

**Meeting of the Audit Committee
Held on 12 March 2020
1000-1130hrs
Ground Floor Offices, Rooms 1&2
Royal Papworth Hospital**

UNCONFIRMED MINUTES

Present	Mr D Dean (Chair)	DD	Non-executive Director
	Mr M Blastland	MB	Non-executive Director
	Mrs C Conquest	CC	Non-executive Director
In Attendance	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 T Glenn	TG	Chief Finance & Commercial Officer (Designate)
	Mr M Jones	MJ	Internal Audit, RSM
	Mrs A Jarvis	AJ	Trust Secretary
Apologies	Dr R Hall	RMOH	Medical Director
	Mrs S Harrison	SH	Deputy Chief Finance Officer
	Mr K Jackson	KJ	Public Governor
	Mr M Kidd	MK	Counter Fraud Specialist, RSM
	Mrs S Beavis	SB	External Audit, KPMG
	Mrs O Monkhouse	OM	Director of Workforce & Organisation Development
	Mrs E Midlane	(EM)	Chief Operating Officer
	Mr S Posey	(SP)	Chief Executive
	Mrs J Rudman	(JR)	Chief Nurse

Agenda
Item

1 WELCOME, APOLOGIES AND OPENING REMARKS

20/34 The Chair opened the meeting and apologies were noted as above. The Chair welcomed MB to his first Audit Committee meeting; this appointment followed a re-alignment of NEDs to Board sub-committees to ensure better cross cover between these committees.

The Chair noted this was the last Audit Committee meeting for RC who leaves the Trust at the end of March. He took the opportunity to thank RC for his contribution to both the work on this committee and the Trust as a whole during the last 4.5 years.

Action by Whom	Date by When

2 DECLARATIONS OF INTEREST

20/35 There is a requirement that Board members raise any specific declarations if these arise during discussions. The following standing Declarations of Interest were noted:

1. David Dean as Chair of ETL, a commercial subsidiary of Guy's and St Thomas' NHS FT. ETL are currently providing advisory services to the Estates team at Cambridge University Hospitals NHS Foundation Trust on Project Management.
2. Roger Hall as a Director and shareholder of Cluroe and Hall Ltd, a company providing specialist medical practice activities.
3. Josie Rudman, Partner Organisation Governor at CUH.
4. Stephen Posey in holding an honorary contract with CUH to enable him to spend time with the clinical teams at CUH.
5. Stephen Posey as Chair of the NHS England (NHSE) Operational Delivery Network Board.
6. Stephen Posey, Josie Rudman, Roy Clarke and Roger Hall as Executive Reviewers for CQC Well Led reviews.
7. Cynthia Conquest as Deputy Director of Finance and Performance at Norfolk Community Health and Care Trust (Contractor) and lay member and Audit Chair of the City & Hackney GP Confederation.
8. Roy Clarke as Independent Committee Member of the Royal College of Obstetricians and Gynaecologists Audit and Risk Committee, with effect 1 October 2019.
9. Michael Blastland as: 1. Board member of the Winton Centre for Risk and Evidence Communication; 2. Advisor to the Behavioural Change by Design research project; 3. Member of the oversight Panel for the Cholesterol Treatment Trialists' Collaboration; 4. Member of advisory group for Bristol University's Centre for Academic Research Quality and Improvement.
10. Tim Glenn as Director of Finance at Cambridge University Hospitals NHS FT.

3 MINUTES OF THE PREVIOUS MEETING – 23 January 2020

20/36

Approved: Following minor amendments to the minutes, the Audit Committee approved the Minutes of the meeting held on 23 January 2020 and authorised these for signature by the Chair as a true record.

Chair	12.03.20
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4 MATTERS ARISING/ACTION CHECKLIST

20/37

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

5 LOCAL COUNTER FRAUD (RSM)

20/38

a) Progress Report 20/21

LD presented this report on behalf of MK. There were no specific areas of concern to note by MK.

The Committee referred to the management action regarding undeclared benefits. RC advised that this related to certain types of gift not being

Action by Whom	Date by When
AJ	Ongoing

declared, such as grant awards, sponsorship for conferences; the action advised that the Trust will undertake a review of undeclared benefits and awareness will be stepped up for staff around the regulations.

It was noted that standard checks (payroll and creditor matches under National Fraud Initiative) are undertaken annually by the Trust against invoices/directorships and staff residence. The Trust also undertakes ad-hoc exercises via internal audit as separate assurance. Communications are shared with staff.

There are some national changes to the Electronic Staff Record (ESR) which should help capture Declaration of Interest information. Staff self-declarations are vital and the Trust Secretary is working with Committee Chairs to increase awareness. RC noted that under-reporting in this area was not uncommon in the NHS and that the Trust is aiming to work to best practice guidelines.

The Committee noted the advice on the emerging risk of the Voice Spoofing scam. The Committee was advised that the Trust does not use voice recognition as an identification control; with all authorisations being in written format. RSM had not, as yet, seen any instances of this type of fraud within the Trust.

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

5 b) Notice Fraud – February 2020

20/39

Noted: The Committee noted the contents of this report.

6 INTERNAL AUDIT – RSM

20/40

a) Progress Report

MJ presented this report where the following were noted:

RSM are on schedule with the current work plan and issuing of reports. Two reports have been finalised since the last meeting being:

- Data Security and Protection Toolkit (DSPT)
- Patient Experience (substantial assurance opinion)

Two draft reports have been issued being:

- Business Continuity & Recovery
- Risk Management & Assurance Framework

MJ referred to the Draft Head of Internal Audit Opinion (HOIA) seen at the last meeting; this was positive and no further issues had been identified which would impact on this positive outcome.

The work on the Data Security and Protection Toolkit (DSPT) was undertaken as an advisory review. Some issues had been identified but nothing of significance; since the Progress Report was issued, all actions on DSPT have been completed satisfactorily.

LD noted that there was no overdue management action tracking items.

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The draft Business Continuity & Disaster Recovery report is to be finalised by Andy Raynes and Josie Rudman, with all work planned to be finalised by 31 March 2020.

The Chair noted the issue of Business Continuity plans relating to pandemics which may need to be looked at in the light of COVID-19. The Risk Management & Assurance Framework report will be submitted to the Quality & Risk Committee when finalised.

The Patient Experience report should also be seen by Governor patient and carer experience groups.

Noted: The Audit Committee noted the Internal Audit Progress Report to March 2020.

7 EXTERNAL AUDIT (KPMG)

20/41

EL advised that year-end reporting work is in progress and on track with no issues to raise to the meeting.

8 DRAFT ANNUAL REPORT AND ACCOUNT 2019/20

20/42

a) Review draft Annual Report 2019/20 including any significant accounting/regulatory changes

The draft Annual Report was presented to the Audit Committee with the request for members to highlight any issues to the Trust Secretary in a timely manner. The 21 May 2020 Audit Committee will receive the final version for approval and recommendation to the Board of Directors. Any amendments should be notified well in advance of the May meeting.

During discussion, the following items were noted/considered:

- Page 27 – check starting dates for Oonagh Monkhouse and Eilish Midlane.
- Ensure all abbreviations are noted in full.
- As a first draft, further financial and operational performance will be added in following year-end which should better reflect the true position of the Trust. This may show areas where the Trust has needed to focus along with actions in place to mitigate any downsides.
- The draft Quality Accounts will be presented to the Quality & Risk Committee this month for review; these will accompany the final Annual report & Accounts for Board approval on 21 May 2020.
- KPMG will check whether a Compliance Statement at Section 2.4 should be added in.

AJ advised that a substantive version of the Annual Report will be sent to the Audit Committee after Auditor review – this is like to be mid to end of April.

Again AJ requested feedback to her outside of the meeting

Noted: The Committee noted and reviewed the draft Annual Report 2019/20.

Action by Whom	Date by When
AR/JR	Mar20
AJ	Mar20
ALL	April 20
EL	Mar 20
ALL	April 20

Action by Whom	Date by When
RC/TG	Mar20
AC	Mar20

During discussion the following was suggested:

- Referring to the risk register and roster efficiency, suggest some additional audit time for this in the next financial year.
- RC recommended review of the internal audit programme for the first 18 weeks of year. RC will pick up with RSM and TG outside of the meeting.

Noted: The Audit Committee noted the Chair's Reports for the Board sub-committees.

10e Audit Committee Self-Assessment feedback

20/47 **Noted and agreed:** The Audit Committee noted and agreed the self-assessment for January 2020.

**11 WAIVER OF STANDING FINANCIAL INSTRUCTIONS
Reports for Q1, Q2, Q3, Q4 2019/20**

20/48

The Audit Committee received an update on Waivers to Standing Financial Instructions for the period 1 January 2020 to 28 February 2020. There were some formatting issues with the reports and AC will review to ensure this is corrected for future reports.

RC advised that a new Head of Procurement had reviewed the process for waivers and introduced new best practice governance processes. There has been a reduction in the number of waivers but many were still linked to the old hospital site and needed to remain. RC updated on the measures put in place for security/safety required at the old site and the cost of this.

RC notified the Committee that Digital Department had raised two orders out of process and against SFI process, which had been rejected. RC has addressed this breach of policy with the Director of Digital and performance measures have been put in place with the Digital Team to ensure correct future compliance.

There may be an increase in Waivers in the next quarter due to emergency measures for COVID-19. These will be highlighted and reported as necessary.

Noted: The Audit Committee noted the update on Waivers to Standing Financial Instructions for Q1, 2, 3, 4 2019/20.

12 BAD DEBT WRITE-OFFS

20/49

The Audit Committee received the report detailing bad debts written off in the financial year 2019/20. During discussion the following items were noted/considered:

- Some of the debts had been seen in previous reports. Some were cross border debts and long outstanding debts.
- RC noted that some processes have changed regarding debts in Scotland.
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Noted: The Audit Committee noted the contents of this report.

13 LOSSES AND SPECIAL PAYMENTS REPORT 2019/20

20/50

The Audit Committee received the Losses and Special Payments report for the period 1 April 2019 to 29 February 2020. During discussion the following issues were noted:

- Payroll issues – the Trust will move to a new payroll provider in the new financial year to mitigate issues.
- Patient appointment errors – this mainly refers to travel reimbursement which is considered on an individual case basis.
- Employee tribunal claims - £200k approx; a review of tribunals is currently underway by the Director of Workforce. RC advised that some were long running cases of over 2-3 years and some cases related to the hospital move. This cost of this work will be noted (anonymously) in year-end accounts.

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

14 ANY OTHER BUSINESS

20/51

- a) **Contract for Internal Audit Services**
- b) **Contract for LCFS Services**

RC gave a verbal update that the Trust will adhere to procurement governance processes for the process of appointing Internal Auditors.

RC took the opportunity to thank both RSM and KPMG for their work and ongoing support to the new Chief Finance & Commercial Officer.

20/52 **c) COVID-19 updates**

It was confirmed that, as appropriate, communications will be circulated to Executives, Non-executive Directors, Governors and Suppliers. The Trust will work to national guidance to give clear briefings, including the regional and national position.

RC thanked MJ for RSM response to COVID-19 issues.

15 (a) Audit Committee Forward Planner

20/53

As discussed earlier, the 21 May 2020 meeting will be specifically to approve and recommend the Annual Report and Accounts 2019/20 to the Board of Directors.

(b) Any other items for the next meeting

There were no items raised.

16 FUTURE MEETING DATES 2020

Agenda
Item

Action by Whom	Date by When
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20/54

Date	Time	Venue	Apols rec'd
21 May	10am-11am	Mtg rooms 1&2, Ground Floor	
16 July	10am-12pm	Mtg rooms 1&2, Ground Floor	
8 October	10am-12pm	Mtg rooms 1&2, Ground Floor	

Annual closed meeting with Internal and External Auditors

Following today's main meeting, the annual closed meeting will take place with NED members of the Committee, Internal and External Auditors.

The meeting finished at 1103hrs

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Signed

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Date

**Royal Papworth Hospital NHS Foundation Trust
Audit Committee**

Meeting held on 12 March 2020

DRAFT