

Trust Board Paper U

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

**DATE OF TRUST BOARD MEETING:** 2 June 2016

**COMMITTEE:** Audit Committee

**CHAIR:** Mr R Moore, Non-Executive Director

**DATE OF MEETING:** 25 May 2016

This report is provided for the Trust Board's information in the absence of the formal Minutes, which will be submitted to the Trust Board on 7 July 2016.

**SPECIFIC RECOMMENDATIONS FOR THE TRUST BOARD:**

- ***Draft Annual Report and Annual Accounts 2015-16*** – please see separate briefing sheet;
- ***Draft Annual Quality Account 2015-16 and Statement of Directors' Responsibilities*** – the 2015-16 draft Quality Account and Statement of Directors' Responsibilities was endorsed by the Audit Committee for onward recommendation to the Trust Board for formal approval. External Audit were currently reviewing the Quality Account and no major issues had been identified. A formal opinion would be provided prior to the 2 June 2016 Trust Board meeting and their detailed findings would be presented to the 7 July 2016 Audit Committee;

***The Audit Committee was inquorate for the following items of business:-***

- ***Internal Audit Reviews:***
  - Waiting Times in Elective Care (quorate discussion see below);
  - Medical Staffing – (medium risk overall with 5 medium risk recommendations) – the Senior HR project manager confirmed that the review findings were a fair reflection of the current position, but work was underway to streamline the recruitment timescales by scheduling each phase of the recruitment process in advance;
  - Outpatients Patient Experience – (medium risk overall with 3 medium risk and 1 low risk recommendations) – discussion took place regarding accountability, acting on real-time patient feedback and potential delays with implementing the pilot text messaging system in outpatients. The launch date for the pilot has slipped from early May 2016 to end of July 2016 due to a technical IT issue and the evaluation was unlikely to be completed by 30 September 2016;
- ***Internal Audit Work Plan 2016-17*** – paper J provided the proposed Internal Audit Plan for 2016-17, highlighting the key changes made following the Audit Committee's review of the draft plan on 3 March 2016. The total number of days had increased to 265 days (from the usual 250 days). The Audit Committee Chair noted that there had been no recent Internal Audit review of the medical records function and he requested the Chief Financial Officer to raise this matter at the appropriate Executive forum to seek assurance relating to medical records management as part of the EDRM pilot. Any concerns relating to medical records would be escalated to the July 2016 Audit Committee meeting, although members commented that the scope of any Internal Audit review would need to be very focused;

- **Internal Audit Annual Report** – the 2015-16 Internal Audit Annual Report was received and noted alongside the Annual Report and Annual Accounts (see separate briefing sheet);
- **External Audit Progress Report** – the External Audit progress report for May 2016 was received and noted as paper M;
- **Review of Losses and Special Payments** – paper N provided a summary of losses and special payments in 2015-16. Audit Committee members welcomed the year-upon-year reduction and noted the revised methodology for treatment of overseas visitors' debts;
- **Discretionary Procurement Actions** – paper O provided a summary of discretionary procurement actions between March 2016 and May 2016 (including a range of facilities management contracts that had been novated from Interserve). A review was being undertaken to ensure that each of these novated contracts was providing appropriate value for money. Particular discussion took place in relation to the schedule of non-purchase order expenditure detailed in appendix 2 and the scope to produce a more informative report for the next Audit Committee meeting;
- **Appointment of Local Counter Fraud Contract Provider** – Audit Committee members noted the appointment of PwC as the new supplier of Local Counter Fraud Services effective for 1 year from 1 June 2016;
- **Consolidated List of Outstanding and In-Progress Actions Following Internal Audit, External Audit and LCFS Recommendations** – the Director of Corporate and Legal Affairs briefed the Committee on the arrangements for closing the remaining internal audit actions. Internal Audit had previously provided assurance that the 7 outstanding actions relating to facilities management services could be closed down;
- **Guidance and Process Regarding Local Appointment of Auditors for NHS Trusts** – the Audit Committee received and noted the guidance provided in paper R;
- **Audit Committee Objectives 2016-17** – a discussion on the Audit Committee's Objectives would be scheduled on the Audit Committee agenda for 7 July 2016, pending further discussion between the Director of Corporate and Legal Affairs, the Committee Chair and Non-Executive Directors;
- **Conflict of Interests** – paper T provided a briefing note on plans to revise the rules relating to conflict of interests in the NHS and members noted that appropriate updates would be provided to the Audit Committee. Once the revised rules had been published, the Trust would be undertaking a review of its Code of Business Conduct;
- **Quality Assurance Committee** – the Minutes of meetings of the Quality Assurance Committee held on 25 February 2016 and 24 March 2016 were received and noted;
- **Integrated Finance Performance and Investment Committee** – the Minutes of meetings of the Integrated Finance Performance and Investment Committee held on 25 February 2016 and 24 March 2016 were received and noted;
- **Charitable Funds Committee** – the Minutes of the Charitable Funds Committee meeting held on 5 May 2016 would be submitted to the 7 July 2016 Audit Committee, and
- **Any Other Business** – the Chief Financial Officer undertook to brief the Chairman and Non-Executive Director members on the actions undertaken in relation to counter fraud case reference #71420.

**SPECIFIC DECISIONS:**

- None.

## DISCUSSION AND ASSURANCE:

- ***Integrated Risk Management Report*** – the Committee received a briefing on the revised arrangements for overview of the risk management process and agreed to review the effectiveness of these new arrangements at its August 2016 meeting. Subject to further discussion with the relevant risk owners, the Committee provisionally arranged to undertake a detailed review of risk 3 (emergency attendance/admissions increase) and risk 14 (failure to develop and agree the appropriate vision and strategy for clinical reconfiguration) on 30 July 2016;
- ***Reconfiguration Programme Gateway 0 Review and Action Plan*** – the Audit Committee supported the recommendations and action plan in response to the Reconfiguration Gateway Review, noting the need to re-align the assumptions with the demand and capacity work and capital funding scenarios. These key workstreams were expected to conclude by the end of June 2016 and the final modelling would be presented to the Executive Strategy Board, IFPIC and Trust Board in July 2016;
- ***Electronic Patient Record (EPR) Health Check Review*** – the Chief Information Officer briefed the Audit Committee on progress with the EPR project. Colonel (Retired) I Crowe, Non-Executive Director reported on the national funding landscape for digital innovation, emphasising that appropriate priority was likely to be given to Vanguard sites;
- ***Counter Fraud, Bribery and Corruption Progress Report*** – the Audit Committee considered the progress report, draft self-assessment submission and summary of investigations and information reports. In respect of the red and amber RAG-rated standards within the self-review tool (SRT), the Committee noted that (a) a scheduled review of the Trust's Code of Business Conduct had been deferred pending the outcome of a national consultation process and publication of revised guidance on this subject; (b) evidence of pre-employment checks had now been provided and the RAG-rating for standard 3.4 would change to green prior to submission, and (c) some additional work was required to strengthen the evaluation arrangements relating to section 3.6 – processes in place for preventing, deterring and detecting invoice fraud. Particular discussion took place regarding progress of counter fraud investigations #71466, #71420 and #73188;
- ***Counter Fraud Annual Report 2015-16*** – the Annual Report was received and noted. The Committee Chair noted that this would be the last meeting attended by Mr M Curtis, Local Counter Fraud Specialist and he thanked him for his contribution to the Audit Committee;
- ***Internal Audit Progress Report*** – paper H summarised the position in respect of the completion of the 2015-16 Internal Audit Plan and the arrangements for finalising the 2016-17 plan. Copies of the recent PwC publication "Health Matters" were tabled at the meeting;
- ***Internal Audit Reviews:***
  - Waiting Times in Elective Care (medium risk overall with 2 medium risk recommendations) – particular discussion took place regarding opportunities to standardise processes, develop more centralised services and choose and book (e-referral) slot availability performance. The Chief Operating Officer agreed to check and confirm that the target dates set out in paper H1 would be achievable;
  - Medical Staffing (see recommendations above), and
  - Outpatients Patient Experience (see recommendations above).

**DATE OF NEXT COMMITTEE MEETING:** 7 July 2016.

Mr R Moore – Committee Chair