

**Audit Committee  
Held on 20 January 2022  
1030-1200hrs, Via MS Teams**

[Chair: Cynthia Conquest, Non-executive Director]

**MINUTES**

<b>Present</b>		
Mrs C Conquest (Chair)	CC	Non-executive Director
Mr M Blastland	MB	Non-executive Director
Mrs D Leacock	DL	Associate Non-executive Director
<b>In attendance</b>		
Mr D Burns	DB	Public Governor
Mrs A Colling	AC	Executive Assistant ( <i>Minutes</i> )
Mr T Glenn	TG	Chief Finance & Commercial Officer
Dr R Hall	RH	Medical Director
Mrs A Jarvis	AJ	Trust Secretary
Mrs E Larcombe	EL	KPMG, External Auditors
Mrs A Mason-Bell	AMB	BDO, Internal Auditors
Mrs L Palmer	LP	Assistant Director for Quality and Risk (Item 7.1)
Mr C Panes	CP	Deputy Chief Finance Officer
Dr H Perkins	HP	Public Governor
Mrs M Screaton	MS	Chief Nurse
Mr J Shortall	JS	Local Counter Fraud, BDO
Mr M Twyford	MT	KPMG, External Auditors
<b>Apologies</b>		
Mrs O Monkhouse	OM	Director of Workforce & Organisation Dev
Mr A Raynes	AR	Director of Digital (& Chief Information Officer)
Mr G Rubins	GR	BDO, Internal Auditors
Dr I Smith	IS	Deputy Medical Director

The minutes are noted as per order of discussion, which may differ from Agenda order.

Agenda Item		Action by Whom	Date by When
<b>1</b>	<b>WELCOME, APOLOGIES AND OPENING REMARKS</b>		
22/01	The Chair opened the meeting and apologies were noted as above.  As this is a heavy Agenda; the Chair said she will take all papers as read and will allow opportunities for questions.		
<b>2</b>	<b>DECLARATIONS OF INTEREST</b>		
22/02	There is a requirement that Board members raise any specific declarations if these arise during discussions. No specific conflicts were identified in relation to matters on the agenda.  The Chair declared a new interest as follows: undertaking some paid consultancy work for the Private Patient Unit at Great Ormond Street		

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	<p>Hospital. This started on the 5 January 2022. This will be added to the main Trust register.</p> <p>A summary of standing declarations of interests are appended to these minutes.</p>		
<b>3</b>	<b>MINUTES OF MEETING held on 14 October 2021</b>		
22/03	<p><b>Approved:</b> The Audit Committee approved the Minutes of the meeting held on 14 October 2021 and authorised these for signature by the Chair as a true record.</p>	Chair	20.01.22
<b>4</b>	<b>ACTION CHECKLIST</b>		
22/04	The Committee reviewed the Action Checklist and updates were noted.		
<b>5</b>	<b>BOARD ASSURANCE FRAMEWORK (BAF)</b>		
22/05	<b>5.1 BAF Update</b>		
	<p>AJ presented the update which brings together reporting seen to other Committees and Board.</p> <p>The recommendations on the Risk Maturity Audit (October) 2021 are being worked through. The ‘three lines of defence’ approach will be used when considering and rating assurances for BAF risks; reference to this has also been added to the BAF policy.</p> <p>Conversations are ongoing with Executives on risk appetite, which will be reflected in Committee reporting. There were slight delays on work due to Committee meetings in December being stepped down (Level 4 Covid-19 pandemic). AJ added that the Risk Maturity Audit looked at rating of our assurance and how this is qualified, which will be useful.</p> <p>DL referred to BAF risk 3040 M.Abscessus and the assurance of open dialogue with Public Health England (PHE) as well as national and international subject matter experts. To what extent have we been able to engage with international experts? MS advised that we have been liaising with Duke Hospital in US who have experienced similar issues to RPH and been able to share learning and experiences. There is ongoing dialogue between the two organisations.</p> <p>MB understands it takes time for reflections to feed through to committees and onto the BAF and had flagged this previously. AJ added that the March Board has scheduled an annual review of risk appetite and bringing assurances into Committee reports. AJ advised that the use of risk target vs risk appetite is still under discussion.</p> <p>CC asked when the ICS governance leads meeting would take place. AJ advised that the Executive governance group had already met but that this is not a NED group. AJ will find out if there is a NED group. The Executive group is currently working on core documentation such as the Constitution.</p> <p><b>Noted:</b> The Audit Committee noted the BAF update.</p>	AJ	10.03.22

Agenda Item		Action by Whom	Date by When
<b>6</b>	<b>LOCAL COUNTER FRAUD – BDO</b>		
<b>6.1</b>	<b>Progress Report</b>		
22/06	<p>JS highlighted the 12 NHS reporting requirements, where there are no changes from last year. Following the last meeting he has worked with the Digital Team to share fraud awareness materials. The plan for the year will include a regular programme of Digital security and fraud awareness for staff and leaders. Nationally, Cyber and IT fraud rates as the highest area for referrals. JS had worked with our Comms team back in November 2021 to raise awareness at Fraud Awareness week.</p> <p>There have been no Trust referrals since the last meeting, and this is also reflected at other Trusts. It was noted that some Trusts have raised some significant cases. The lower-level items have dropped off and JS will keep this under review.</p> <p>CC queried the workdays utilised as eight. JS confirmed this is eight days since the October meeting, with the total days being approx. 30 to date. He will include the total days used in future reports.</p> <p>CC referred to the Fraud Prevention Guidance Impact Assessment where NHTA had confirmed RPH had completed this. Will NHTA look at individual organisations as a comparison? JS confirmed yes, this work is happening internally within NHTA with the report to Trusts expected at financial year end. JS assured the Committee that he has quarterly catch ups with NHTFA and will request an update soon.</p> <p><b>Noted:</b> The Audit Committee noted the Local Counter Fraud update.</p>	JS	10.03.22
<b>6.2</b>	<b>LCFS Annual Work Plan (draft)</b>		
22/07	<p>JS presented the plan which builds on work done this year. This does ring fence approx. 10 days for response to enquiries, referrals etc. If these days are not used, it has been agreed with TG to roll these forward into following year and discuss assignment of these days. On top of this is 50 days for proactive work.</p> <p>Key elements highlighted:</p> <ul style="list-style-type: none"> <li>• Currently a joint review underway with Internal Audit on private patient work.</li> <li>• Next year, to align with the Internal Audit plan, there will be a joint review of conflicts of interest. This is high on NHTA agenda so useful to include.</li> <li>• Page 15 of the plan under Proactive Exercises – refers to mandate fraud. This is in response to the NHTA key strategic objective where a national initiative will be launched in 2022.</li> </ul> <p>DL referred to the low referral rates and was concerned whether this reflected the level of awareness across the Trust. Should awareness be increased? What can the Trust's Counter Fraud champion do to help? JS agreed with the suggestion to raise awareness, adding that the work with IT and fraud awareness work with Trust was useful. What would add value would be a regular slot on the Trust induction session (gold standard would be for him to attend in person) or a statutory training programme to help with awareness at operational level. TG advised that there is counter fraud training at induction but currently it is online.</p>		

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	<p>The Committee was advised that our Counter Fraud champion is Chris Panes, Deputy Chief Finance Officer. The Chair suggested that it was not widely known that Chris undertook this role and how can we ensure that staff are aware? TG suggested a slot is added to the Trust weekly briefing to talk about this specifically.</p> <p>CC raised some minor queries:</p> <ul style="list-style-type: none"> <li>• Workplan item 1.12 – states by end of March 2021 – this should be 2022.</li> <li>• NHS Requirement 11 – indicates timing for this at between Q2-3; why is this not Q1-Q4? JS advised that this is specifically to avoid busy year-end reporting times, but acknowledged it is a year-round process.</li> <li>• Page 16 Trust objectives, needs updating for 2022.</li> <li>• STP should now be ICS.</li> </ul> <p>JS will make the agreed amendments to the plan. CC thanked JS for the clear reports.</p> <p><b>Approved:</b> The Audit Committee approved the LCFS Strategy and Annual Work Plan 2022-23.</p>	<p>TG</p> <p>JS</p>	<p>10.03.22</p> <p>10.03.22</p>
7	<b>INTERNAL AUDIT - BDO</b>		
7.1	<b>Progress Report</b>		
22/08	<p>AMB introduced the progress report which sets out the work completed to date. There had been some delays due to Covid-19 priorities and BDO are working with Trust to deliver plan to end of year. The recommendation work on the Risk Maturity Audit is on track and this will go to Q&amp;R for sign-off.</p> <p>AMB advised that BDO have delayed the update on ICS due to changes of the implementation timetable for ICS.</p> <p>The Quality Governance Audit report is complete, and the final report is included within the papers. This has received a positive outcome with substantive assurance. BDO have benchmarked against this audit and advised that RPH fares well with peers. AJ noted that the action plan from this audit is going to QRMG next month for review.</p> <p>DL referred to the three audits deferred to March and May completion; what is the confidence that these will not slip further. AMB explained BDO are as confident as they can be but acknowledged that Covid issues are out of everyone's control. BDO is working well with the Trust to get time in diaries where teams are still working remotely</p> <p>MB referred to the detailed findings for Risk Governance Audit, advising that Q&amp;R have spent time thinking about the cycle of business and schedule of reports and tried to give priority to those which were behind time; the Committee is working hard to address some of the things.</p> <p>CC asked if MB was content with the findings and recommendations on the Quality Governance Audit. MB replied, yes – he was pleased to see more of an attempt to map all our efforts in this area and not just understand how individual items work; he would value a top-level view of all efforts in these areas.</p>		

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	<p>The Progress Report contained a link to the 'National Audit Office (NAO) – Cyber and information security: good practice guide'. This paper contained many questions where CC felt that review by the Audit Committee would be useful. CC had forwarded the paper to MB and DL, and all agreed for these questions to be added to the March agenda, to review before year-end and gain assurance in this area.</p> <p><b>Noted:</b> The Audit Committee noted the BDO Progress Report.</p>	A Raynes	10.03.22
7.1i	<b>Quality Governance – Internal Audit Report</b>		
22/09	This item had been covered within the Internal Audit discussions above.		
7.2 7.3	Annual Audit Plan Head of Internal Audit Opinion	Agreed for both reports to defer to 10.3.22 meeting	
<b>8</b>	<b>EXTERNAL AUDIT - KPMG</b>		
<b>8.1</b>	<b>Indicative Audit Plan (Trust)</b>		
22/10	<p>EL presented this report which was taken as read. There are some slight changes from last year which were noted. The audit risk areas are consistent with those seen before. The valuation of land and buildings shows a decrease in risk but remains a significant risk area.</p> <p>EL brought attention to the delayed adoption of IFRS16 which has been confirmed to take place from 1 April 2022; it states that the Accounts need to disclose the impact assessment of IFRS16; with work required by KPMG to ascertain what that impact will be. This is a new requirement for this year and analysis work has already started.</p> <p>[1106 LP left the meeting]</p> <p>Materiality levels remains similar to last year. KPMG will always look at revenue and expenditure at year end to understand the Trust outturn which may or may not result in a small change to materiality.</p> <p>The subsidiary audit plan regarding Royal Papworth Hospital Charity is included in the report on page 15. The main report on this had been deferred to the March meeting.</p> <p>Referring to the accounts timetable, EL advised that national submission has been confirmed at 22 June; noting that KPMG would aim to have the majority of work completed in May. The full version of the Annual Report is required this year (last year a trimmed down version was allowed).</p> <p>Value For Money – a risk assessment will be submitted to the next Audit Committee. KPMG independence was confirmed.</p> <p>DL referred to IFRS16 risk – as this will not be reported until next financial year, why is this a high risk now. EL explained this is classed as an area of focus. This is a new item and the impact of IFRS16 could be material due to PFI, which is why it is flagged. Other Trusts will be in the same position with this new reporting requirement.</p> <p>TG highlighted from a performance perspective, it is important that we get the material adjustment number right, in terms of forecasting etc, pleased to see EL had flagged this area to keep under review.</p> <p>CC was surprised to see the risk on valuation of land and buildings go</p>		

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	<p>down, as assumed would stay the same. EL advised that last year was probably a heightened risk and explained this; the risk is a little lower than last year as there is no full valuation, but recognise it is significant high-risk area still with extensive work required by KPMG.</p> <p>CC referred to timetable for submission of accounts (22 June) and the planned Trust sign-off dates for this work as currently:</p> <p>19 May – review and first sign-off 1 June – back up date for final sign-off</p> <p>EL advised that KPMG will not be in a position for sign off in May, this will be early June; and would need to wait for final sign off nearer to 22 June submission deadline, in case of any central changes. TG noted that last year some Trust’s pushed back their deadlines and then missed national deadlines. He is loathed to change our timelines, as it gives us some leeway for late changes and keen to keep to 1 June deadline. CC agreed with this.</p> <p>However, during the meeting (and subsequent emails), it was suggested to align dates as follows:</p> <p>19 May – remove this date as too early in the timeline. 1 June – keep this in diaries as first review by Audit Committee 9 June – keep in Board date for review of accounts, recommending any final amendments to be delegated to the Audit Committee. 14 June – add this as a new extra-ordinary date for Audit Committee sign-off 22 June – national submission date</p> <p>The dates will be re-aligned in diaries to reflect the above.</p> <p><b>Approved:</b> The Audit Committee approved the External Audit Indicative Audit Plan.</p>		
<b>8.2</b>	<b>First Draft Annual Governance Statement</b>		
22/11	<p>AJ presented this draft, giving a brief overview of work still required. National guidance is still awaited, so currently working on last year’s timelines. This will also be presented to Q&amp;R with any feedback coming to the Audit committee.</p> <p>DL has some minor comments and will email these to CC and AJ. CC noted one amendment required to the number of Governors sitting on the Performance Committee which is now two. CC will send other amendments through to AJ.</p> <p><b>Noted:</b> The Audit Committee noted the first draft of the Annual Governance Statement.</p>		
<b>8.3</b>	<p><b>Indicative Audit Plan (Charity)</b> It was noted that a summary of this was included on Page 15 of the draft Trust Indicative Audit Plan.</p>	Agreed to defer to	10.3.22 meeting
<b>9</b>	<b>GOVERNANCE ASSURANCE OVERVIEW</b>		
22/12	<p>9a.1 Quality &amp; Risk Committee 9a.2 Performance Committee</p>		

Agenda Item		Action by Whom	Date by When
	9a.3 Strategic Projects Committee 9a.4 Charitable Funds Committee  <b>Noted:</b> The Audit Committee noted the Chairs' Reports as submitted.		
10 11 12	Bad Debt Write-offs Losses and Special Payments Waiver to Standing Financial Instructions	Agreed to defer reports to 10.3.22 meeting	
<b>13</b>	<b>ANNUAL REPORTS/REVIEW</b>		
<b>13.1</b>	<b>Standing Orders (SO)</b>		
22/12	AJ presented this document for review. CC had sent through her comments to AJ. One query related to Declarations of Interest recorded on Electronic Staff Record (ESR) and whether this should be a general statement for all decision-making staff. AJ explained why this is included as a separate note for Consultant staff and justified why it is not needed again for all decision making staff.  DL advised that the Appendix notes Committee and Sub-Committees as January 2020 – should this be 2022.  <b>Approved:</b> The Audit Committee approved the amendments to the Standing Orders.		
<b>13.2</b>	<b>Standing Financial Instructions</b>		
22/13	TG presented the SFIs for review; there were relatively few changes which were all marked.  CC noted under section 2.5.1(e) that 2020 be added after Code of Audit Practice issued by the National Audit Office (NAO).  <b>Approved:</b> The Audit Committee approved the amendments to the SFIs.		
<b>13.3</b>	<b>Scheme of Delegation</b>		
22/14	This also had minor changes which were highlighted. AJ will ensure the job title for Andrew Selby is consistent throughout the document.  <b>Approved:</b> The Audit Committee approved the amendments to the Scheme of Delegation.		
<b>13.4</b>	<b>Committee Terms of Reference</b>		
22/15	CC had sent comments back to AJ which included: <ul style="list-style-type: none"> <li>• Item 4.1(f) to add in the Strategic Projects Committee (SPC).</li> <li>• There are some updates to titles in terms of NHS Resolution.</li> <li>• Item 4.7 - Use the term, Value for Money (VFM) instead of Adequacy of Effectiveness of Arrangements for Economy and Efficiency.</li> </ul> <b>Approved:</b> The Audit Committee approved the amendments to the Terms of Reference.		

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13.5	<b>Committee Annual Self-Assessment</b>		
22/16	<p>AJ thanked all for their responses to the self-assessment; all feedback had given a 'strong' or 'very strong' assurance. Some were not able to answer certain questions on Internal Audit as it was felt too early in BDO's tenure to comment.</p> <p>Comments:</p> <ol style="list-style-type: none"> <li>1. Cttee ToR: re. committee objectives which are not formally documented on an annual basis, and would it be helpful to do this?</li> <li>2. Areas of focus:– could there be greater focus on quality and how we structure the agenda. Should there be a section on quality, data quality and performance &amp; financial control. CC/TG/AJ look at outside of meeting.</li> <li>3. Decisions and actions – referring to pace of work. Covid-19 has impacted on this and suggestion to add this into Committee commentary.</li> <li>4. Did Board sufficiently challenge reports (i.e., Chair's reports and other Committee reports) taken to Board from audit?</li> <li>5. Earlier papers might be helpful. Papers are usually issued one week before the meeting. Is this a reasonable time period?</li> </ol> <p>AJ asked the Committee if there were any areas which needed to be challenged? The overall assessment was 'strong' with eight people providing feedback.  AJ confirmed that the self-assessment 'survey monkey' is sent to all those who have attended Audit Committee (NEDs, Executive, Auditors, Governors).  CC agreed with the comments and the suggestion to review the agenda.</p> <p>MB referred to the question about setting objectives, which could relate to all Committees. AJ suggested we take this back into the Board objective setting for discussion. CC added that it would be useful to get feedback on this from external colleagues as to how this works in other Trusts. AMB had not seen this specifically at other Audit Committees, but more at sub-committee level. She had seen objectives referred to in ToR. EL agreed with AMB with objectives seen in ToR. She referred to the use of the Forward Planner to ensure sufficient time is allowed to complete tasks.</p> <p>AJ will add today's feedback into the commentary and send to CC for sign-off.</p> <p><b>Noted:</b> The Audit Committee noted the discussion and feedback regarding the Committee annual self-assessment.</p>	CC/TG/ AJ	Feb 22
13.6	<b>Compliance with Clinical Audit</b>	Agreed to defer	
14	<b>POLICY REVIEWS</b>		
14.1	<b>DN605 Anti-fraud and Bribery Policy</b>		
22/17	<p>TG presented this policy review and was grateful for the review work undertaken by JS which had incorporated some helpful amendments to the policy.</p> <p>CC and DL both thanked JS for the review, along with the summary of</p>		



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	<p>amendments. Particularly helpful was the signpost to Appendix A which gave a clear note of what action to be taken if fraudulent activity is discovered or suspected.</p> <p><b>Approved:</b> The Audit Committee approved the amendments to DN605 Anti-fraud and Bribery Policy.</p>		
<b>14.2</b>	<b>DN433 Board Assurance Framework Policy</b>		
22/18	<p>CC thanked AJ for this informative paper. AJ advised there was not a huge amount of change. One item which came through from the Risk Maturity Audit was how the Executives use the assurances given to them and this is where the ‘three lines of defence’ process comes in. AJ explained how this will be captured in future Committee reporting. This is noted as a key change.</p> <p>CC queried Item 3.7 “The Audit Committee will monitor the overall population of the risk register and integration within the Board Assurance Framework”, as to whether the Audit Committee did this. It was acknowledged that the BAF is scrutinised quarterly at Performance Committee. The Committee discussed how to comply with Item 3.7 where it was suggested that wording be added referring to the BAF scrutiny by Performance Committee with assurance of this then given to the Audit Committee. AJ will draft a paragraph for Committee approval. MB added that Q&amp;R also has oversight of the Risk Register every month which gives another overlap.</p> <p><b>Approved:</b> The Audit Committee approved the amendments to the Board Assurance Policy with the addition of the paragraph detailed above.</p> <p>Post Meeting Note: The amended wording has been agreed by the Audit Committee members as:</p> <p>“The Audit Committee oversee the overall population of the risk register and integration within the Board Assurance Framework. The Corporate Risk Register is reviewed on a quarterly basis by the Performance Committee and the Quality &amp; Risk Committee. The risk register is inextricably linked to the Board Assurance Framework as shown in the diagram below.”</p>	AJ	Jan 22
<b>15</b>	<b>FORWARD PLANNER AND MEETING REVIEW</b>		
<b>15.1</b>	<b>Audit Committee Forward Planner</b>		
22/19	<p>The planner was reviewed. CC noted that the reports deferred at this meeting need to be shown as such on the planner; AC will amend this.</p> <p>The BAF Policy has been added on for January 2022 and then 2024. AJ referred to previous comments earlier by EL and noted that we to try to ensure that all audit items are captured on the forward planner.</p> <p>MB referred to the annual review of governance documents today; with the ICS developing their own documents, at what point do we incorporate directives from ICS governance into our documentation? AJ acknowledged the emergence of the ICS documentation, but that we need to be mindful of our own Trust requirements and that we are partner of ICS.</p>	AC	Jan 22

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	<p>TG referred to the overriding objectives where we are all operating within national guidance including ICS. In response to this we produce our Annual Plan, and this detail is fed into ICS. He acknowledged that going forward we will need to reiterate our policies and objectives to ensure they align with ICS partners. As a Trust we are a statutory body and need to have policies to suit, acknowledging that we can be informed by others.</p> <p>MS detailed mechanisms already in place which give assurance on quality and safety, how this links into ICS and how this is being fed into Q&amp;R.</p> <p>RH added that the ICS clinical strategy, which we as a Trust would hope to guide, is still to be formed.</p>		
<b>15.2</b>	<b>Emerging Risk</b>		
	None identified.		
<b>15.3</b>	<b>Review of meeting agenda and objectives</b>		
22/20	It was agreed that the Committee looked at all relevant items and allowed discussion and comment. All required approvals had been made.		
<b>15.4</b>	<b>Any other items for next meeting</b>		
22/21	<p>Review of the questions within the National Audit Office Cyber security for March (Item 7.1 above).</p> <p>DL valued last year's summary provided by TG of key items required by year-end. TG will draw this up again for the March meeting.</p>	TG	10.03.22
<b>16</b>	<b>ANY OTHER BUSINESS</b>		
	No items were raised.		
	<b>FUTURE MEETING DATES: 2022</b>		
	<p>20 January  10 March  <del>10 May cancelled</del>  1 June [sign-off Annual Report &amp; A/cs]  14 June [final AR &amp; A/cs sign off]  21 July  20 October</p>		

The meeting finished at 1151hrs.

*CB Conquest*

[Chair authorised electronic signature to be added]

Date: 10 March 2022

**Royal Papworth Hospital NHS Foundation Trust**  
**Audit Committee meeting**  
Meeting held on 20 January 2022