

**Meeting of the Audit Committee
Held on 16 July 2020
1000hrs
Ground Floor Offices, Rooms 1&2 / via WebEx / Dial-in
Royal Papworth Hospital**

UNCONFIRMED MINUTES

Present	Mrs C Conquest (Chair)	CC	Non-executive Director
	Mr M Blastland	MB	Non-executive Director
In Attendance	Mrs S Beavis	SB	External Audit, KPMG
	Mrs A Colling	AC	Executive Assistant (<i>Minutes</i>)
	Mrs L Davies	LD	Internal Audit, RSM
	Mr G Edge	GE	Public Governor
	Mr T Glenn	TG	Chief Finance & Commercial Officer
	Mr M Jones	MJ	Internal Audit, RSM
	Mrs A Jarvis	AJ	Trust Secretary
	Mr M Kidd	MK	Counter Fraud Specialist, RSM
	Mrs O Monkhouse	OM	Director of Workforce & Organisation Development
	Mr S Posey	SP	Chief Executive
	<i>(Attended for Item 5 only)</i>		
	<i>Iain Alexander</i>	IA	PricewaterhouseCoopers
	Matthew Lynn	ML	PricewaterhouseCoopers
	Tom Walker	TW	PricewaterhouseCoopers
Apologies	Mrs S Harrison	SH	Deputy Chief Finance Officer
	Dr R Hall	RMOH	Medical Director
	Mr K Jackson	KJ	Public Governor
	Ms E Larcombe	EL	External Audit, KPMG
	Mrs J Rudman	(JR)	Chief Nurse
	Mrs E Midlane	(EM)	Chief Operating Officer

Agenda
Item

- 1 WELCOME, APOLOGIES AND OPENING REMARKS**
- 20/67 The Chair opened the meeting and apologies were noted as above.
- 2 DECLARATIONS OF INTEREST**
- 20/68 There is a requirement that Board members raise any specific declarations if these arise during discussions. The following standing Declarations of Interest were noted:

Action by Whom	Date by When

Agenda
Item

Action by Whom	Date by When
Chair	16.7.20

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.
8. Tim Glenn whose wife is ICS development lead for NHE/I for East of England (EoE).

3 MINUTES OF THE PREVIOUS MEETING – 4 and 17 June 2020

20/69

Approved: Following minor amendments to the minutes, the Audit Committee approved the Minutes of the meetings held on 4 and 17 June 2020 and authorised these for signature by the Chair as a true record.

4 MATTERS ARISING/ACTION CHECKLIST

20/70

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

**5 PricewaterhouseCoopers (PwC)
Report on Land Sale and Bridging Loan**

20/71

PwC colleagues Matthew Lynn, Iain Alexander and Tom Walker attended for this item.

TG introduced this item; PricewaterhouseCoopers (PwC) had been commissioned to provide an independent review of the governance processes that the Trust followed prior to securing loan funding from the Independent Trust Financing Facility (ITFF) and the valuations obtained for the land and buildings on the Papworth Everard site. This review of governance processes was particularly helpful to TG, as new CFO and other NEDs who were relatively new to the Board and not in post during the process of ITFF funding and site valuations.

IA thanked the Trust for inviting PwC to undertake this review work. The report has two key focuses as detailed above, both with complex timelines.

Matt Lynn detailed the findings regarding the Papworth Everard site sale strategy; this had been well documented by the Trust along with discussion at Board meetings and the Department of Health. PwC confirmed that at all times the Trust acted within delegated authority

limits. The report did note a lack of evidence/discussion on the risks of increasing the bridging loan versus the decreasing valuation of the site. TW had scrutinised the site valuations and range of bids received from interested parties. It was acknowledged that pursuing one offer under exclusivity was not a successful strategy, as after lengthy delays, the potential purchaser did not proceed to purchase. TG welcomed the assurance given within the report narrative regarding valuations; as to why £15m valuation was relevant at that time and why it is not now.

PwC highlighted that the information had been assessed and not adjusted for COVID issues and land markets were functioning normally when the evidence was collated.

IA explained the recommendations detailed in the report which were discussed by the Committee.

Summary of recommendations:

- Review of the report by the Board;
- Ensure all key discussions and decisions are clearly documented in Board minutes;
- Key evidence supporting the justification of the decisions should be filed for future reference;
- Suggest review of impact of the lower site sale value on the broader trust financial position;
- Continue to monitor the old site value, aware of COVID-19 pandemic issues, and local plans and policy which may change in doing this.
- Board should hold a development session to consider the learning points from the review,

TG added important context that the period concerned was an extraordinarily busy time for the Trust; dealing with the hospital site move and complex issues resulting from unexpected site move delays. This context is particularly important in understanding what was going on at that time; this was one of a number of high risks that the Trust was trying to manage. The findings of the report were acknowledged alongside lessons to be learned; it was felt that ultimately it would not have changed the outcome of decisions made by the Board, but that the Board should have consciously discussed and noted the risks.

The Chair summarised that the Audit Committee would recommend the report to the Board; strongly recommending the lessons to be learned and for Board discussion on this. The Chair suggested the Board look at any additional consideration of risk that the Trust could introduce in future to improve future reporting.

OM suggested this be included within the Board Development Programme. The Committee agree this as a good idea; OM and AJ to take this forward.

The Chair thanked PwC for the report.

The Audit Committee **noted and recommended:**

- The contents of the report;

Action by Whom	Date by When
Board	6.8.20
OM/AJ	tbc

Action by Whom	Date by When
MK	July 20
MK	July 20

this; MK will look to move this to Green.

Standards 4.3 and 4.6 rated Amber; during discussion it was noted that the Trust cannot provide referral evidence as no referrals have been received. This was felt as harsh in the way the standards have been set. The Chair asked if this could be escalated to the Counter Fraud Authority - MK will arrange for this to be raised appropriately.

The Chair queried why the executive summary stated that one of the four referrals went to investigation but the report stated none had been referred.– MK acknowledged that the executive summary was incorrect and he will amend this along with revision of dates errors noted in the report (Page 13 was given as an example).

Noted: The Audit Committee noted the Annual Report year ended 31 March 2020.

20/74 **b) Covid-19 Fraud Alert – March 2020**

MK referred to this report for information purpose. He confirmed that he is in regular contact with Deputy Chief Finance Officer to mitigate any risks, reiterating again that levels of checking in the Trust are good.

Noted: The Committee noted the contents of this report.

7 **INTERNAL AUDIT – RSM**
20/75 **a) Progress Report**

MJ introduced this report noting discussions with the Trust on the management for dates of audit work where a large proportion of the plan is to be delivered from September 2020 onwards.

A re-prioritisation of work had seen Financial Governance reviews replacing work on Private Patient Invoicing and Consultant Job Planning.

LD explained that the Financial Governance reviews had focussed on financial governance during the COVID pandemic, controls were deemed robust. The second part of this work is due to commence on 24 July – this will involve some detailed testing for that period to ensure processes put in place have been complied with. LD advised that processes put in place largely conform to NHSE recommendations and RSM cannot currently identify any areas requiring improvement; processes are robust.

MB asked if the Financial Governance review can be concluded. TG agreed this could be finalised in showing the Trust has given Value For money and utilised additional expenditure appropriately on treating COVID patients. It is especially important during this period of additional COVID funding, that appropriate financial controls are in place.

The Chair referred to the change in Audit Plan work and queried the change in timing of the Consultant Job Planning review. OM explained that the Consultant Job Planning process had been severely disrupted

this year and that this year's job plans have been rolled forward to next year for review. Operational planning and recovery work from COVID-19 are under review in the Trust's short- and medium-term strategy. OM suggested that the audit plan for Consultant Job Planning is scheduled for next year. LD confirmed this was in line with regular discussions

where the Audit Plan is under constant review to ensure it addresses the needs of the Trust and remains focussed on key areas.

Noted: The Audit Committee noted the Internal Audit Progress Report.

20/76 **b) Covid-19 Financial Governance Report – Part 1**

Noted: The Audit Committee noted this report as discussed with no further comments.

8 EXTERNAL AUDIT (KPMG)

20/77 There were no items to report.

9 BOARD ASSURANCE FRAMEWORK (BAF)

20/78

AJ introduced this report which offered assurance to the Audit Committee of BAF updates discussed and scrutinised at Board sub-Committees and Board.

Key items were noted as new BAF risks relating to COVID and the de-escalation against those risks. MB suggested further discussion at the next Board meeting to ensure all COVID risks have been captured.

Noted: The Audit Committee noted the Board Assurance Framework update.

**10 GOVERNANCE ASURANCE OVERVIEW
CHAIR'S REPORTS**

20/79

- 10a) Quality & Risk Committee
- 10b) Performance Committee
- 10c) Strategic Projects Committee
- 10d) Charitable Funds Committee

The Audit Committee received the various Chairs' reports which had all been seen at Board meetings. There were no further comments from the Auditors.

Noted: The Audit Committee noted the Chair's Reports for the Board sub-committees.

11 Annual Reports

20/80

a) Raising Issues of Concern

OM presented this report which updated on key areas over the last year in terms of improving culture and confidence of staff. This being the first update to the Audit Committee; OM welcomed feedback on the content and formatting of future updates.

It was noted that this report had followed on from the circulation of the main pack of papers, but the Chair only received the report shortly before this meeting, therefore had not been able to review.

MB asked how the national score for the Freedom To Speak Up Guardian (FTSUG) was derived. OM advised that this is a composite of four questions in the National Staff Survey. MB referred to 'Staff confidence in procedures' and would have hoped this would have improved. It was suggested that this quarterly survey may be more sensitive due to the COVID situation.

Do we know how valued BAME (Black Asian Minority Ethnic) network is or FTSUG? OM gave an update on the Trust's positive response to BAME meetings and the availability of this forum to be listened to and able to raise issues. The Chair added that she welcomes the integration between BAME and FTSUG; where it seems that staff do feel that they are being listened to.

SP was disappointed not to see higher rating on the survey but pleased to see the review of FTSUG and workstreams in place going forward.

The Chair will read the paper and send comments through to OM; she was happy for the format of the report to be adjusted in future if required.

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

**12 WAIVER OF STANDING FINANCIAL INSTRUCTIONS
Reports 1 April 2020 to 30 June 2020**

20/81

The Committee received the report which detailed Waivers to Standing Financial Instructions made for the period 1 April 2020 to 30 June 2020.

This detailed a total 13 Waivers which had been approved, four cancelled and none rejected. The cancelled Waivers were due to cancelled requirement of the service.

TG flagged that two items had not followed correct governance process; the two contracts had been signed prior to Waiver approval. These had since been reviewed, not deemed high risk and approved. The two Departments concerned had been advised of the need to follow the governance process and guidance had given been ~~given~~ to them on this.

The Chair queried the column headed "declaration" and what the tick in this box referred to; might this indicate that there is a staff declaration of interest relating to the provider company? TG will look into this and refer back to the Chair outside of the meeting.

On a point of detail, it was explained that where Waiver reference numbers did not run consecutively, the missing numbers were Waivers still going through process and not yet approved.

TG

July20

Noted: The Audit Committee noted the update on Waivers to Standing Financial Instructions for the period 1 April 2020 to 30 June 2020.

13 BAD DEBT WRITE-OFFS – Financial year 2020/21

20/82

Noted: The Audit Committee received the report detailing bad debts written off in Q1 of the financial year 2020/21.

14 LOSSES AND SPECIAL PAYMENTS REPORT 2020/21

20/83

Noted: The Audit Committee received the Losses and Special Payments report for the period 1 April 2020 to 30 June 2020, where the two cases noted had been discussed at previous meetings

15 ANY OTHER BUSINESS

20/84

a) MB raised the issue of applications for extremely expensive drugs such as M.absessus, where he would like to see assurance on the procedure for declaring interest. TG advised that he has already been in discussion with Internal Auditors about this and a further meeting is planned to scope an internal audit. There will be an update to the Committee at a future meeting.

TG This should be put on the action list, so it does not get forgotten tbc

16 (a) Audit Committee Forward Planner

20/85

The Chair asked the Audit Committee for any comments on timelines and where any items should have timelines re-considered or items added in. MB will review outside of the meeting and refer back to the Chair.

The Auditors advised that there were no items of best practice to add to this.

(b) Any other items for the next meeting

There were no items raised.

15 FUTURE MEETING DATES 2020

20/86

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	

Proposed Dates	Time	Venue	Apologies rec'd
21 January 2021	1000-1200hrs	Mtg rooms 1&2 Ground Floor	
11 March 2021	1000-1200hrs	Mtg rooms 1&2 Ground Floor	
20 May 2021	1000-1200hrs	Mtg rooms 1&2 Ground Floor	
15 July 2021	1000-1200hrs	Mtg rooms 1&2 Ground Floor	
14 October 2021	1000-1200hrs	Mtg rooms 1&2 Ground Floor	

The meeting finished at 1125hrs

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Signed

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Date

Royal Papworth Hospital NHS Foundation Trust
Audit Committee
Meeting held on 16 July 2020

DRAFT