

Agenda item 4ii(a)

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

UNCONFIRMED MINUTES

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

Agenda Item 1 18/33	WELCOME, APOLOGIES AND OPENING REMARKS The Chair opened the meeting and apologies were noted as above.	Action by Whom	Date by When	
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	Chair	14.3.18	

Agenda Item		Action by Whom	Date by When	
	meeting held on 31 January 2018 and authorised these for signature by the Chair as a true record.	VVIIOIII	VVIIGII	
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			

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

Counter Fraud.

18/38

Noted: The Audit Committed 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

Agenda Item		Action by Whom	Date by When
	 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. 		
	The Chair thanked all for their effort over last few weeks in getting to an improved position.		
	Noted: The Audit Committee noted the SRT discussion document.		
6	INTERNAL AUDIT – RSM		
18/41	a) Progress Report		
	LD advised that since the last report in January all items have been finalised, management actions due have been implemented. There was a good response from the Trust on this piece of work with no concerns reported.		
	Noted: The Audit Committee noted the Internal Audit Progress		

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

18/42 b) Draft Head of Internal Audit Opinion 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

Agenda Item		Action by Whom	Date by When
	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; KMPG 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:	JF	March 18
	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.		

A ganda		Action	Data
Agenda Item		Action by Whom	Date by When
8	DRAFT ANNUAL REPORT 2017/18	VVIIOIII	VVIICII
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.

Agenda Item		Action by Whom	Date by When
	RC advised that this has been reported to Board along with mitigations which have been put in place. Currently short term fixes have been instigated but it was noted that a longer term sustainable solution is required as to how we draw certain information out of EPR (electronic patient record). Accountable Directors on this issue are Andrew Raynes on IT and Josie Rudman on risk.		
	Noted: The Audit Committee noted the Quality & Risk Committee Chair's Report.		
18/49	b) Performance Committee – Chair's Report 22.1.18		
	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.		
18/50	c) Audit Committee Self-Assessment: feedback		
	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 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.	ММас	5 April Board mtg
	Reviewed : The Audit Committee reviewed the feedback from the Audit Committee self-assessment and discussed/agreed actions required.		g
11	BAD DEBT WRITE OFF		
18/51	Noted : The Audit Committee noted that there were no outstanding overdue debts to report to the meeting.		
13	(a) Draft Agenda Next Meeting – 24 May 2018		
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	(b) Audit Committee Forward Planner		
10/33	Noted: The Audit Committee noted the Forward Planner.		
	[1050hrs LD and TM left the meeting]		
		l	ı l

Agenda Item		Action by Whom	Date by When
12	ANY OTHER BUSINESS	VVIIOIII	VVIICII
18/54	i) Contract for Internal Audit and Counter Fraud Services RC noted that the last Audit Committee meeting had delegated authority to the Director of Finance regarding appointment of the contract for Internal Audit and Counter Fraud Services.		
	A mini-framework had been issued, with a good response, with final recommendation scheduled for 19 March. RC will write to the Chair of the Audit Committee with the preferred options.		
	Once awarded, it will be a five-year fixed fee contract. RC noted a preference to keep the Audit and Counter Fraud Services together with one provider, as the synergy between services works better. It was also felt beneficial for senior audit support staff to stay consistent with a rotation of more junior audit staff.		
	Noted : The Audit Committee noted the update on the Contract for Internal Audit and Counter Fraud Services.		
18/55	ii) Trust Secretary The Chair noted this was the last Audit Committee meeting for Mary MacDonald, Trust Secretary who retires from the Trust at the end of March. The Chair thanked her personally for all her support/ guidance and work for the Audit Committee; wishing her well for the future.		
	The new Trust Secretary is called Anna Jarvis and starts with the Trust on 16 April.		
18/56	iii) Annual Review meeting with Auditors The meeting was followed by a closed meeting with members of the Audit Committee (Non-executives & Governor members) and the Internal and External Auditors.		
18/57	(c) Any other items for the next meeting No further items were noted.		
14	FUTURE MEETING DATES		
18/58	2018 Thursday 24 May (confirmed date) – followed by Board Wednesday 11 July Wednesday 10 October		
The mee	eting finished at 1055hrs		 Signed
			2.320
			Date

Royal Papworth Hospital NHS Foundation Trust
Audit Committee
Meeting held on 14 March 2018