

**Audit Committee**  
**Held on 23 May 2023**  
**1300-1430hrs**  
 via MS Teams

[Chair: Cynthia Conquest, Non-executive Director]

**UNCONFIRMED**                      **MINUTES**

<b>Present</b>		
Mr M Blastland	MB	Non-executive Director
Mrs C Conquest (Chair)	CC	Non-executive Director
Mrs D Leacock	DL	Associate Non-executive Director
<b>In attendance</b>		
Ms K Aldrit-Rose	KAR	BDO, Local Counter Fraud
Mr D Burns	DB	Public Governor
Mrs A Colling	AC	Executive Assistant ( <i>Minutes</i> )
Mr B Endersby	BE	BDO, Internal Auditors
Mr T Glen	TG	Deputy CEO and Chief Finance & Commercial Officer
Mrs S Harrison#	SH	Deputy Chief Finance Officer
Mrs A Jarvis	AJ	Trust Secretary
Mrs E Larcombe	EL	KPMG, External Auditors
Mrs E Midlane	EM	Chief Executive
Dr H Perkins	HP	Public Governor
Mr A Raynes	AR	Chief Information Officer
Mr G Rubins	GR	BDO, Internal Auditors
Mrs M Screaton	MS	Chief Nurse
<b>Apologies</b>		
Mrs A Mason-Bell	AMB	BDO, Internal Auditors
Mrs O Monkhouse	OM	Director of Workforce & Organisation Dev
Mr J Shortall	JS	Local Counter Fraud, BDO
Dr I Smith	IS	Medical Director
Mr M Twyford	MT	KPMG, External Auditors

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>		
23/66	The Chair opened the meeting and apologies were noted as above.		
<b>2</b>	<b>DECLARATIONS OF INTEREST</b>		
23/67	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.		

Agenda Item		Action by Whom	Date by When
	A summary of standing declarations of interests are appended to these minutes.		
<b>3</b>	<b>MINUTES OF MEETING held on 9 March 2023</b>		
23/68	<b>Approved:</b> The Audit Committee approved the Minutes of the meeting held on 9 March 2023 and authorised these for signature by the Chair as a true record.	Chair	23.05.23
<b>4.1</b>	<b>ACTION CHECKLIST</b>		
23/69	The Committee reviewed the Action Checklist and updates were noted.		
<b>5</b>	<b>BOARD ASSURANCE FRAMEWORK (BAF)</b>		
5.1	<b>BAF Update</b>		
23/70	Deferred to 17 July meeting		
<b>6</b>	<b>LOCAL COUNTER FRAUD - BDO</b>		
6.1	<b>Progress Report May 2023</b>		
23/71	<p><b>Received:</b> Counter Fraud Progress Report  <b>Reported:</b> KAR.</p> <ul style="list-style-type: none"> <li>Introduced the report and highlighted key points:</li> <li>The fraud incident, discussed in previous meetings, related to activity perpetrated by a third party via the online payment platform used by the Trust to facilities card payments for the Charity. The Trust has replaced the online payment platform to a new provider with effect from 1 April 2023, with no further instances reported since. The case is now closed.</li> <li>JS is working through NFI matches and will keep the Committee updated.</li> <li>The media round up covered public sector fraud updates where JS would be happy to explain in wider detail if the Trust would like.</li> </ul> <p><b>Discussed:</b></p> <ul style="list-style-type: none"> <li>CC queried that the report only showed two investigations and did not detail the NFI matches. AJ gave further detail of this ongoing work which JS and AJ will complete for the July meeting.</li> <li>CC would have expected to see more detail on this on page 22 of the report; KAR explained the process as this is currently being worked through and is not an investigation as such.</li> </ul> <p><b>Noted:</b> The Audit Committee noted the Counter Fraud Progress Report.</p>		
6.2	<b>Counter Fraud Annual Report and Functional Standard Return 2022/23</b>		
23/72	<p><b>Received:</b> Counter Fraud Annual Report and Functional Standard Return 2022/23.  <b>Reported:</b> KAR</p> <p>Highlighted key points:  Self-assessment wording has been revised as discussed previously.  Page 33 shows a summary of ratings against each point and comparative table. Overall green rating showing full compliance.</p>		

Agenda Item		Action by Whom	Date by When
	<p>JS is dealing with the submission on portal by 31 May. Before submission this requires CFO authorisation which has been given.</p> <p><b>Discussed:</b> The Audit Committee approved the Functional Standard Return and for this to be submitted. CC asked for thanks to be passed to JS and team.</p> <p><b>Approved:</b> The Audit Committee noted the Counter Fraud Annual Report and approved the Functional Standard Return 2022/23.</p>		
7	<b>INTERNAL AUDIT - BDO</b>		
7.1	<b>Progress Report</b>		
23/73	<p><b>Received:</b> Internal Audit Progress Report 2022/23 <b>Reported:</b> GR summarised the current position:</p> <ul style="list-style-type: none"> <li>• Data Security Protection Toolkit report is finalised and presented later on the Agenda.</li> <li>• ICS draft report was issued in last week and is positive.</li> <li>• Waiting List (WL) Management report is unfortunately not ready. There has been a mix of delays on both Trust and BDO sides. It is underway and expected in the next two weeks.</li> <li>• BDO have made efforts to start audits earlier this year, with one audit (the Performance and Appraisal audit) already scoped this week.</li> </ul> <p><b>Discussed:</b></p> <ul style="list-style-type: none"> <li>• AJ referred to the Annual Report summary, which will need to note these unfinalised reports as not completed for 2022/23 programme?</li> <li>• GR advised that if there are any updates on these by 15 June, BDO will advise; hopefully, ICS will be done and possibly the Waiting List audit.</li> <li>• AJ would need these a week prior to 15 June.</li> <li>• CC therefore queried that the Waiting List audit final outcome will not be included in the HOIA?</li> <li>• GR advised that whatever the outcome of Waiting List audit, it will not change the overall opinion, but agreed it would have been better to have all audits completed. GR could not give an indication of the outcome of this audit as the work is ongoing.</li> <li>• CC again noted her disappointment not to have the Waiting List report.</li> <li>• GR explained in further detail the cause of delays at both Trust and BDO and as a learning point, BDO will escalate delays earlier in future. TG added that there had also been a change of the Trust's Chief Operating Officer in the audit period which was a factor.</li> <li>• TG received the ICS audit this week which was rated as substantial and offered to colleagues for comments by end of this week, and draft back to BDO with management comment by end of week. This should be in place by 15 June.</li> <li>• DB noted several comments advising 'management response delays'. CC noted that this will be picked up later on the agenda.</li> </ul> <p><b>Noted:</b> The Audit Committee noted the Internal Audit Progress Report.</p>		

Agenda Item		Action by Whom	Date by When
7.2	<b>Annual Internal Audit Report and Head of Internal Audit Opinion 2022/23</b>		
23/74	<p><b>Received:</b> Draft Internal Audit Plan 2023/24.  <b>Reported:</b> GR  This was an updated version from last draft and does refer to the follow-up issues. Overall, it is a very firm moderate assurance opinion. BDO will update on any final reports at 15 June meeting..  <b>Discussion:</b>  CC referred to page 81 of pack, and the wording on STA division re. moderate (effectiveness) and substantial (governance) status – GR will amend the wording accordingly in the text of the final report.</p> <p><b>Approved:</b> The Audit Committee noted the update.</p>		
7.3	<b>Follow-up of Internal Audit Recommendations Report</b>		
23/44	<p><b>Received:</b> Follow-up of Internal Audit Recommendations Report.  <b>Reported:</b> BE  As at the middle of May, 26 recommendations were due for review with 13 completed. Some recommendations are work in progress and some not yet due. The report noted where recommendations have not yet been received.</p> <p><b>Discussed:</b></p> <ul style="list-style-type: none"> <li>• TG apologised to the Committee for the delays in follow-ups which is not acceptable. He ran through the progress on those outstanding and would expect to have the updates in time for 15 June meeting. Payroll, as an outsourced function, needs some more specific work which TG will scope with the team over the next few weeks.</li> <li>• DL thanked TG for his explanation as she was concerned on lack of responses. Is there a staffing issue which will now be resolved going forward to avoid delays? TG advised of major staff changes in the senior operational management team which impacted progress; and can be worked to resolve those outstanding issues by 15 June.</li> <li>• DB asked if the Trust were comfortable with the Trust's payroll provider?</li> <li>• TG gave the background to the appointment of current provider, NHS Shared Business Services (NHS SBS), who is used widely to provide NHS payroll services. The Trust's contract is due for renewal and the Trust is currently undergoing a tender procurement process.</li> <li>• MB asked if this is the first time that there have been significant delays in responding to recommendations or systemic lack of urgency in this area.</li> <li>• TG and GR both confirmed that delays can be experienced, but they have been exceptionally high during the recent period, where learning on both sides will be taken to avoid this in future.</li> <li>• CC noted that the delayed responses from the payroll audit could have been flagged in March at that Committee's meeting which would have given two months earlier to put right.</li> <li>• BE acknowledged this and apologised to the committee that these did not get flagged earlier.</li> </ul> <p><b>Noted:</b> The Audit Committee noted the report.</p>		

Agenda Item		Action by Whom	Date by When
<b>7.3.1</b>	<b>Governance: Surgery Transplant &amp; Anaesthetics</b>		
23/47	<p><b>Received:</b> Internal Audit Report: Final</p> <p><b>Reported:</b> BE Following discussion at the March meeting, the Substantial rating had been amended to Substantial/Moderate rating.</p> <p><b>Discussion:</b> No further questions were raised.</p> <p><b>Noted:</b> The Audit Committee noted the Internal Audit Report as presented and discussed above.</p>		
<b>7.3.2</b>	<b>Waiting List Management</b>		
23/48	<p><b>Received:</b> Verbal update</p> <p><b>Reported:</b> GR and BE. GR noted that the reasons for delays had been covered earlier. BE updated on progress of this report; there is good engagement on this and any delay on responses longer than 48 hours is flagged.</p> <p><b>Discussion:</b> No questions were raised.</p> <p><b>Noted:</b> The Audit Committee noted the update.</p>		
<b>7.3.3</b>	<b>Data Security &amp; Protection Toolkit (DSPT)</b>		
	<p><b>Received:</b></p> <p><b>Reported:</b> BE This is the annual review of the DSPT by a specialist BDO IT team. He explained the testing process on standards which is rigorous. As at the March report the ratings were: Moderate assurance (design, operation, and effectiveness of DSP controls) High assurance: confidence in toolkit The three recommendations were explained and noted.</p> <p>This is an improvement on last year's report.</p> <p><b>Discussion:</b> AR – noted this thorough report and accepted the recommendations, where the team are already working on these. DL referred to the target implementation date which was five weeks away and queried how confident he was that the implementation deadline would be met? AR – there is high scrutiny in the Trust on this and the main area is to improve completion of information governance training, which is being chased; he is confident of reaching the required target. CC – Referred to 'patches' which was reported as a snapshot as at 8 May. AR – explained how the patch update system works and how its position changes. The Trust has processes in place to ensure the patches are up to date as possible. CC – referred to the Disaster Recovery Plan where testing is scheduled to May – can this be moved earlier to ensure it is completed on time? AR – advised that the scheduled plan needed to be moved this year and</p>		

Agenda Item		Action by Whom	Date by When
	will look at moving to earlier next year to enable timely completion.		
<b>8</b>	<b>EXTERNAL AUDIT</b>		
<b>8.1</b>	<b>Second Draft Annual Governance Statement</b>		
23/49	<p><b>Received:</b> Within draft Annual Report below.  <b>Reported:</b> AJ</p> <p><b>Discussed:</b> No items were raised.</p> <p><b>Noted:</b> The Audit Committee</p>		
8.2	<b>Update on Audit Progress</b>		
	<p><b>Received:</b> Verbal update on External Audit work  <b>Reported:</b> EL  Currently midway through audit work, which is good and on track. Do not expect any significant risks to emerge.  Value for Money – documentation and follow-up being worked on with no significant risks expected to be identified.  The overall position is good with no concerns.</p> <p><b>Discussed:</b>  CC – queried if it would be possible to sign-off documents on 15 June.  EL would suggest not signing at that date as sometimes further instructions do come through from National Audit Office (NAO) which can impact; therefore, it is wise to wait and sign nearer to the end of June.</p> <p><b>Noted:</b> The Audit Committee noted the update.</p>		
<b>9</b>	<b>ANNUAL REPORT AND ACCOUNTS</b>		
<b>9.1</b>	<b>Review Annual Audited Accounts</b>		
23/75  <i>[1400hrs MB left and MS joined]</i>	<p><b>Received:</b> Draft Annual Report 2022/23</p> <p><b>Reported:</b> TG.</p> <ul style="list-style-type: none"> <li>• Good draft and thanked the Team for their hard work.</li> <li>• Some sections identified for amendment to add disclosures to make areas clearer (i.e., debtors, homecare, late notification of staff pay settlement).</li> <li>• TG gave an overview of the sections within the Accounts.</li> <li>• IFRS16 accounting regulation has been adopted in year and explained how this works on leases/assets recognised.</li> </ul> <p><b>Discussion:</b></p> <ul style="list-style-type: none"> <li>• CC referred to the revaluation gain in the accounts and risk associated with this.</li> <li>• TG advised that a formal valuation is required every 3 years. External valuers have provided a valuation as at 31 March 2023 showing an increase in valuation of £14m. This mainly reflects increases in inflation and re-build costs to build an equivalent hospital today. TG explained how this affects the depreciation charge in future years, which is increased and the impact of this on the Trust's income. There are ways and options to manage this which were discussed.</li> <li>• CC referred to two specific payments in the accounts; TG explained that one related to a redundancy payment in line with contract and</li> </ul>		

Agenda Item		Action by Whom	Date by When
	<p>settlement of a lease car payment. Both have been dealt with via the correct Scheme of Delegation governance process and signed off by the Executive Directors.</p> <p><b>Noted:</b> The Audit Committee noted the update.</p>		
9.2	<b>Review Annual Report</b>		
23/76	<p><b>Received:</b> Draft Annual Report 2022/23</p> <p><b>Reported:</b> AJ Explained the areas in the report still to be finalised, which are being worked on. The Quality Accounts will be scrutinised by Quality &amp; Risk Committee tomorrow, and this will pull into the Annual Report.</p> <p><b>Discussion:</b></p> <ul style="list-style-type: none"> <li>• MB commented that the Annual Report showed a balanced reflection of the challenges being faced and continue to face. He would like to see more content on staff pressures, aside from that noted under the staff survey.</li> <li>• He advised that the Q&amp;R Committee would be reviewing the Quality Accounts further on inequalities which he did not feel had been covered adequately.</li> <li>• He noted that the quality strategy was due to expire in 2022 and run on to 2023 and there is not a policy in place yet for forthcoming years, which obviously needs further work.</li> <li>• CC – had sent some minor amendments on the Annual Report to AJ. The committee discussed the wording under audit governance on BAF and risks.</li> </ul> <p><b>Noted:</b> The Audit Committee noted the draft Annual Report &amp; Accounts 2022/23.</p>		
9.3	<b>Review Quality Accounts</b>		
23/77	<p><b>Received:</b> Draft Quality Accounts 2022/23</p> <p><b>Reported:</b> AJ</p> <p><b>Discussion:</b> To be discussed in greater detail at Quality &amp; Risk Committee on 25 May.</p> <p><b>Noted:</b> The Audit Committee noted the update.</p>		
9.4	<b>Annual Audit Committee Report</b> (included in Annual Report & A/cs)		
23/78	<p><b>Received:</b> Draft Annual Audit Committee report.</p> <p><b>Reported:</b> AJ</p> <p><b>Discussion:</b> MB queried the wording on the report of ‘a very good position’ and ‘we have produced a good set of accounts’ – what is this referring to and can this be clarified. TG clarified that the Audit Committee are being asked to sign off that the Accounts have been prepared and represent a true and fair statement of the Trust’s financial position. It is not a comment on financial management or pay position etc. The external auditors do assess the area relating to MB’s query, on Value for Money Opinion (VFM), which</p>		

Agenda Item		Action by Whom	Date by When															
	<p>looks at financial controls, financial management, reporting on whether the Trust's use of public funds is VFM. CC added that the Going Concern document by external auditors reflects on how the Trust might perform going forward.</p> <p><b>Noted:</b> The Audit Committee noted the update.</p>																	
<b>10</b>	<b>ANY OTHER BUSINESS</b>																	
23/79	<p>DL had some comments on the Annual Report and would send via the Word copy to AJ. CC will send a Chair's report from this meeting to the 1 June Board meeting.</p>																	
<b>11</b>	<b>FORWARD PLANNER AND MEETING REVIEW</b>																	
<b>11.1</b>	<b>Audit Committee Forward Planner</b>																	
23/80	<p>Discussed the Agenda for 15 June meeting to include:</p> <ul style="list-style-type: none"> <li>• Introductions</li> <li>• Review of minutes 23 May meeting.</li> <li>• HOIA</li> <li>• Final Annual Governance Statement</li> <li>• Final Annual Report</li> <li>• Final Annual Accounts</li> <li>• Final Quality Account</li> <li>• ISA 260.</li> </ul> <p>The Audit Committee is a 30-minute meeting followed by a 30-minute Board meeting for consideration and formal sign-offs.</p> <p>TG asked that if the finalised ICS Internal Audit report is ready that this can be added to the agenda along with revised comments on the Follow-up report. CC agreed and GR confirmed this also.</p> <p><b>Noted:</b> The Audit Committee noted the meeting forward planner.</p>																	
<b>11.2</b>	<b>Review of meeting agenda and objectives</b>																	
23/81	<p>The Committee confirmed:</p> <ul style="list-style-type: none"> <li>- All items on the agenda had been covered and challenged correctly.</li> <li>- Papers were well written and informative.</li> <li>- The Committee had good discussions on internal audit items.</li> </ul>																	
<b>11.3</b>	<b>Any other items for next meeting</b>																	
23/82	As per above.																	
	<b>FUTURE MEETING DATES: 2023</b>																	
	<table border="1" data-bbox="295 1814 1300 2060"> <thead> <tr> <th data-bbox="295 1814 925 1870">2023 Dates</th> <th data-bbox="925 1814 1157 1870"></th> <th data-bbox="1157 1814 1300 1870"></th> </tr> </thead> <tbody> <tr> <td data-bbox="295 1870 925 1915">19 January</td> <td data-bbox="925 1870 1157 1915">1000-1200hrs</td> <td data-bbox="1157 1870 1300 1915">MS Teams</td> </tr> <tr> <td data-bbox="295 1915 925 1960">9 March</td> <td data-bbox="925 1915 1157 1960">0930-1130hrs</td> <td data-bbox="1157 1915 1300 1960">F2F</td> </tr> <tr> <td data-bbox="295 1960 925 2004">9 March (NEDS Private meeting with Auditors)</td> <td data-bbox="925 1960 1157 2004">1130-1230hrs</td> <td data-bbox="1157 1960 1300 2004">F2F</td> </tr> <tr> <td data-bbox="295 2004 925 2060">23 May (AR &amp; A/cs sign off)</td> <td data-bbox="925 2004 1157 2060">1400-1500hrs</td> <td data-bbox="1157 2004 1300 2060">MS Teams</td> </tr> </tbody> </table>	2023 Dates			19 January	1000-1200hrs	MS Teams	9 March	0930-1130hrs	F2F	9 March (NEDS Private meeting with Auditors)	1130-1230hrs	F2F	23 May (AR & A/cs sign off)	1400-1500hrs	MS Teams		
2023 Dates																		
19 January	1000-1200hrs	MS Teams																
9 March	0930-1130hrs	F2F																
9 March (NEDS Private meeting with Auditors)	1130-1230hrs	F2F																
23 May (AR & A/cs sign off)	1400-1500hrs	MS Teams																



Agenda Item				Action by Whom	Date by When
	15 June (final AR & A/c sign off)	1000-1045hrs	MS Teams		
	17 July	1300-1500hrs	MS Teams		
	19 October	1000-1200hrs	MS Teams		

The meeting finished at xx hrs.

**Signed:** .....

**Royal Papworth Hospital NHS Foundation Trust  
Audit Committee meeting  
23 May 2023**