

Agenda item 4ii(a)

**Meeting of the Audit Committee  
Held on 14 March 2018  
in the Upper Lecture Theatre  
Royal Papworth Hospital**

**UNCONFIRMED**

**MINUTES**

<b>Present</b>	<b>Mr M Millar (Chair)</b>	<b>(MM)</b>	<b>Non-executive Director</b>
	<b>Dr S E Lintott</b>	<b>(SEL)</b>	<b>Non-executive Director</b>
	<b>Mrs K Caddick</b>	<b>(KC)</b>	<b>Non-executive Director</b> <i>[via telephone dial-in]</i>
<b>In Attendance</b>	<b>Mrs S Beavis</b>	<b>(SB)</b>	<b>External Audit, KPMG</b>
	<b>Mr R Clarke</b>	<b>(RC)</b>	<b>Director of Finance</b>
	<b>Mrs A Colling</b>	<b>(AC)</b>	<b>Executive Assistant (Minutes)</b>
	<b>Mrs L Davies</b>	<b>(LD)</b>	<b>Internal Audit, RSM</b>
	<b>Mr J Farnell</b>	<b>(JF)</b>	<b>External Audit, KPMG</b>
	<b>Mr K Jackson</b>	<b>(KJ)</b>	<b>Public Governor</b>
	<b>Mrs M MacDonald</b>	<b>(MMac)</b>	<b>Trust Secretary</b>
	<b>Mr T Merritt</b>	<b>(TM)</b>	<b>Local Counter Fraud, RSM</b>
	<b>Mrs O Monkhouse</b>	<b>(OM)</b>	<b>Director of Workforce &amp; Organisation Development</b>
<b>Apologies</b>	<b>Mrs E Midlane</b>	<b>(EM)</b>	<b>Chief Operating Officer</b>
	<b>Dr R Hall</b>	<b>(RMOH)</b>	<b>Medical Director</b>
	<b>Mr M Jones</b>	<b>(MJ)</b>	<b>Internal Audit, RSM</b>
	<b>Mrs J Rudman</b>	<b>(JR)</b>	<b>Director of Nursing</b>
	<b>Mr S Posey</b>	<b>(SP)</b>	<b>Chief Executive</b>

Agenda  
Item

**1 WELCOME, APOLOGIES AND OPENING REMARKS**

18/33 The Chair opened the meeting and apologies were noted as above.

**2 DECLARATIONS OF INTEREST**

18/34 There is a requirement that Board members raise any specific declarations if these arise during discussions. The following standing Declarations of Interest were noted:

- i. Susan Lintott – in regard to positions held within the University of Cambridge, particularly in relation to fundraising.
- iii. Karen Caddick as an employee of SAGA, particularly in relation to the health care business.

**3 MINUTES OF THE PREVIOUS MEETING – 31 January 2018**

18/35

**Approved:** The Audit Committee approved the Minutes of the

Action by Whom	Date by When
Chair	14.3.18

meeting held on 31 January 2018 and authorised these for signature by the Chair as a true record.

#### 4 **MATTERS ARISING/ACTION CHECKLIST**

18/36

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

#### 5 **LOCAL COUNTER FRAUD**

##### 18/37 **a) Progress Report**

TM referred the Committee to the Progress Report and confirmed that RSM are working hard to highlight counter fraud awareness across the Trust. Mark Kidd, Local Counter Fraud Specialist, attends the monthly Induction session and is regularly on site. One of the challenges for RSM is receiving feedback from staff on their awareness of counter fraud, which has recently been undertaken via a staff survey, although the response rate is low.

There were no other issues to report.

**Noted:** The Audit Committee noted the Progress Report on Local Counter Fraud.

##### 18/38 **b) NHS Protect – response to NHS CFA Inspection Update**

**Noted:** The Audit Committee noted the update to the response to NHS CFA Inspection.

##### 18/39 **c) NHS Protect – 10 week action plan**

**Noted:** The Audit Committee noted the 10 Week Action Plan Update.

##### 18/40 **d) National Counter Fraud Authority – SRT discussion document**

TM presented the SRT discussion document which the Committee reviewed in detail. He confirmed he had been liaising with OM and her team to work through the SRT and had met with RC last week regarding the SRT.

During discussion by the Committee the following items were noted:

- Item 2.4 was rated green in November 2017; since then the evidence required for this standard has changed. To bring this standard to green the Trust would need to ensure that staff are declaring all gifts and hospitality and that all staff who are required to declare conflicts of interest are doing so.
- The Committee suggested that the eligible staff required to submit declarations of interest would be budget holders and doctors at a senior level. The Trust would need to ensure that staff information held on public databases was also logged on our system.
- The Trust needs to ensure staff are aware of the Declaration of

- No other Trusts working with RSM are green on this standard. The new standards are likely to show this rating at amber until controls are put in.
- Some of the standards are reliant on referrals coming through to enable the actions to be put in place and provide evidence. Where the Trust has a low number of referrals this is preventing the standing going to green. There could be challenge from CFA on the reason why referrals are low, but this could be mitigated by the Trust by showing evidence of staff awareness i.e., training, surveys etc. Also, not all referrals from staff move forward to a formal referral for investigation by LCFS.
- RC advised that the SRT is evidence of improvements made and shows clear evidence streams of actions taken linked to the CFA self-assessment.
- TM explained the scoring process for the CFA SRT and advised that RSM do challenge the CFA on ratings and negotiate where appropriate.
- KC queried whether the Trust was fully engaged and doing enough to advise staff regarding counter fraud. RC replied that the 10-week rapid action plan had been enforced on RSM and the Trust at an extremely busy time regarding the hospital move; the Trust is engaged.
- It was noted that Items 3.4 and 3.6 were still in progress and were expected to receive a rating shortly.
- RC confirmed that all LCF actions are captured within the internal audit work.

**Noted:** The Audit Committee noted the SRT discussion document.

## 18/41 a) Progress Report

**Noted:** The Audit Committee noted the Internal Audit Progress Report 2017/18.

The Committee received the draft Head of Internal Audit Opinion 2017/18, which had received challenge at the January meeting.

After discussion between RC, LD and MJ, the report has been reworded to provide a more balanced and reflective opinion. The Committee discussed the detail of the re-wording. RC confirmed he

was content with the revised HOIA with no further changes required. RSM confirmed they were also content with the revised HOIA.

TM noted that he assesses all NHS HOIA, and advised that no other Trust had received a higher rating than Royal Papworth and that some were rated lower.

**Approved:** The Audit Committee approved the draft Head of Audit Opinion.

## 7 EXTERNAL AUDIT - KPMG

### 18/43 a) External Audit Progress Report (including interim audit findings) 2017/18

JF presented the brief progress report; this had fallen in the middle of the interim audit which was now complete. There were no issues arising from the interim audit and a full written report will be available at the end of May.

JF advised that he had received multiple technical accounting papers from RC which were being discussed before year end; KPMG were working with RC and the team on this. The Chair noted the technicalities to consider this year and next and that KPMG have this in hand. SB advised that KPMG have a specialist technical team member to review the PFI work and this work is well underway.

The Chair stated that it would be helpful to have a list of topics outstanding as at today and to note these in the minutes. JF agreed to send a list to AC. Following the meeting, JF identified the material areas that the Auditors were working on as:

- PFI accounting treatment
- PFI hospital revaluation basis
- Going concern
- Onerous leases
- EPR (Lorenzo) costs treatment
- Exchange of heater coolers

The Chair also asked that if KPMG feel there might be any issues of concern, then please let the Trust know as early as possible. The Chair advised that he would not be present at the 24 May Audit Committee which signed off the accounts and he would want to ensure that there were no concerns presented to that meeting which could have been resolved earlier. SEL had kindly agreed to chair this meeting in MM's absence.

JF advised that all work was on track with no significant problems.

**Noted:** The Audit Committee noted the External Audit Progress Report.

Action by Whom	Date by When
JF	March 18

**8 DRAFT ANNUAL REPORT 2017/18**

**18/44 a) Draft Audit Committee section of the Annual Report 2017/18**

**Noted and agreed:** The Audit Committee reviewed the draft Audit Committee section of the Annual report and agreed the content.

**18/45 b) Second Draft Annual Governance Statement 2017/18**

The Audit Committee reviewed the Second Draft Annual Governance Statement 2017/18. KPMG advised that they had completed a detailed review of first draft and made revisions; they will keep this under review up until year-end. The Chair requested KPMG to ensure any further revisions are made known to us as earlier as possible.

**Noted:** The Audit Committee noted the Second Draft Annual Governance Statement 2017/18.

**18/46 c) Draft Monitor Code Disclosures for Annual Report 2017/18**

The Audit Committee reviewed the document and Non-executive members felt that it was a comprehensive capture of information at this stage. MMac advised that she would be happy to receive any further amendments in the next few days.

The Chair thanked MMac for the work put in on this collection of papers.

**Noted:** The Audit Committee noted the draft Monitor Code Disclosures for Annual Report 2017/18.

**9 BOARD ASSURANCE FRAMEWORK (BAF)**

18/47

RC covered this item in the absence of JR. This was a small interim update, with only one residual risk rating change since the last report to the January meeting.

The next report would be a far more detailed report following the quarterly review of BAF.

The Chair referred to paragraph 6 of the report regarding infection control. It was noted that this matter has been dealt with in detail at Quality & Risk Committee with an action plan and monitoring in place. There will be an update to the next Board meeting in early April.

**Noted:** The Audit Committee noted the BAF update report.

**10 GOVERNANCE ASURANCE OVERVIEW**

18/48

**a) Quality & Risk Committee – Chair’s Report 23.1.18 meeting**

KC asked for reassurance regarding the concerns in the report regarding Lorenzo.

**Noted:** The Audit Committee noted the Quality & Risk Committee Chair's Report.

It was noted that this report had been received by the Board of Directors on 1 March when it was discussed at length in the Part Two/confidential meeting.

**Noted:** The Audit Committee noted the Performance Committee Chair's Report.

The Trust Secretary presented this report which updated on the feedback received from the annual self-assessment responses.

It was felt that feedback and actions agreed would address areas of concern. The Chair agreed this feedback should be used as a guide for the Committee going forward and be given to the new Chair of Audit Chair.

RC advised that as this work is now complete, that a short update report should be provided to the Board. MMac to action this.

**Reviewed:** The Audit Committee reviewed the feedback from the Audit Committee self-assessment and discussed/agreed actions required.

18/51 **Noted:** The Audit Committee noted that there were no outstanding overdue debts to report to the meeting.

18/52 **Noted and agreed:** The Committee noted and agreed the draft Agenda for the 24 May meeting. It was noted that Mark Millar, Chair has sent apologies to this meeting and Dr S Lintott will act as chair in his absence.

18/53

**Noted:** The Audit Committee noted the Forward Planner.

[1050hrs LD and TM left the meeting]

