

Agenda item 3.iii

Report to:	Board of Directors	Date: 2 September 2021
Report from:	Chair of the Audit Committee	
Principal Objective/ Strategy and Title	GOVERNANCE: To update the Board of Directors on discussions at the Audit Committee meeting on 15 July 2021	
Board Assurance Framework Entries	FSRA BAF (Unable to maintain financial, operational, and clinical sustainability)	
Regulatory Requirement	Regulator licensing and Regulator requirements	
Equality Considerations	Equality has been considered but none believed to apply	
Key Risks	Non-compliance resulting in financial penalties	
For:	Information	

1. Significant issues of interest to the Board

BDO the recently appointed Internal Auditors and Local Counter Fraud, gave their first progress reports to the Committee. The Internal Audit plan for 2021/22 gained final approval after a few amendments discussed at the last Audit Committee were incorporated into the plan. The Annual Counter Fraud return completed by RSM (the previous Internal Auditors) was presented to the Committee and showed that Royal Papworth had an overall rating of Green.

The tender process for appointing External Auditors has begun and the Audit Committee working with Governors, Finance and Procurement are working together on this.

The Annual Report “Raising Issues of Concerns” was presented to the Committee and gave assurance that processes were in place to ensure that staff were protected under the whistle blowing policies and that staff had adequate fora to raise concerns.

BDO Local Counter Fraud (LCF) – Progress report

LCF have held online Fraud Awareness sessions with bespoke training sessions for Finance and HR staff. Given the increased cyber risks facing the Trust, it was agreed that LCF will work with the Digital team to ensure that advice being given to staff on fraud and how to counter it in the Trust is consistent. It has been difficult to maintain the general Fraud Awareness training due to COVID-19 but the mandatory training for new starters has continued throughout. Steps are being taken to ensure that the annual fraud awareness training is on the mandatory list of training for all staff.

Annual Counter Fraud Return

The NHS Counter Fraud Authority (NHSCFA) is required to provide annual assurance to the Cabinet Office of how the NHS is identifying and mitigating the risk of fraud, bribery and corruption. This requires an annual return to be completed by the Trust's LCF. RSM, the outgoing LCF, submitted the annual Counter Fraud return for 2020/21 with an overall rating of Green. However, within that return were seven green, five amber and one red ratings.

The Committee was assured that the red rating was not due to an absolute failure of the standard but more to the lack of time to complete it given the short turn around with the new standards issued in April 2021 and the return made in May 2021. All the non-green ratings will be a focus for remedial action for the rest of the year. However, the Committee was advised some areas will remain amber despite best efforts due to lack of clarity in the guidelines on how to achieve green. Updates will be given during the year on progress.

BDO's Internal Audit

BDO re-presented their Internal Audit Plan for 2021/22 based on the discussions held at the 3 June meeting. The Committee was pleased to see all the comments were incorporated and that there was now a plan that covered the Trust's priorities tied to the BAF risks. The plan was then duly approved.

In the meantime, audit has commenced for those audits planned in quarter 2 which includes Data Quality and Integrated Performance, Divisional Governance, Quality Governance and Risk Maturity. Reports for the latter two are to be presented to the Audit Committee in October 2021.

An internal exploration of how best to demonstrate how the work of internal audit fits in with quality assessment. This will be carried out by Tim Glen, Anna Jarvis, Michael Blastand and Cynthia Conquest.

External Audit Tender

The Trust's current provider for External Audit Services is KPMG LLP and the contract expires on 31 December 2021. It is the intention of the Trust to award a new contract prior to this date so that the provider has sufficient time to complete the handover process (if required).

The process and timelines were presented to the Committee and the plan is that the award recommendation is made to the Council of Governors on the 15 September 2021. The Evaluation Panel for the tender will be:

- Tim Glenn – Chief Finance and Commercial Officer
- Cynthia Conquest – Chair of Audit Committee
- Anna Jarvis – Trust Secretary
- Harvey Perkins - Governor
- Doug Burns – Governor
- Chris Goodier – Head of Procurement

Annual Report – Raising Issues of Concerns

Assurances were given that all staff are aware of how to raise concerns in the Trust and adequate process were in place to facilitate this.

The Freedom to Speak Up Guardian (FTSUG) post has now been increased to 0.6 WTE as a reflection of the increased workload. There are now 16 Freedom to Speak Up Champions (FTSUC) with active recruitment taking place to increase the numbers. Junior doctors have been able to raise concerns through their own forum and these have been followed up. Also, Senior Consultants who have informally acted as FTSUG for their peers are now being filtered through the main FTSUG.

2. Key decisions or actions taken by the Audit Committee

- Approval of BDO's Internal Audit Annual Plan for 2021/22

3. Recommendation

The Board notes the key decision taken by the Committee.