

**TRUST BOARD MEETING – 23 OCTOBER 2013**  
**AUDIT COMMITTEE REPORT TO BOARD**

<b>PURPOSE</b>	To present to the Trust Board the report from the Audit Committee (AC) meeting of 7 October 2013
<b>PREVIOUSLY CONSIDERED BY</b>	N/A
<b>Objective(s) to which issue relates *</b>	<input checked="" type="checkbox"/> 1. To continuously improve the quality of our services in order to provide the best care and optimise health outcomes for each and every individual accessing the Trust's services <input type="checkbox"/> 2. To excel at customer service, achieving outstanding levels of communication and patient, carer and GP satisfaction <input type="checkbox"/> 3. To provide and support the best standards of integrated care for the elderly and those with long term conditions by developing key partnerships and services <input type="checkbox"/> 4. To consolidate services and enhance local access to specialist services in order to deliver high quality, safe, seamless, innovative and integrated services which are sustainable <input type="checkbox"/> 5. To support the continued development of the Mount Vernon Cancer Centre and provision of leading local and tertiary cancer services <input type="checkbox"/> 6. To improve our staff engagement and organisational culture to be amongst the best nationally
<b>Risk Issues</b> (Quality, safety, financial, HR, legal issues, equality issues)	Key assurance committee reporting to the Board
<b>Healthcare/ National Policy</b> (includes CQC/Monitor)	In line with Standing Orders and best practice in corporate governance
<b>CRR/Board Assurance Framework *</b>	<input checked="" type="checkbox"/> <b>Corporate Risk Register</b> <span style="margin-left: 200px;"><input checked="" type="checkbox"/> <b>BAF</b></span>
<b>ACTION REQUIRED *</b>	
For approval	<input type="checkbox"/>
For discussion	<input checked="" type="checkbox"/>
For decision	<input type="checkbox"/>
For information	<input type="checkbox"/>
<b>DIRECTOR:</b>	CHAIR OF AUDIT COMMITTEE
<b>PRESENTED BY:</b>	CHAIR OF AUDIT COMMITTEE
<b>AUTHOR:</b>	COMPANY SECRETARY
<b>DATE:</b>	14 OCTOBER 2013

**We put our patients first    We work as a team    We value everybody    We are open and honest**  
**We strive for excellence and continuous improvement**

\* tick applicable box

## AUDIT COMMITTEE – MEETING HELD ON 7 OCTOBER 2013

### SUMMARY REPORT TO BOARD – 23 OCTOBER 2013

The following members were present: Alison Bexfield, Julian Nicholls  
Other directors in attendance: Paul Traynor

#### Decisions made under delegated authority:

The Audit Committee (AC) made the following decisions on behalf of the Trust, under the authority delegated to it within its terms of reference:

1. **Internal Audit programme - proposed changes to programme:** The AC discussed the requests from Trust Management for internal audit to undertake three other internal audits outside of the current plan. There were:

- (i) Treatment Centre data validation;
- (ii) Cancer target performance waiting times;
- (iii) Value for money cleaning contract.

The Committee approved the addition of items (i) and (ii) and requested further clarification on item (iii) at its next meeting. To facilitate this it was agreed to defer the planned recruitment and portering internal audits until the 2014/15 plan.

2. **Review of Hospitality Register:** The AC welcomed the improvement to the Gifts and Hospitality Register for 2012-13 which shows an increase to declarations made and indicates that the policy is embedded across the organisation. The AC approved the register prior to publication. The Committee requested and received assurance around approval policy regarding study leave and the number of conferences a consultant is permitted to attend in any one year. The AC requested further information on safeguards in approach in use of sponsorship and prescribing.
3. **Review of Declarations of Interests and Conflicts of Interest Policy:** Subject to minor amendments, the AC noted and approved the Register of Interests 2012/13 prior to publication. It was noted that the Corporate Governance team will engage with medical staffing in order to improve the process for capturing declarations from newly appointed consultants and the AC strongly recommended that the Trust employment policy be reviewed in order to implement this and to facilitate annual reminders. The Committee approved the proposed amendments to the Conflicts of Interest Policy (see attached appendix).

#### Outcomes:

1. **Internal audit progress report 2012/13:** This progress report provides an update to the AC of progress against the internal audit plan for the period 1 April 2013 to 31 March 2014 and summarises the two outstanding reports from 2012/13 which have been finalised since the last Audit Committee meeting in July 2013, namely Clinical Support Services Divisional Governance and Performance (overall conclusion, low risk), and New and Infrequently Used Interventional Procedures (overall conclusion, medium risk). The AC noted that the internal audit actions log records the associated action plan on new and infrequently used interventional procedures has now been implemented and closed.
2. **Local Counter Fraud Specialist Quarterly report:** The AC received the progress report against the annual Local Counter Fraud Work Plan. There have been 17 referrals received since April 2013, 11 of which have been closed following enquiries and investigation, and six cases remain on-going. The Committee requested the implementation of time frames, in order to assess the time taken to resolve cases. The AC raised a concern at one-off incidents as in

the case of a member of staff working privately whilst on sickness absence, and was assured that the Trust views such incidences as extremely serious.

3. **External Audit:** The AC noted External Auditors are awaiting the final version of the 2012-13 Charitable Fund Annual Report and Accounts. The auditors will then be in a position to sign off their audit opinion. The Company Secretary reported that the Charity Annual Report and Accounts had been considered by the Charity Trustee Committee at its meeting in September but final changes to the report were awaited before final presentation to external audit and Board. This was anticipated to be ready for presentation to Board in October 2013. The AC Chair requested more timely presentation of the Charitable Annual Report and Accounts in future and was assured the annual cycle has been revised to reflect this.
4. **PbR Data Assurance Framework Action Plan Update:** The AC reviewed the progress against the action plan and requested specific target dates to be able to measure progress; no areas for escalation were identified.
5. **Raising Concerns at Work Log:** The AC noted there are no new cases of whistle-blowing to report but one case remains open pending finalisation of disciplinary investigations. All quality concerns have been addressed and the CQC recent unannounced inspection shows full compliance with the standards inspectors. The AC recommended a more condensed document to ensure the maintenance of confidentiality. The document should provide information on the time taken to resolve cases.

Next meeting

The next meeting of the committee will take place on 2 December 2013.

**Alison Bexfield**  
**Chair of Audit Committee**

14 October 2013

## TRUST CONFLICTS OF INTEREST POLICY

### A policy recommended for use

**In:** All areas

**By:** All directors, both Executive and Non-Executive, Senior Managers (defined for the purposes of this policy as Divisional Directors, Divisional Chairs and the Company Secretary), consultants and Governors (when authorised as a Foundation Trust).

**For:** This policy sets out how the East and North Hertfordshire NHS Trust will manage conflicts of interest arising from the operation of the Trust's business.

**Key Words:** Declaration, Conflict, Interests, Fraud, Bribery

**Written by:** Regulation and Compliance Manager  
Company Secretary

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**Supported by:** Audit Committee, February 2012  
LCFS, February 2012  
Members of Divisional Executive Committee

**Approved by:** Audit Committee

Alison Bexfield, Chair  
Signature

Date: 28 May 2012

(to be updated post Audit Committee)

**Ratified by:** Trust Board



Ian Morfett, Chairman

Date: 30 May 2012

(to be updated post Audit Committee)

**Policy issued:** June 2012

**To be reviewed before:** October 2016

Deleted: June

**To be reviewed by:** Regulation and Compliance Manager/ Company Secretary

Deleted: 3

**Policy supersedes:** Conflict of Interest Policy June 2012

Deleted: Trust Secretary

**Location of archived copy:** Corporate Development Drive

Deleted: New

Corporate Governance Registration No. CG01

Version No. 1

# CONFLICTS OF INTEREST POLICY

## 1. Introduction

This policy sets out how the East and North Hertfordshire NHS Trust will manage conflicts of interest arising from the operation of the Trust's business. It applies to all directors, both executive and non-executive, senior managers (defined for the purposes of this policy as Divisional Directors, Divisional Chairs and the Company Secretary), consultants and Governors (when authorised as a Foundation Trust). The policy should be read and operated alongside the Trust's Standing Orders and Standing Financial Instructions, and its Gifts and Hospitality Policy, which apply to all staff. The policy reflects the Code of Accountability and Code of Conduct for NHS Boards, the Code of Conduct for NHS Managers, 2002, the Trust's Code of Conduct for Directors and Governors that will be adopted upon authorisation as a Foundation Trust, and the seven principles of public life known as the Nolan Principles<sup>1</sup>. The seven principles include:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership.

All members of staff must comply with the Trust's Standing Orders and Standing Financial Instructions, as well as with the Standards of Business Conduct for NHS Staff (1993).

## 2. Purpose

The Board of East and North Hertfordshire NHS Trust has ultimate responsibility for all actions carried out by staff and committees throughout the Trust's activities. This responsibility includes the stewardship of substantial public resources and the provision of health services to the community. The Board is therefore determined to ensure that the organisation inspires confidence and trust amongst its patients, staff, commissioners, suppliers, and the wider community, by demonstrating integrity and avoiding any potential or real situations of undue bias or influence in the decision-making of the Trust.

The Board has a legal obligation to act in the best interests of the Trust and in accordance with the Trust's establishment order, and to avoid situations where there may be a potential conflict of interest.

Conflicts of interest may arise where an individual's personal interests and/or loyalties, or those of a person connected to that individual, conflict with those of the Trust. Such conflicts may create problems such as inhibiting free discussion which could:

- result in decisions or actions that are not in the interests of the Trust and
- risk the impression that the Trust has acted improperly.

The aim of this policy is to protect both the Trust and the individuals involved from any appearance of impropriety.

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<sup>1</sup> Further details can be found at <http://www.archive.official-documents.co.uk/document/parlment/nolan/nolan.htm>.

### 3. The declaration of interests

To serve this purpose, all directors, senior managers and consultants are asked to declare any relevant and material interests that may impact on the work of the Trust. These include, but are not limited to:

- a) Directorships, including Non-Executive Directorships held in private companies or PLCs (with the exception of those of dormant companies)<sup>2</sup>;
- b) Shareholding of over 5% in any company operating in the same market as the Trust or with a substantial contract with the Trust
- c) Majority or controlling share holdings in organisations likely or possibly seeking to do business with the NHS<sup>3</sup>;
- d) A position of Authority in a charity or voluntary organisation in the field of health and social care;
- e) Any connection with a voluntary or other organisation contracting for NHS services;
- f) Research funding/grants that may be received by an individual or their department;
- g) Interests in pooled funds that are under separate management;
- h) Any relevant position held by a spouse or partner;
- i) Any influence over recruitment, or management (or other oversight) over family members, close friends or spouse/partner

A declaration of interests form is provided for this purpose, listing the types of interest you must declare (see Appendix 1).

#### Board Members:

The declaration of interests must be completed upon appointment, updated annually and when any material changes occur.

All such changes must be reported to the Company Secretary and declarations by Board members are to be declared at the next Trust Board meeting following the change occurring, and recorded in the minutes of that meeting.

~~Senior managers, consultants and Governors (when authorised as a Foundation Trust)~~  
The declaration of interests must be completed upon appointment and when any material changes occur.

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All such changes must be reported to the Company Secretary .

If you are not sure what to declare, or whether/when your declaration needs to be updated, please err on the side of caution. As a general rule, consider how your actions (or inactions) might be perceived by an impartial third party. If you would like to discuss this issue, please contact the Chairman or the Company Secretary for confidential guidance.

Interests will be recorded in the Trust's register of interests, which will be maintained by the Company Secretary on behalf of the Chief Executive. The register will be accessible and free for inspection by any member of the public.

<sup>2</sup> Clause 7.1.5 of the Trust's *Standing Orders, Reservation and Delegation of Powers and Standing Financial Instructions* states that such directorships should be included in the Trust's annual report.

<sup>3</sup> Interests must "...not exceed £5,000 in nominal value or one per cent of the total issued share capital of the company or of the relevant class of such capital, whichever is the less." Clause 7.3.1, of the Trust's *Standing Orders, Reservation and Delegation of Powers and Standing Financial Instructions*.

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### *Data Protection*

The information provided will be processed in accordance with data protection principles as set out in the Data Protection Act 1998. Data will be processed only to ensure that directors, senior managers and consultants act in the best interests of the Trust. The information provided will not be used for any other purpose.

Signing the declaration form will also signify that you consent to your data being processed for the purposes set out in this policy.

## **4. What conflicts does this policy cover?**

Directors, senior managers, consultants and Governors (when authorised as a Foundation Trust) should declare an interest in the following circumstances:

- direct financial interests;
- indirect financial interests;
- non-financial or personal interests; and
- conflicts of loyalty.

## **5. What to do if you face a conflict of interest**

All members of the Board should declare their interests in relation to any items on the agenda at the start of each Board or committee meeting. Where a conflict of interest is material to the discussion of the Board, that director shall withdraw from discussions pertaining to that agenda item, and the conflict and the action will be recorded in the minutes of the meeting. The register of interests will be updated accordingly. This practice should be replicated in any meeting (such as committee meetings, Divisional Board meetings, Council of Governors) where decisions are taken that affect the operation of the Trust's business<sup>4</sup>.

It is the responsibility of the Company Secretary in the case of the Board, or the secretary in the case of other meetings, to ensure that a quorum is maintained throughout the discussion and decision of the agenda item. Should the withdrawal of the individual with a conflict of interest result in the loss of the quorum, no decision can be made upon the item at that meeting.

Under Regulation 11(2) of the NHS (Membership and Procedure Regulations SI 1999/2024) legislation for NHS Trusts, the Secretary of State has the power to waive restrictions on a Chairman or director participating in Board (or committee) business, where to authorise such a conflict would be in the interests of the NHS entity. The application of a waiver can, therefore, be used in the following situations:

- where a member of the Board is a clinical professional providing healthcare services to the Trust; or
- where the Board member has a pecuniary interest arising out of the delivery of some professional service on behalf of the Trust, and the conflict has been judged by the Chair not to bestow any greater pecuniary benefit than to other professionals in a similar relationship with the Trust.

Where the Chair has approved the use of the waiver, the Chair must have discussed it with the Chief Executive before the meeting. In such circumstances where the waiver is used, the Board member:

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<sup>4</sup> Standing Order 7.3.2 – Exclusion in proceedings of the Trust Board – makes clear that it applies to a committee or sub-committee as it applies to the Trust.

- must disclose his/her interest as soon as practicable at the start of the meeting;
- may participate in the discussion of the matter under consideration; but
- must not vote on the subject under discussion.

In the case of a meeting of a committee, the member may vote but the resolution which is subject to the vote must comprise a recommendation to, and be referred for approval by, the Trust Board.

The minutes of the meeting will formally record that the waiver has been used, and that this policy and the provisions of the Trust's standing orders have been observed in managing that authorised conflict.

## 6. Decisions taken where a director or board member has an interest

In the event of the Board having to decide upon a question in which a director or Board member has an interest, all decisions will be made by vote, with a simple majority required. A quorum must be present for the discussion and decision; interested parties will not be counted when deciding whether the meeting is quorate. Interested Board members must not vote on matters affecting their own interests.

All decisions made under a conflict of interest will be recorded by the secretary and reported in the minutes of the meeting. The report will record:

- the nature and extent of the conflict;
- an outline of the discussion;
- the actions taken to manage the conflict.

Where a director benefits from the decision, this will be reported in the annual report and accounts, as a matter of best practice.

Independent external moderation will be used where conflicts cannot be resolved through the usual procedures.

## 7. Breaches of this Policy

Breaches of the policy on the Conflicts of Interests will be investigated under the Trust's disciplinary policy and procedures, and where bribery is suspected will be subject to criminal investigation by the Trust's Local Counter Fraud Specialist (see section 2).

Breaches of the code of accountability will be notified to the [Commissioner for Public Appointments](#).

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Upon authorisation as a Foundation Trust, any breach of this policy will be handled in the same way as a breach of the Code of Conduct for Directors or Code of Conduct for Governors, in accordance with the procedures set out in that Code.

## 8. Managing contracts

If you have a conflict of interest, you must not be involved in managing or monitoring a contract in which you have an interest. Monitoring arrangements for such contracts will include provisions for an independent challenge of bills and invoices, and termination of the contract if the relationship is unsatisfactory.

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### **9. Equality Impact Assessment**

This document has been reviewed in line with the Trust's Equality Impact Assessment guidance and no detriment was identified. This policy applies to all regardless of protected characteristic - age, sex, disability, gender-re-assignment, race, religion/belief, sexual orientation, marriage/civil partnership and pregnancy and maternity.

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### **10. Review**

The Company Secretary will ensure that the register of interests is kept up to date. The register will be reviewed annually by the Audit Committee.

### **11. Publication**

The register of interests will be published on the Trust's website.

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## Appendix 1

## DECLARATION OF INTEREST(S)

Name:

Role:

Category	Details of the interest(s) – ie name of company etc	Dates
Directorships, including non-executive directorships held in private companies or PLCs		
Shareholding of over 5% in any company operating in the same market as the Trust or with a substantial contract with the Trust		
Majority or controlling share holdings in organisations likely or possibly seeking to do business with the NHS		
Positions of authority in charities or voluntary organisations in the field of health and social care		
Connections with voluntary or other organisations contracting for NHS services		

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<p><b>Research funding or grants received, whether personally or through the department</b></p>		
<p><b>Interest in pooled funds that are under separate management</b></p>		
<p><b>Any other relevant appointments or positions held</b></p>		
<p><b>Relevant appointments / positions held by spouse or partner</b></p>		

Signed.....

Date.....

(Please send form to Company Secretary, L70, Corporate Governance, Lister Hospital) or email to [boardcommittees.enh-tr@nhs.net](mailto:boardcommittees.enh-tr@nhs.net)

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**This form must be completed by all Executive and Non-Executive Directors, Divisional Chairs, Divisional Directors and the Company Secretary:**

- upon appointment
- annually thereafter **by Board members**
- and resubmitted with signature showing clearly any change as and when such a change occurs

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