHER BUSINESS**

**Resolved** – that there were no items of any other business.

**31/13 IDENTIFICATION OF KEY ISSUES THAT THE COMMITTEE WISHES TO DRAW TO THE ATTENTION OF THE TRUST BOARD**

**Resolved** – that the attention of the Trust Board be drawn to the recommendations at Minute 17/13.

**32/13 DATE OF NEXT MEETING**

**Resolved** – that (A) the next meeting of the Audit Committee be held on Wednesday, 28 May 2013 from 10:30am in the Board Room, Victoria Building, Leicester Royal Infirmary, 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 Committee Room, Victoria Building, Leicester Royal Infirmary.

The meeting closed at 12.55pm

**Alan R Harvey**  
**Interim Trust Administrator**

Name	Possible	Actual	% attendance
K Jenkins (Chair)	6	6	100
R Kilner	6	5	83
I Reid	6	6	100
D Tracy	5	3	60

**Attendees**

Name	Possible	Actual	% attendance
J Adler	2	0	0%
S Hinchliffe	2	2	100%
M Lowe Lauri	2	2	100%
A Seddon	6	6	100%
S Ward	6	5	83%