

Agenda item 3.iii

Report to:	Board of Directors	Date: 2 February 2023
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 19 January 2023	
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

Summary

The agenda for the Audit Committee meeting had two items deferred in response unforeseen circumstances. They were the Committee’s Terms of Reference and Self-Assessment. These will now be reviewed by the Committee in February.

The progress reports from Local Counter Fraud and Internal Audit services indicate that progress against the plans is being made although noting that Internal Audit have had some delays in completing their fieldwork.

End of year Accounts submission date is likely to be 30 June 2023 and not the end of May as anticipated.

All the policies presented at the meeting were approved and are listed under Review of Annual Reports.

Electronic Patient Records Data Quality

Following from an Internal Audit report in March 2022 about the gaps on assurance on the quality of the data due to the incompleteness of patients’ records, the governance team has been developing an audit tool to review the quality of the records within the EPR. They have also implemented a quarterly audit cycle where the results will reported to QRMG.

The progress report presented to the Committee was very comprehensive and gave a good level of assurance. The main concern was the delay in some of the Audits but the reasons for the delay was to ensure that the tool being used was effective and fit for purpose.

BDO Local Counter Fraud Service (LCFS)

LCFS, at the time of the meeting has used 49 out of the potential 65 days (which includes investigations) for their counter fraud work. There is still work to be done before the financial year end on proactive exercises, completion of fraud risk assessment and year end reporting. It is envisaged that all the days will be utilised.

One ongoing investigation was the stolen card details being tested though Royal Papworth's Charity. This has been going on since September 2022 and the online payment company has not been able to satisfy the Charity that it is doing all it can to minimise the risk. Another 96 attempts were made on 1st January 2023 of which three were successful and have been refunded. The Trust is now looking at alternative online payment companies.

The draft LCFS Annual Work Plan for 2023/24 was discussed. They have proposed an annual workplan of 60 days (50 proactive and 10 reactive) for the Trust. This indicative Counter-Fraud Strategy and Annual Work Plan 2023/24 aligns with the Government Functional Standard for Counter Fraud, which has been introduced to ensure consistency of approach across the public sector to protecting services against the risk of fraud, bribery and corruption. There may be some changes in NHS Counter Fraud Authority (NHSCFA) strategic priorities which may then impact on the proposed plan.

The plan will come back to the March Committee for approval.

BDO Internal Audit Service (IA)

The Committee were presented with two finalised Internal Audit reports They were:

- Infection Control – Hygiene Code
- HFMA- Financial Sustainability

Infection Control – Hygiene Code

The purpose of the Infection Control audit was to provide assurance on the adequacy, accuracy and completeness of the robustness of the Trust's evidence used to complete the Hygiene Code self-assessment and completion of actions identified. The overall assessment rating was moderate in both design and effectiveness out of the four assurance levels of 'substantial', 'moderate', 'limited' or 'no' for their Level of Assurance.

This report has been referred to the Quality & Risk Committee

HFMA- Financial Sustainability

This audit came about due to a letter from Julian Kelly (CFO for NHSE/I) on 20 May 2022, that detailed that by 31 August 2022 all systems and organisations will be required to commission internal audit to produce a report for their respective Audit Committee's covering the most recent HFMA publication – Improving NHS Financial Sustainability. Finance departments were asked to carry out a self-assessment and these assessments were then audited. As this was an advisory review, with an assessment of 'maturity' the auditors did not provide an overall audit opinion.

The conclusion by Internal Audit is, overall, the Trust has been able to demonstrate a high level of compliance with the questions set out in the assessment, with all questions where the Trust has scored themselves at a 4 or 5 confirmed through our testing and review of the evidence supplied.

As part of the benchmarking service that BDO provides, overall, the Trust has scored favourably overall compared to other Trusts within the benchmarking sample, averaging a score of 4.7 (out of 5) across the eight categories. RPH also scored higher than average in every one of the eight categories.

The Audit Committee felt that this was a great achievement and that this highly commendable report was further vindicated by the Trust being awarded Level 3 towards Excellence Accreditation by NHS Finance Leadership Council. Only 17 finance departments in the NHS to achieve this level so far.

Other Discussions

The 2021/22 Data Quality & PIPR report with the minor amendment on the ratings of one of the recommendations from medium to low was presented and this report will go to the Performance Committee meeting In January 2023.

The delay in the finalisation of audit reports against the agreed timescales was discussed. The Committee wanted to understand the reasons for the delay and needed assurance that the delays seen in 2022/23 will not impact on the 2023/24 plan. This will be discussed in detail between the Trust's management and BDO and reported back to the Committee in March 2023.

The Committee discussed the proposed Internal Audit Plan and it was agreed that taking into account the discussion at the meeting that the Trust management will review in detail with BDO and make the proposal to the Committee in March 2023.

Bad Debt Write Offs

The Audit Committee approved the debt write off of £28,437 for an overseas patient debt from February 2018. This was patient was referred as an emergency to the hospital and an advance payment or deposit was not possible. Subsequent efforts to collect the debt have not been successful.

It should be noted that in addition to the £28,437 approved by the Committee that £28,337 has also been written off by Trust management as per the Standing Financial Instructions and Scheme of Delegation for amounts under £10,000.

Losses & Special Payments

It should be noted that there has been an impairment of obsolete stock of four Ventricular Assist Devices (VADs) to a cost of £360,000. These became obsolete due to reduced number of implantations due to COVID which meant the devices passed their expiry dates. The Trust has now revised its stock levels from 8 to 3.

Salary Overpayments

It should be noted that there are 235 open overpayments totalling £493k for the Trust as at beginning of January 2023. The Committee was assured that a lot of work is ongoing to recover monies and reduce the risk of future overpayments but acknowledged that more needs to be done. This area will be monitored closely.

Review of Annual Reports

The Committee was asked to review the following documents:

- 13.1 DN142 Standing Orders of the Board of Directors
- 13.2 DN140 Standing Financial Instructions
- 13.3 DN137 Scheme of Delegation

All the above documents, subject to some minor amendments were approved for submission to the Board for adoption.

The Committee's Terms of Reference and Annual Self -Assessment was not discussed due to the unavoidable absence of the person who was needed to lead the discussion. A Committee meeting is being scheduled in February to complete this review.

Policy Reviews

The Anti-fraud and Bribery Policy, subject to some minor amendments was approved.

2. Key decisions or actions taken by the Audit Committee

Approval of the following internal documents:

- 13.1DN142 Standing Orders of the Board of Directors
- 13.2 DN140 Standing Financial Instructions
- 13.3 DN137 Scheme of Delegation
- 14.2 DN605 Anti-fraud and Bribery Policy

3. Recommendation

The Board notes the key decisions taken by the Audit Committee.