

Meeting of the Audit Committee
Held on 10 July 2019, 10am
Ground Floor offices rooms 1&2
Royal Papworth Hospital

UNCONFIRMED

MINUTES

Present	Mr D Dean (Chair)	DD	Non-executive Director
	Dr S Lintott	SEL	Non-executive Director
	Mrs C Conquest	CC	Non-executive Director
In Attendance	Mrs S Beavis	SB	External Audit, KPMG
	Mr R Clarke	RC	Chief Finance Officer
	Mrs A Colling	AC	Executive Assistant [Minutes]
	Mr G Edge	GE	Public Governor
	Dr R Hall	RMOH	Medical Director [from 1025hrs]
	Mr J Hollidge	JH	Deputy Chief Finance officer
	Mr K Jackson	KJ	Public Governor
	Mrs A Jarvis	AJ	Trust Secretary
	Mr M Jones	MJ	Internal Audit, RSM
	Mr M Kidd	MK	Counter Fraud Specialist, RSM
	Monkhouse		
Apologies	Mrs L Davies	LD	Internal Audit, RSM
	Mr J Farnell	JF	External Audit, KPMG
	Mr T Merritt	TM	Local Counter Fraud, RSM
	Mrs E Midlane	EM	Chief Operating Officer
	Mr S Posey	SP	Chief Executive
	Mrs J Rudman	JR	Chief Nurse

Agenda Item		Action by Whom	Date by When
1	WELCOME, APOLOGIES AND OPENING REMARKS		
19/59	The Chair opened the meeting and apologies were noted as above. It was noted that at this point in the meeting there was no clinical representation; this had been highlighted at previous meetings. It was confirmed that RMOH would be attending but was delayed at another meeting.		
	DECLARATIONS OF INTEREST		
2 19/60	There is a requirement that Board members raise any specific declarations if these arise during discussions. The following standing		

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	Declarations of Interest were noted:		
	<ol style="list-style-type: none"> 1. David Dean as Chair of Essentia Trading Ltd, a commercial subsidiary of Guy's and St Thomas' NHS FT, which is 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. Josie Rudman Vice chair of the joint Clinical Group, sub group of health care executive. 9. Stephen Posey as Chair of the East of England Cardiac Network. 10. Roy Clarke as a member Cambridge Global Health Partnerships Committee part of ACT. 11. 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. 12. Michael Blastland as Board member of the Winton Centre for Risk and Evidence Communication, as advisor to the Behavioural Change by Design research project and as member of the oversight Panel for the Cholesterol Treatment Trialists' Collaboration. 		
3	MINUTES OF THE PREVIOUS MEETING – 23 May 2019		
19/61	Approved: The Audit Committee approved the Minutes of the meeting held on 23 May 2019 and authorised these for signature by the Chair as a true record.	Chair	10.7.19
4	MATTERS ARISING/ACTION CHECKLIST		
19/62	The Audit Committee reviewed the Action Checklist and updates were noted.		
5	LOCAL COUNTER FRAUD		
19/63	Progress Report 19/20		
	<p>MK introduced the progress report and ran through the key points.</p> <ul style="list-style-type: none"> • Training sessions have been booked with HR and Finance Departments at both the RP hospital and RP house sites. • Work is due to start on the Fraud & Bribery Risk Assessment 		

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	<ul style="list-style-type: none"> National Counter Fraud (NCF) has issued new alerts and MK is meeting with our Procurement Team directly after this to discuss. This could lead to issue of national NCF reports. <p>Noted: The Audit Committee noted the Local Counter Fraud progress report 2019/20.</p>		
19/164	<p>i) Annual Report 2018/19</p>		
	<p>MK introduced this report. He advised that there was an error on page 2 under Key Messages, where the Self Review Tool (SRT) was reported as amber; this should be green.</p> <p>During discussion, the following items were noted/considered:</p> <ul style="list-style-type: none"> CC referred to page 11 and use of resources. The plan showed 46 days out of 50 proactive days had been allocated and she queried use of the remaining 4 days. MK advised that there should be 40 not 50 proactive days and this will be amended before the report is signed off. The Committee referred to the SRT section 4.3 and 4.6 which flagged amber; this is as a result of the Trust not taking any criminal action against referrals. This is an anomaly of the scoring system which has most likely been built for larger Trusts. The system does allow a green overall rating even if this section is amber. MK will ensure our concerns regarding this reporting structure as logged with the Counter Fraud Authority. DD queried the amber on section 3.3. MK advised that national reporting criteria had changed in February; it was not possible for the Trust present this new evidence in the limited time before the submission date. He confirmed that the Trust does have a suitable report system. Under Activities Undertaken section 2.1 – MK confirmed that bespoke training for nurses covered various Departments. This training will be rolled out to Admin & Clerical staff this year. GE asked whether the two questions on page 2 for Audit Committee consideration should come with a recommendation from RSM. Regarding the two questions, RC confirmed, as a Trust Officer, that the appropriate controls and systems are in place. <p>The Chair asked NED members if they were content with the comments noted in this section; NEDs were content but noted that this report should be for 'approval'. MK will make the amendments as noted and bring back to the Committee. The Committee agreed the amendments as discussed and agreed delegated authority for RC to approve outside of the meeting, without requiring the report to be re-presented to the next meeting in October.</p> <p>Noted and approved: The Audit Committee noted the report and approved the amendments. The Committee delegated RC to approve the final report outside of the meeting.</p>		

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6	INTERNAL AUDIT (RSM)		
19/65	i) Progress Report 2019/20		
	<p>MJ introduced the progress report; he advised that since May there was one new draft report but no finalised reports. There are three potential changes to the agreed Audit Plan:</p> <ol style="list-style-type: none"> 1. <u>Compliance with MAPS:</u> This is due to commence on 15 July. Due to CQC attendance at the Trust in late July, the Trust requests this to be pushed back to 16 August. 2. <u>Workforce including Recruitment, Retention, Workforce Planning, Training and Sickness:</u> Trust request to push back from July to allow new processes to be implemented and embedded. MJ advised that this audit needs to be no later than November. RC and OM have discussed moving the audit date and agreed it will give a better test of the systems and to do so would not cause a knock-on effect to any other audit, enabling the audit programme to be met as planned. 3. <u>Patient Experience audit to be replaced with review of Brexit Readiness in August:</u> RC confirmed the increased requirement to prepare for Brexit which the Trust needs to evidence; it is a sensible time to test this and report to the Board. <p>Approved: The Audit Committee approved the suggested changes to the Audit Plan as detailed above.</p> <p><i>[1025hrs RMOH arrived]</i></p> <p><u>Management Action Tracking</u> MJ advised that one action was overdue and still awaiting a response – this relates to Business Continuity for Surgery & Transplant. RC was disappointed to see the first overdue action in the last two years; ~RC will escalate this to EM (when back from leave) to escalate this to the Directorate as relevant. OM advised that there had been some management changes within this Directorate which may have contributed to the delay in reporting. RC advised there was a protocol through the Chair and Chief Finance Officer.</p> <p>The Chair commented that it was useful to see the laying out of internal audit protocol; is there a protocol for urgent reactive work which is not included in the plan? RC advised that internal audit is not generally used for this but a request could be made for this to be added to the Scheme of Delegation.</p> <p>Noted: The Audit Committee Internal Audit Annual Report 2018/19.</p>	RC/EM	July 19

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	<ul style="list-style-type: none"> Items relating to overseas patients which had occurred before prepayment protocols were in place. RC confirmed that Trust pricing is industry based which helps with protocols and insurance company billing. Overseas patients admitted as emergency would not be able to pay upfront; it was noted that as an emergency the Trust has a duty of care to treat. The committee discussed media coverage on overseas patients receiving NHS treatment; Brexit and how this might affect insurance requirements/payments. The matter of false passports and passport scanners was also noted. <p>Noted: The Audit committee noted the Bad Debt Write-of report.</p>		
10	LOSSES AND SPECIAL PAYMENTS		
19/69	i) 2018/19		
	<p>The Chair noted some overlap between this report and the bad debt report; RC explained the different between the two items and that under Standing Financial Instructions they need to be reported separately.</p> <p>There was a query regarding an AXA private patient on the bad debt report which RC will ensure is checked. He confirmed that some items are reported as a likely bad debt but not yet confirmed as a loss.</p> <p>Noted: The Audit Committee noted the Losses and Special Payments Report 2018/19.</p>		
19/70	ii) 2019/20 update		
	<p>KJ referred to the payment for a cancelled operation. RC explained this particular case and why it was reimbursed.</p> <p>Noted: The Audit Committee noted the Losses and Special Payments Report 2019/20 update.</p>		
11	WAIVER TO STANDING FINANCIAL INSTRUCTIONS REPORT 2018/19		
19/71	<p>The Committee received this report which detailed waivers to Standing Financial Instructions made for the period 1 April 2018 to 31 March 2019. RC explained that as a general rule, waivers are not used but the Trust had been through a period of intense procurement activity relating to the hospital move. Each waiver had been vetted at Executive level prior to approval; no items are automatically given a waiver and have a review process. Following the hospital move, the number of waivers should decline.</p> <p>The Chair queried 'value for money' considerations on single tenders. RC explained the specialist nature of some items and how the</p>		

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	<p>procurement process governs these items. CC referred to the 'Declaration' section where some items are not ticked. RC explained this is where the declaration has not been signed at the time of procurement, and the signature is received later. These instances are reviewed and followed up with support given to staff on the correct process to follow. This might happen when and item of equipment has broken and needs urgent replacement. The Committee noted it was good to have visibility on this.</p> <p>This item will be reviewed again in October as a standing item.</p> <p>Noted: The Audit Committee noted the update on Waivers.</p>	RC	10.10.19
12	ANY OTHER BUSINESS		
19/72	i) Costing Transformation programme (CTP) and Reference Costs 2018/19 – Royal Papworth Hospital submission		
	<p>RC explained the history of this programme; RPH had initially been involved on a voluntary basis prior to Reference Cost and Patient-level Costing submissions becoming mandatory. CTP is part of a national programme to standardise reference costs.</p> <p>During discussion, the following items were noted/considered:</p> <ul style="list-style-type: none"> • RC noted the current Patient Level Information Costing System (PLICS) used by the Trust. The Trust uses a standard costing package and reporting system which helps to inform Directorate performance meetings. It is extremely useful for RPH to be involved with CTP. • RC explained how "DNAs" (did not attend) are managed within the costing system. • Referring to transplant costs, it was noted that these are underfunded on tariff but the reference costing process has helped with tariff negotiations to see captured costs. • RPH is the only Trust undertaking both PTE (pulmonary thromboendarterectomy) and Transplants with specialist centre costs. • 'Income from procedures' refers to areas which are out of tariff, i.e., critical care. <p>Noted and approved: The Audit Committee noted the update on the 2018/19 CTP and Reference Costs submission and approved the delegation of the reference costing approval process to the Chief Finance Officer.</p>		
19/73	i) Freedom to Speak Up Policy Update		
	<p>OM introduced this item; this policy is based on national guidelines. Approval is requested to minor changes relating to NED details and new RPH phone numbers.</p> <p>NED Audit Committee members were happy for the Chairman to be named as extra to NEDs and EDs.</p>		

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	<p>It was noted that a certain email detail is wrong in the policy – OM will arrange to correct this in the final version.</p> <p>MK noted on page 7, Section 11, NHS Protect should be amended to read NHS Counter Fraud Authority.</p> <p>Approved: The Audit Committee approved the requested minor changes, along with the further amendments discussed and noted.</p>	OM OM	July 19 July 19
13	(a) Audit Committee Forward Planner		
19/74	<p>Items to note for October meeting:</p> <ul style="list-style-type: none"> • Contract for external audit supplier – this is currently in the procurement process. • Clinical Audit from Q&R. <p>Noted: The Audit Committed noted the Forward Planner.</p>		
13	(b) Any other items for the next meeting		
	No items were raised.		
14	FUTURE MEETING DATES		
19/75	<p>2019 Wednesday 10 July – 10am Thursday 10 October 10am</p>		
	<p>Proposed 2020 dates - 10am-12pm Thursday 23 January Thursday 12 March Thursday 21 May Thursday 16 July Thurs 8 October</p> <p>Approved: The Committee approved the proposed 2020 meeting dates.</p>		
19/76	REFLECTIONS ON THE MEETING		
	<p>The Chair offered the Committee the opportunity to reflect on the meeting.</p> <ul style="list-style-type: none"> • SP felt there was good challenge on various matters. • CC could not see Waivers, Bad Debts/Losses & Special Payment as a standard agenda item. RC will ensure these are added on to the Agenda and Forward Planner. • Governor colleagues had no further comments and appreciated the opportunity to be able to contribute to the meeting. 	RC	10.10.19

The meeting finished at 1123hrs

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Signed

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Date

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

DRAFT