

**Meeting of the Audit Committee
Held on 4 June 2020
0900-1000hrs
Ground Floor Offices, Rooms 1&2
Royal Papworth Hospital**

[Via MS Team and Telephone Dial-in]

UNCONFIRMED MINUTES

Present	Mrs C Conquest (Chair)	CC	Non-executive Director
	Mr M Blastland	MB	Non-executive Director
In Attendance	Dr J Ahluwalia	JA	Non-executive Director
	Mrs S Beavis	SB	External Audit, KPMG
	Mrs A Colling	AC	Executive Assistant (<i>Minutes</i>)
	Mr T Glenn	TG	Chief Finance & Commercial Officer
	Dr R Hall	RMOH	Medical Director
	Mrs S Harrison	SH	Deputy Chief Finance Officer
	Mr K Jackson	KJ	Public Governor
	Mr M Jones	MJ	Internal Audit, RSM
	Mrs A Jarvis	AJ	Trust Secretary
	Ms E Larcombe	EL	External Audit, KPMG
	Mrs O Monkhouse	OM	Director of Workforce & Organisation Development
	Mr S Posey	(SP)	Chief Executive
	Mr G Robert	GR	Non-executive Director
	Mrs J Rudman	(JR)	Chief Nurse
	Mr A Raynes	AR	Director of Digital (& Chief Information Officer)
	Prof J Wallwork	JW	Chairman
	Prof I Wilkinson	IW	Non-executive Director
Apologies	Mrs L Davies	LD	Internal Audit, RSM
	Mr G Edge	GE	Public Governor
	Mr M Kidd	MK	Counter Fraud Specialist, RSM
	Mrs E Midlane	(EM)	Chief Operating Officer

Agenda
Item

1 WELCOME, APOLOGIES AND OPENING REMARKS

20/ The Chair opened the meeting and apologies were noted as above. The Committee were advised that approval of items would not be possible today as further work is required to complete the work; the Committee was asked to use today's meeting to review the reports in

Action by Whom	Date by When

advance of an Extra Ordinary Audit Committee meeting on 17 June 2020 to complete the sign-off process and recommend for approval to the Board of Directors prior to the national deadline of 24 June 2020.

2 DECLARATIONS OF INTEREST

20/ 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. Roger Hall as a Director and shareholder of Cluroe and Hall Ltd, a company providing specialist medical practice activities.
2. Josie Rudman, Partner Organisation Governor at CUH.
3. Stephen Posey in holding an honorary contract with CUH to enable him to spend time with the clinical teams at CUH.
4. Stephen Posey as Chair of the NHS England (NHSE) Operational Delivery Network Board.
5. Stephen Posey, Josie Rudman, Roy Clarke and Roger Hall as Executive Reviewers for CQC Well Led reviews.
6. Cynthia Conquest as Deputy Director of Finance and Performance at Norfolk Community Health and Care Trust (Contractor).
7. 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.

3 MINUTES OF THE PREVIOUS MEETING –12 March 2020

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Approved: Following minor amendments to the minutes, the Audit Committee approved the Minutes of the meeting held on 12 March 2020 and authorised these for signature by the Chair as a true record.

The Chair advised that she had stood down as Chair of GP Confederation in January 2020 and this should have been removed from the Declaration of Interest section in the minutes.

Chair	4.6.20
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4 MATTERS ARISING/ACTION CHECKLIST

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

5 INTERNAL AUDIT - RSM

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**a) Internal Audit Annual Report 2019/20
(including Head of Internal Audit Opinion)**

MJ introduced this report saying it was the 3rd time the Committee had seen this report and is presented today for completeness. He confirmed that the report had not changed since seen at the Audit Committee in March 2020; the report gives a positive opinion based on the work summarised in the report. RSM did not have any further comments to

Action by Whom	Date by When
AJ/JR	10.06.20

add.

SB queried why the risk management report was still noted as draft. MJ advised that this report is still to be finalised, therefore the overall Internal Audit Annual Report remains as draft until the risk management report is finalised.

Referring to the Risk Management report, the Committee requested this to be finalised by 10 June, and amending the Annual Governance Statement accordingly. Anna Jarvis and Josie Rudman to follow this action up.

RSM confirmed that under this timeline, the action plan can be finalised and work completed in readiness for the 17 June meeting.

Noted: The Audit Committee noted the Internal Audit Annual Report 2019/20 (including Head of Internal Audit Opinion).

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EXTERNAL AUDIT - KPMG

i) External Audit Report/ISA 260 (including Letters of Representation and Formal Independence Letter)

SB gave an overview of the present position. The national deadline has been extended to 25 June which she felt was achievable. The teams have worked hard with challenges in some areas to access records remotely. SB gave thanks to the Royal Papworth Hospital team for their support. SB noted that the delays had not been caused by issues on quality. Since issue of the report, further items had been finalised and a comfortable position reached on the valuation position of the old Papworth Everard site.

EL ran through the report page by page where the following was noted:

Page 3:

- remuneration report: awaiting exit package information.
- queries on accruals is being worked through.
- finalisation work on assets held for sale; KPMG are comfortable with the valuation of the old Papworth Everard site.
- Final checks final versions of Annual Report and Accounts are still to do.
- VFM: "Going Concern" paper came through yesterday with no significant issues.

Key audit findings:

P8 – Local control environment report: the ESR report came through this week with final checks awaited and no problems anticipated.

Key risks:

- P10 - Revenue recognition: all responses are through and awaiting final check. EL explained the process for this.
- Outcome from audit work: classification difference noted as minor.

Page 11 - Non-pay expenditure – some work to do but not major.

P12 - Valuation of land and buildings: valuation now received with no issues. SB added that it had been difficult to finalise a value on the old site. This may reflect in the Accounts depending on final sale price. KPMG are content with the current valuation.

P13 - Management override of controls. Two low level deficiencies. No concerns. Final testing awaited with no issues expected.

P14 – Payroll: finalisation of work expected tomorrow.

Value for money (VFM): One significant risk re. the financial sustainability of the Trust. The outstanding CQC rating was acknowledged. Further work required on “Going Concern”

Appendices:

Appendix 1: IFRS 16 – this has been deferred to 1 April 2021. KPMG did do some work on this earlier in the year and reported that the Trust was in a good position.

Appendix 3 – recommendations work is being finalised. The issue of Contracts not being signed is being checked to ensure information is correct.

Others re. stock count attendance: due to Covid-19 it has not been possible to undertake this audit. Although it is a requirement, KPMG have performed a number of other procedures and are comfortable with the stock position.

Appendix 4 – audit differences

Accrued revenue – there is uncertainty as to when this would be split; KPMG are comfortable with this position.

PFI moratorium has been discussed; the legal agreement is not definitive therefore part of the income could be recognised in this financial year and part in in the 20/21 financial year. KPMG are comfortable how the Trust has decided to do the split between the years.

The two adjusted audit differences have been amended and are not significant. The agreement of balances will be completed by KPMG by the next meeting.

Appendix 5: KPMG have remained independent during the process.

Summary

The Chair acknowledged the reasons why the work was incomplete and not ready for sign off today. She thanked all for their hard work in getting to this point and was assured that work was in hand for sign-off on 17 June 2020.

TG added his thanks to SB, EL and their team for their hard work over this period, acknowledging the challenges in these exceptional recent few months.

Noted: The Audit Committee noted the External Audit Report/ISA 260.

6b ANNUAL REPORT AND ACCOUNTS 2019/20

i) Annual Report (including Annual Governance Statement)

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AJ referred to version 4 of the Annual Report which had been circulated. It was noted that Staffing tables and exit packages were still to be finalised.

Some comments had been received from the Committee.

GR referred to key risks 2020/21; he felt that there should be a focus on COVID-19 issues as a key risk rather than only noting risks faced in year prior to COVID-19. As a key risk reported through the Board over the last months it was acknowledged this should be included.

AJ requested further comments to be fed back to her by 10 June. Certain sections can then be recirculated rather than the whole report. CC asked for this to be circulated as a Word document in order that amendments can be tracked.

The Chair was surprised not to see mention of issues in Critical Care which arose during course of the year and had been well debated at Performance Committee and Board. In future review of performance should this be disclosed in Annual Report narrative? SP agreed this should be included and reflected in the narrative.

Noted: The Audit Committee noted the Annual Report 2019/20 as submitted.

ii) Annual Accounts 2019/20

TG referred to the Annual Accounts 2019/20 as presented with papers. External audit work is still to be completed but relatively little changes expected. Key items to note:

- £2.3m surplus in year. Slightly better than planned and in the context of a challenging year i.e., hospital move and Covid-19, this is a strong result.

- £16m cash position at the end of year; this was a strong position entering into the Covid-19 pandemic and has helped.

- Going concern – key judgement made related to Covid-19 expenditure and recommendation from HM Treasury on reimbursement.

- Directors will need to make representation letter to the Auditors in the coming weeks stating that the Trust is comfortable with judgements made. The Letter will be circulated in the coming week and provide assurance back to the External Auditors before the Accounts are signed off,

Questions:

- The Chair noted one or two items to change and will send these through outside of the meeting.

- There were no further comments.

Noted: The Audit Committee noted the draft Annual Accounts 2019/20.

iii) Quality Report / Accounts update

AJ updated that the reporting deadline for this has been moved to December 2020. Teams are working on the report; a new timeline will need to be proposed via Quality & Risk Committee to ensure the December deadline is met.

Noted: The Audit Committee noted the verbal update on the Quality Accounts 2019/20.

7 ANY OTHER BUSINESS

20/ There were no other items raised.

8 a) Committee Forward Planner

This will be reviewed by CC, TG and AJ.

8 (b) Any other items for the next meeting

Extra Ordinary Audit Committee meeting scheduled for 17 June for Annual Report & Accounts 2019/20 sign off and recommendation to the Board.

9 FUTURE MEETING DATES 2020

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

The meeting finished at 0946hrs

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Signed

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Date

Royal Papworth Hospital NHS Foundation Trust
Audit Committee
Meeting held on 4 June 2020