

**Meeting of the Audit Committee
Held on 14 March 2019
in the Upper Lecture Theatre
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 <i>[from 1005hrs]</i>
	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
	Mr J Farnell (JF)	External Audit, KPMG
	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
Apologies	Dr R Hall (RMOH)	Medical Director
	Mr J Hollidge (JH)	Deputy Chief Finance officer
	Mr T Merritt (TM)	Local Counter Fraud, RSM
	Mrs E Midlane (EM)	Chief Operating Officer
	Mrs O Monkhouse (OM)	Director of Workforce & Organisation Development <i>[from 1005hrs]</i>
	Mr S Posey (SP)	Chief Executive
	Mrs J Rudman (JR)	Chief Nurse

Agenda Item

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| 1 | WELCOME, APOLOGIES AND OPENING REMARKS |
| 19/ | The Chair opened the meeting and apologies were noted as above. |
| 2 | DECLARATIONS OF INTEREST |
| 19/27 | There is a requirement that Board members raise any specific declarations if these arise during discussions. The following standing Declarations of Interest were noted: <ol style="list-style-type: none"> 1. David Dean as Chair of Essentia, a commercial subsidiary of Guy's and St Thomas' NHS FT. 2. Susan Lintott – in regard to positions held within the University of Cambridge. |

Action by Whom	Date by When

Action by Whom	Date by When
AJ	March 19

RC noted that this seemed very light feedback compared to other NHSI feedback on other Trust committees. NHSI have observed at Board and Performance Committee. It was noted that NHSI observation should be annually and this is usually prior to a CQC visit.

The Chair highlighted that RC had responded to NHSI pointing out that the Terms of Reference of the Committee did indeed include quoracy requirements.

Noted: The Audit Committee noted the contents of this report and discussion.

19/31 **ii) Governance report: site continuity assurance**

This paper reported back on some of the key compliance criteria of the hospital remaining on the current Papworth Everard site for longer, due to the delay in move the new hospital.

RC explained that some areas were flagging red where staff have moved to the new site to undertake equipment installation. He acknowledged that the maintenance on the existing ageing site has been covered well.

The Chair noted an earlier conversation where the Care Quality Commission (CQC) has submitted a Provider Information Request (PIR) to the Trust; could it be probable that the CQC visit might happen on the old site rather than the new site? RC advised that the dates of the PIR suggested that this will be for the new site.

The Chair referred to risk assessments on equipment/maintenance and whether these were internal/Trust led. RC confirmed that there are external authorising engineers for water/gas and an external estates company for some assurances.

Noted: The Audit Committee noted the contents of this report and were comfortable that continuity arrangements on the current site were robust, ensuring provision of a safe level of service for patients.

19/32 **iii) Managing Conflicts of Interest Policy DN313**

The Audit Committee received this request to consider changes to the above policy consisting of:

- Inclusion of Consultant staff as decision makers/influencers.
- Change of title from Director of Finance to Chief Finance Officer.

It was noted that the full register will be published on the Trust's website from 1 April 2019, to include the Consultant staff declarations.

MK noted one further correction; page 17, item 13.2, 3rd bullet point should read "NHS Counter Fraud Authority" not, NHS Protect.

Action by Whom	Date by When
MK	14.3.19
MK	14.3.19

Approved: The Audit Committee approved the updated policy with revisions as noted above.

5 LOCAL COUNTER FRAUD (RSM)

19/33 a) Progress Report

MK presented this update which provided a summary of Local Counter Fraud work undertaken at the Trust since the 23 January meeting.

MK advised that NHS Counter Fraud Authority (CFA) has released updated standards for 2019/20. There is a change in that this needs Audit Committee Chair sign-off as well as Chief Finance Officer. The submission date is 30 April 2019. The Chair should have received an email from NHS CFA regarding this and MK will chase this up.

The local proactive exercise review of the move to the new site, has been pushed back to April/May 2019.

The Committee noted that there is one ongoing investigation relating to an agency member of staff.

CC noted the recent BBC programme on fraud in the NHS. MK will send a link to Committee members should they wish to see this.

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

19/34 b) Review of NHS Counter Fraud Authority standards

The Committee reviewed the NHS Counter Fraud Authority (NHS CFA) Self-Review Tool as compiled by RSM. During discussion the following was discussed/noted:

- Section 1.1 – the named Executive member is the Chief Finance Officer.
- Section 1.4 – rated amber: The fraud and bribery risks are now on the Trust’s risk register and when this is reviewed, this will move to green rating.
- Section 2.4 – rated amber. Declarations of Interest - MK will liaise with AJ to make sure full compliance and that all declarations up to date. This section needs to be 100% compliant to move to green. MK detailed the process for this to ensure compliance.
- Item 3.3 – rated amber. This relates to fraud, bribery and corruption alerts where the first part of the work is complete. A process has been put in place regarding alerts, when evaluation in first quarter should move this to green.
- Items 4.3 and 4.6 – rated amber. This refers to a successful application of sanction and/or financial redress. This item cannot go higher than amber if there is no successful application of sanction and/or financial redress. MK will re-word this section to give more clarity on the action plan.

Action by Whom	Date by When
LD	Ongoing

RC had reviewed the Self- Review Tool with MK and felt that the ratings were appropriate; albeit that the Trust seems to be marked harshly but fairly with ambers. Moving to the first quarter this should move most areas to green apart from sanction/financial redress as there are currently no sanctions/financial redress issues to approve.

RC confirmed that the Audit Committee has always had sight of this document with sign-off by Chief Finance Officer; the change being the requirement for the Audit Chair to sign-off before it is submitted.

Approved: The Audit Committee approved the Self-Review Tool with the change of wording and ratings as discussed. The Committee gives delegated authority to the Chief Finance Officer and Chair to revise the wording and submit.

6
19/35 **INTERNAL AUDIT – RSM**
a) Progress Report

LD advised that no audit reports had been finalised since the last meeting on 23 January. Two reports are currently in draft being:
- GDPR post May 2019
- Data Security & Protection Toolkit.

There are no overdue actions on the management action tracking list. This is a positive message back to the Committee on implementation of actions which continues to be strong.

CC referred to remaining work for 2018/19 stated as DSPT and MAPS; as a newcomer to the Trust she has no idea what these relate to. LD to make this clearer in future reports.
DSPT refers to Data Security & Protection Toolkit
MAPS refers to the Staff Health roster system.

The Chair asked what would trigger sending a full audit report to this Committee. LD confirmed that this would be where a report has a partial assurance opinion.

It was noted that there is no formal contingency built into the plan; the Trust and RSM allow flexibility in the audit plan should issues happen in-year of concern or across the wider NHS; audits would be rescheduled accordingly.

Noted: The Audit Committee noted the Internal Audit Progress Report 2018/19.

19/36 **b) Draft Head of Internal Audit Opinion**

MJ referred to the draft HOIA which was seen at the January meeting and will not be finalised until year end. The draft Opinion has not changed; and as further work has been completed, this has given a clearer indication that there are no issues which would adversely affect the opinion at this stage. RC acknowledged that the Trust is moving through a time of great challenge and that audits have been

targeted accordingly.

The Chair noted that at this time last year the report was green/amber. He queried that if there had been no review of Cardiology KPIs would this have moved the opinion to green? MJ advised that it would be unlikely to issue a full green opinion to an organisation going through such complex change. He noted that the opinion is typical of a well-run Trust and that RSM have not issued a green opinion to any organisation in recent years. In discussion the Committee noted that a green opinion could indicate that the audits were focussed in the wrong areas and not on areas of concern.

It was confirmed that the audit on PFI had been postponed and swapped with Business Continuity to ensure compliance whilst on the current site.

Approved: The Audit Committee approved the draft Head of Internal Audit Opinion.

7
19/37

EXTERNAL AUDIT (KPMG)

a) Annual Plan 2018/19 final

SB confirmed that this is the formal issue of the Annual Plan seen at the 23 January meeting, with no changes. The interim external audit is due to start on 18 March. All future audit reports will contain a paragraph regarding Brexit uncertainty.

Noted and approved: The Audit Committee noted and approved the final Annual Plan 2018/19.

8
19/38

a) Review draft Annual Report 2018/19 including Annual Audit Committee report

The Committee received the draft report from AJ. Regarding the approval timetable, it was noted that there is no further Audit Committee meeting until the sign-off meeting on 23 May. Therefore the next draft will be circulated by 28 March with comments due back in the first week of April. All amendments to be completed between Committee meetings. It was acknowledged that the end of year accounts are being finalised and will be circulated for comment by 24 April.

SB confirmed that this reporting timetable is reasonable. If KPMG have any issues, these will be raised with RC as necessary.

It was noted that the Whistle Blowing policy requires two named NEDs where it currently has only one named. This requirement needs to be confirmed.

Audit Committee section of the Annual Report

This was reviewed by the Committee with the following comments:

- 1st paragraph – add wording to reflect that the three independent NEDs have appropriate backgrounds including

AJ

March 2019

Action by Whom	Date by When
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9 BOARD ASSURANCE FRAMEWORK (BAF)

19/41 AJ presented this report to the Audit Committee. It was noted that the BAF is reviewed and approved by the Quality & Risk Committee; any concerns can be escalated to the Quality & Risk Committee.

The Committee discussed the BAF policy and reporting of BAF to the Audit Committee. It was noted that SEL is the new Chair of Q&R, which provides good cross-cover with the Audit Committee.

The Committee discussed advancement of successor NEDs as Q&R and Audit Committee representatives. OM updated on the recent appointment of 3 NEDs and their appropriate backgrounds. There will be a paper to Board at the end of March on NED committee attendance.

It was discussed on which committee the BAF should sit and noted that Q&R reviews the corporate risk register. Q&R meetings have moved to a monthly basis; this enhances review of the BAF and corporate risks to monthly. The Board also sees BAF monthly. The Committee felt that in the current period of many changes, it was advisable not to change this status at the current time.

It was confirmed that the policy (item 2.4) is explicit as to the relationship between BAF and the corporate risk register. The committee discussed the mechanism for removing items from the BAF. AJ suggested bringing a suite of documents and review offline to ensure this is addressed.

AJ 10.7.19

Noted and recommended: The Audit Committee noted the BAF update, and, along with the above comments, recommended to the Quality & Risk Committee for approval.

AJ to Q&R

10 GOVERNANCE ASURANCE OVERVIEW

19/42 a) Quality & Risk Committee
Chair’s Report dated 22 January 2019.

b) Performance Committee
Chair’s Reports dated 31 January 2019 and 28 February 2019.

c) Strategic Projects Committee
Chair’s Reports dated 31 January 2019 and 28 February 2019.

Noted: The Audit Committee noted the Chair’s reports submitted for Quality & Risk Committee, Performance Committee and Strategic Projects Committee as above.

It was noted that these Chair’s reports had been seen at the February 2019 Board of Directors’ meeting.

19/43 **d) Audit Committee Self-Assessment - feedback**

The Committee received the updated Committee Self-Assessment for 2019. This had been discussed at length at the last meeting. The earlier comment was noted regarding NED membership at committees along with the need for input on breadth of experience NEDs, particularly clinical input.

Approved: The Audit Committee approved the updated Self-Assessment with comments noted above.

11
19/44 **BAD DEBT WRITE OFF**

The Committee received the recent review of outstanding overdue debts. The Trust has been appropriately aggressive in chasing of some debt. The private patient debts listed were accrued prior to the new policy on pre-payment. The Consultant body have been reminded of the private patient policy and protocols. The Committee discussed how private patient payments are handled at other Trusts.

Approved: The Audit Committee approved the write-off of the debts over £10k in line with the Trust's Scheme of Delegation.

Noted: The Committee noted the write off of debts under £10k.

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

12
19/45 **LOSSES AND SPECIAL PAYMENTS REPORT**

The Audit Committee received the report on special payments and losses made for the period 1 April 2018 to 28 February 2019. The largest of these related to two private patients; RC gave further detail of the cases and circumstances, which would have been discussed with both the Clinical Director and Medical Director.

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

13
19/46 **i) Review Of Costing Transformation Programme (CTP) Audit 2016/17 – update on progress**

The Costing Transformation Programme (CTP) is NHS Improvement's (NHSI) plan to address weaknesses with the current annual reference cost submissions made by all NHS Trusts. As discussed at previous meetings, Royal Papworth had taken part in the trial running of this programme prior to it being rolled out to NHS Trusts. The report gives a granular understanding of patient costings; the Trust was pleased with the gradings received which were some of the strongest to come out of the review.

Referring to the Action plan, this has received good clinical engagement which has helped improved costing and reference costs.

Agenda
Item

Action by Whom	Date by When
AJ	23.5.19

The Trust's CTP group includes a number of Consultants and Clinicians. The action plan shows a clear pathway to move areas to green.

The Chair referred to coding and how this is undertaken at the Trust. RC advised that the Trust has a good coding audit report and a strong coding team within our specialities. There has been coding support from the Digital Team to help coders with more accurate coding. Coding is audited by an internal process and external accreditation.

Noted: The Audit Committee noted the Costing Transformation Programme 2016/17 audit action plan update.

14 (a) Audit Committee Forward Planner

19/47

On review of the Forward Planner, the Committee noted:

- 23 May meeting date to be for a 1 hour Audit Committee followed by a 1 hour Board meeting. Both meetings are predominantly to consider and approve the 2018/19 Annual Report and Accounts.
- Move the annual report for Counter Fraud from May to July.
- Include Whistle Blowing in July.

Noted: The Audit Committee noted the Forward Planner.

14 (b) Any other items for the next meeting/any other business

19/48

There were no other items raised for the next meeting. There were no items raised under any other business.

15 FUTURE MEETING DATES

19/49

2019

Thursday 23 May: 9am-10am followed by Board

Wednesday 10 July: 10am-12noon

Thursday 10 October: 10am – 2 noon

The meeting finished at 1143hrs

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Signed

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Date

**Royal Papworth Hospital NHS Foundation Trust
Audit Committee**
Meeting held on 14 March 2019