

**Meeting of the Audit Committee  
Held on 10 October 2019 at 10am  
in the Ground Floor Offices, Rooms 1&2  
Royal Papworth Hospital**

**UNCONFIRMED**

**MINUTES**

<b>Present</b>	Mr D Dean (Chair)	(DD)	Non-executive Director
	Dr S Lintott	(SEL)	Non-executive Director
	Mrs C Conquest	(CC)	Non-executive Director
<b>In Attendance</b>	Mr R Clarke	(RC)	Chief Finance Officer
	Mrs A Colling	(AC)	Executive Assistant ( <i>Minutes</i> )
	Mrs L Davies	(LD)	Internal Audit, RSM
	Mr G Edge	(GE)	Public Governor
	Ms E Larcombe	(EL)	External Audit, KPMG
	Mr J Hollidge	(JH)	Deputy Chief Finance officer
	Mr K Jackson	(KJ)	Public Governor
	Mr M Jones	(MJ)	Internal Audit, RSM
	Mrs A Jarvis	(AJ)	Trust Secretary
	Mr M Kidd	(MK)	Counter Fraud Specialist, RSM
	Mrs O Monkhouse	(OM)	Director of Workforce & Organisation Development
	Mr S Posey	(SP)	Chief Executive
	Mrs J Rudman	(JR)	Chief Nurse
<b>Apologies</b>	Mrs S Beavis	(SB)	External Audit, KPMG
	Dr R Hall	(RMOH)	Medical Director
	Mr T Merritt	(TM)	Local Counter Fraud, RSM
	Mrs E Midlane	(EM)	Chief Operating Officer

Agenda Item

**1 WELCOME, APOLOGIES AND OPENING REMARKS**

19/77 The Chair opened the meeting and apologies were noted as above.

It was acknowledged that due to the visit to the Trust today by the CQC Chief Inspector of Hospitals, no clinical representative was available to attend the Audit Committee meeting,

The Chair advised that this would be the last Audit Committee meeting for Dr Susan Lintott who steps down from her role as NED at the end of October; the Chair and Committee thanked SEL for her support given to the Audit Committee over the last few years.

Action by Whom	Date by When

**DECLARATIONS OF INTEREST**

2

There is a requirement that Board members raise any specific declarations if these arise during discussions. The following standing Declarations of Interest were noted:

19/78

1. David Dean as Chair of Essentia, a commercial subsidiary of Guy's and St Thomas' NHS FT. Essentia are currently providing advisory services to the Estates team at Cambridge University Hospitals NHS Foundation Trust on Project Management.
2. Susan Lintott – in regard to positions held within the University of Cambridge.
3. Roger Hall as a Director and shareholder of Cluroe and Hall Ltd, a company providing specialist medical practice activities.
4. Josie Rudman, Partner Organisation Governor at CUH.
5. Stephen Posey in holding an Honorary contract with CUH to enable him to spend time with the clinical teams at CUH.
6. Stephen Posey as Chair of the NHS England (NHSE) Operational Delivery Network Board.
7. Stephen Posey, Josie Rudman, Roy Clarke and Roger Hall as Executive Reviewers for CQC Well Led reviews.
8. Cynthia Conquest as Deputy Director for Commercial Services and Business Intelligence at Norfolk Community Health and Care trust (Contractor) and lay member and Audit Chair of the City & Hackney GP Confederation.
9. Cynthia Conquest as Deputy Director of Finance & Performance (Job share 3 days per week) for Norfolk Community Health & Care NHS Trust wef 1 September 2019.
10. Roy Clarke as Independent Committee Member of the Royal College of Obstetricians and Gynaecologists Audit and Risk Committee, with effect 1 October 2019.

**3 MINUTES OF THE PREVIOUS MEETING – 10 July 2019**

19/79

**Approved:** The Audit Committee approved the Minutes of the meeting held on 10 July 2019 and authorised these for signature by the Chair as a true record.

Chair

10.10.19

**4 MATTERS ARISING/ACTION CHECKLIST**

19/80

The Audit Committee reviewed the Action Checklist and updates were noted.

**5 LOCAL COUNTER FRAUD (RSM)**

19/81

**i) Progress Report**

The Committee received this update from MK who explained the process and detail of the National Fraud Initiative “matching” exercise referred to in the report. As is standard practice, an update will be given to the committee when this process is complete.

The Committee referred to the working time directive and 12 hour shifts and additional hours/bank shifts within the nursing directorate. The Trust has a system in place to flag staff working a high number of hours. MK will make sure OM has info before the January Audit

Agenda  
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Action by Whom	Date by When
MK	23.1.20
MK	23.1.20
OM	tbc

Committee meeting.

MK gave further detail to the Committee of the two referrals. He acknowledged an error in the report which stated the number of referrals as 3 when it should be 2.

MK referred to the national counter fraud exercise on procurement where there is no feedback yet. He will update the Committee when this is received.

**Noted:** The Audit Committee noted the local counter fraud update.

**ii) Notice Fraud Update dated July 2019**

Noted: The Audit Committee noted the Notice Fraud Update.

**iii) Conflicts of Interest – review of register**

A report on the review of the register will come to the Audit Committee in January 2020.

**Noted:** The Audit Committee noted the Local Counter Fraud Progress Report.

**6**  
19/82

**INTERNAL AUDIT – RSM**

**i) Progress Report**

MJ updated the Committee advising that three reports had been finalised:

- 1) HealthRoster System Part One (substantial assurance)
- 2) Contract Management (substantial assurance)
- 3) Compliance with HealthRoster Part Two (reasonable assurance).

MJ noted that although the opinion on Contract Management was substantial, RSM were not giving overall substantial assurance on the management of that process; the opinion was made at a certain point in time; there are processes still to be embedded therefore RSM are not giving substantial assurance on this part, which will be audited at a later stage.

MJ expanded on the detail in the report regarding the “reasonable assurance” given for Compliance with HealthRoster Part Two which related to the approval time of rosters.

OM advised that the Trust is in the process of reviewing the roster policy. OM gave a further verbal update on the detail of this review; a revised policy will come back to this Committee for approval in due course.

LD confirmed that there were no outstanding or overdue management actions

The Committee were advised of a new Oversight Framework by NHSE and NHSI re System Transformation Partnerships and Integrated Care Systems. RC gave some background to this initiative.

The Brexit Readiness audit report has been issued, where Stephen Posey is the lead on management actions. The Trust is compliant with the audit requirement relating to this.

**Noted:** The Audit Committee noted the Internal Audit Progress Report 2019/20.

**7**  
19/83 **BOARD ASSURANCE FRAMEWORK (BAF)**

AJ presented this report which gave evidence and assurance from Board committees. The Chair thanked AJ for this focussed and informative update.

The Committee discussed the increased risk for finance which is as a result of lower activity and some expenditure increases.

The new risk added on “current trading impacts – Consultant job plans” was noted.

OM explained the reasoning behind the recruitment risk which flagged at 20 but had positive commentary. This related to staff in the recruitment pipeline and once actually in work/on rota then this risk will drop. AJ confirmed discussions at Board on this staffing risk and how it is managed.

The Chair queried whether now the hospital is embedded into the new facility, should Cyber be a general risk rather than a Strategic Project Committee (SPC) risk?  
RC advised that there are still some projects running so SPC is the natural place for this; as additional oversight, the Digital Board reports into SPC.

**Noted:** The Audit Committee noted the BAF update.

**8**  
19/84 **GOVERNANCE ASURANCE OVERVIEW**  
8i) Quality & Risk Committee – Chair’s Reports  
23 July, 20 August.

**Noted:** The Audit Committee noted the Quality & Risk Committee Chair’s Report.

8ii) Performance Committee – Chair’s Reports  
25 July, 29 August.

**Noted:** The Audit Committee noted the Performance Committee Chair’s Report.

8iii) Strategic Projects Committee – Chair’s Report  
25 July, 29 August.

**Noted:** The Audit Committee noted the Strategic Project Committee Chair’s Report.  
It was noted that a version of all three Chair’s reports had been seen

Action by Whom	Date by When
JH	Sept19

at the October Board of Directors' meeting.

**9 ANNUAL REPORTS**

**19/85 i) Review Charity Annual Report & Accounts**

The Committee were advised that early review of the Charity Annual Report & Accounts by the Charitable Funds Committee was planned but not possible due to a delay in the audit process by KPMG. KPMG have since reviewed their processes ensuring that this delay will not happen in the future. The documents have been circulated to the Charitable Funds Committee and, if approved by the Audit Committee today, will go straight to the next Board of Trustees meeting for full approval.

CC noted some typo errors and some numbers on Pages 16 and 17 not matching up. EL will look at these outside of the meeting. CC also noted on page 7 that she started at the Trust in 2019, not 2018.

The Chair queried free reserves and designated funds; the query is not with the actual numbers but how this is reported in annual accounts. RC noted that this is covered by reserves policy in charity accounts.

It was confirmed that that a full audit check will be reapplied, along with correction of the errors reported.

**Approved:** The Audit Committee approved the Charity Annual Report & Accounts and recommended these to the Board of Trustees on 7 November 2019.

It was noted that the deadline to submit to the Charity Commission is 31 January 2020.

**19/86 ii) ISA 260**

EL of KPMG confirmed an unqualified audit report will be issued.

There is one low level recommendation regarding journal controls. EL explained that this is common in Trusts and that the regulator is robust in this area. JH confirmed that additional controls have been put in place to satisfy this recommendation.

**Approved:** The Audit Committee approved and recommended the ISA 260 for approval by the Board of Trustees.

**19/87 iii) Letter of Representation**

**Approved:** The Audit Committee approved and recommended the Letter of Representation for approval by the Board of Trustees.

**Summary**

19/85

CC referred to page 47 of the accounts regarding Fixed Assets and asked to check if the amount carried forward for Dwellings from

Agenda Item

Action by Whom	Date by When
DS	Sept19
DS/JH	By Nov19

March 2018 (£139,000) should match the cost for Dwellings stated for April 2018. JH will check this and adjust if necessary.

CC asked if the report could be consistent with names i.e, Trustee Board or Board of Trustees. RC confirmed this should read as Trustee Board all the way through the document.

RC asked to ensure that all adjustments are made before this is presented to the Trustee Board.

**10 BAD DEBT WRITE OFF**  
19/88

**Noted:** The Audit Committee noted that there were no outstanding overdue debts to be written off to report to the meeting.

**11 LOSSES AND SPECIAL PAYMENTS REPORT**  
19/89

The Chair referred to reimbursement to patients re. cancellations. RC advised this type of reimbursement is only agreed in exceptional circumstances and not as standard. Guidance on this has been articulated to staff via the policy and in the patient handbook.

The Committee noted the five employee tribunal claims, which was deemed a high number. OM acknowledged this, advising that these were five long running, complex cases with no trend; there has been some learning from these cases.

CC referred to “Freedom to speak up”; OM gave some detail and will discuss with CC off-line.

**Noted:** The Audit Committee noted the Losses and Special Payments report, with the summary of reimbursements made noted at Appendix A.

**12 WAIVER TO STANDING FINANCIAL INSTRUCTIONS REPORT**  
19/90

RC introduced this report, advising that Waivers should start to reduce where these were equipment specific linked to the hospital move.

A query was raised as to whether Waivers should be included in Standing Financial Instructions / Scheme of Delegation rather than reported separately here.

RC suggested it was good practice to have vision and clarity of these at this committee even though it is an extra administrative process. MJ agreed with the clarity this process gives.

It was confirmed that 10 July Audit Committee approved the reporting of Waivers as a standard agenda item.

**Noted:** The Audit Committee noted this report.

**13 ANY OTHER BUSINESS**

19/91 **i) National Cost collection 2018/19 – RPH final submission**

RC gave the background to this piece of work where the Trust has engaged in the initial pilot work; this is now a national mandatory reporting requirement.

This report shows the initial findings, before any audit checks; this will be updated before final submission.

During discussion the following items were noted/considered:

- There are some specialist services where the Trust is the only provider in country, which can increase our costs.
- RC explained the depreciation of assets in the new hospital as opposed to old site model.
- This exercise and benchmarking has been very useful in the Trust's negotiations with commissioners.
- RC gave detail of DCD and transplant funding going forward and future tariffs relating to this.
- This report provides a summary of information and is not a deep dive. The purpose being to give assurance to the Audit Committee.
- Once final, the full report will be submitted to the Performance Committee.

**Noted:** The Audit Committee noted the update on the 2018/19 National Cost collection Reference Costs and Patient Level Costs submissions.

19/92 **ii) IFRS 16 Accounting for Leases**

The report introduced the new IFRS 16 Accounting for Leases standard which comes into effect on 1 April 2020. The key item to note is that assets and liabilities for all leases come onto the balance sheet thereby removing the previous distinction between Operating and Finance Leases.

The Trust is in the process of an assessment on an asset by asset basis.

A query was raised regarding PFI build/Waterbeach accommodation and Royal Papworth House. The Trust will work on a technical briefing note with the auditors to cover this.

RC noted that the HLRI build was signed off under old accounting standards; the final sign off of leases is imminent, with a full impact assessment on the new accounting standards completed.

This item will flow back to SPC and Board to show delegated authority.

One typo error was noted on page 3 under paragraph on Royal Papworth House (Huntingdon) – the wording referred to the Waterbeach lease, not Huntingdon.

**Noted:** The Audit Committee noted this report and the next steps the Trust is taking in respect of each category of lease.  
1110hrs – EL of KPMG left the meeting.

Action by Whom	Date by When
AJ	Nov19
AC	Oct19
AJ	Oct19

**13 ANY OTHER BUSINESS**  
19/93 **iii) External Audit Re-tender Timeline**

RC referred to the timetable which noted Governor approval requirement of the award recommendation. He acknowledged the presence today of Audit Committee Governor members, Glenn Edge and Keith Jackson to support this process. It was queried whether this item should be discussed at other Governor sub-committees such as the Governor Assurance Committee; RC recommended that this work is not done through other sub-committees but by recommendation to the main Council of Governors.

RC confirmed that there are currently no conflicts of interest with Auditors undertaking other secondary work for the Trust.

GE and KJ were happy to act on this matter as Governors on behalf of the Audit Committee, but will seek assurance from the Lead Governor, Richard Hodder. AJ agreed to take this request to Richard Hodder.

**Noted:** The Audit Committee noted the timeline for re-tender of the external audit contract.

**14 (a) Audit Committee Forward Planner**  
19/94

In an effort to lighten the Agenda of the January meeting, it was suggested to move the annual approval of SFI and SoD to another meeting. RC noted that this would potentially disrupt the annual reporting cycle and following discussion, the Committee agreed to add an extra 30 minutes to the 23 January meeting to cover these items. AC to amend the meeting invitation accordingly and re-issue to committee members.

MK asked for an amendment in the Forward Planner to amend "NHS Protect" to "Counter Fraud Authority".

**Noted:** The Audit Committee noted the Forward Planner.

19/95 **(b) Any other items for the next meeting**

No items were raised.

**15 FUTURE MEETING DATES**  
19/96

**2020 dates (all 10am-12pm except\*)**  
23 January \* 1.30pm-4pm  
12 March  
21 May  
16 July  
8 October



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Signed

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Date

**Royal Papworth Hospital NHS Foundation Trust**  
**Audit Committee**  
Meeting held on 10 October 2019

DRAFT