

**Audit Committee
Part 1 meeting
Held on 17 October 2024
0900-1030hrs**

via MS Teams
[Chair: Cynthia Conquest, Non-executive Director]

Unconfirmed

MINUTES

Present		
Mr M Blastland	MB	Non-executive Director
Mrs C Conquest (Chair)	CC	Non-executive Director
Ms D Leacock	DL	Non-executive Director
In attendance		
Ms V Bush	VB	Public Governor (Observer)
Mrs A Colling	AC	Executive Assistant (<i>minutes</i>)
Mrs S Harrison	SH	Chief Finance Officer (Interim)
Ms E Larcombe	EL	KPMG External Auditors
Ms A Mason-Bell	AMB	BDO, Internal Auditors
Mr K Mensa-Bonsu	KMB	Associate Director of Corporate Governance
Mr H McEnroe	HMc	Chief Operating Officer
Mrs E Midlane	EM	Chief Executive
Mrs O Monkhouse	OM	Director of Workforce & Organisation Dev (<i>to 11am</i>)
Mr A Nyama	AN	Deputy Chief Finance Officer (Interim)
Mrs Y Oluwa	YO	Head of Finance
Mrs L Palmer	LP	Assistant Director of Quality & Risk
Dr H Perkins	HP	Public Governor (Observer)
Mr A Raynes	AR	Director of Digital/CIO
Mr J Shortall	JS	Local Counter Fraud, BDO
Dr I Smith	IS	Medical Director
Mr A Winter	AW	BDO, Internal Auditors
Apologies		
Mrs M Screaton	MS	Chief Nurse

The minutes are noted as per order of discussion, which may differ from Agenda order.

Agenda Item		Action by Whom	Date by When
1	WELCOME, APOLOGIES AND OPENING REMARKS		
24/132	The Chair opened the meeting, and apologies were noted as above.		
2	DECLARATIONS OF INTEREST		
24/133	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. A summary of standing declarations of interests are appended to these minutes.		

Agenda Item		Action by Whom	Date by When
3	MINUTES OF MEETING held on 18 July 2024		
24/134	Approved: The Audit Committee approved the Minutes of the meeting held on 18 July 2024 and authorised these for signature by the Chair as a true record.	Chair	17.10.24
4.1	ACTION CHECKLIST		
24/135	The Committee reviewed the Action Checklist and updates were noted.		
5.1	BOARD ASSURANCE FRAMEWORK (BAF)		
24/136	<p>Received: Assurance around the operation of the Board Assurance Framework (BAF) since the last report in July 2024.</p> <ul style="list-style-type: none"> • Appendix 1 – Cyber Security Risk (BAF 1021) – Assurance Update • Appendix 2 – September 2024 BAF Tracker Report • Appendix 3 – September 2024 BAF Report <p>Reported: KMB KMB highlighted the main risk rating increases noted in the report: BAF 1021 Cyber breach and data loss. BAF 2904 Achieving Financial balance at ICS level. New BAF risk 3536 –The Trust's ability to recover from a digital incident.</p> <p>Risks scored above 20 were also detailed in the report. BAF 678 Waiting list management. BAF 1021 Cyber breach and data loss. BAF 3261 Industrial Relations.</p> <p>Discussed: LP asked on BAF 1021 why the target is 9 and risk appetite 16? AR – will take away and update accordingly.</p> <p>MB noted previous discussions flagging a problem in BAF when objectives seem to be an expression of what we would like to see in an ideal world; the target or risk appetite should be realistic, and some are looking impractical.</p> <p>AMB echoed MB comments and noted that the targets are not only for Cyber Risk but can be applied to other risks as well; she asked how realistic are they and how often are they reviewed?</p> <p>EM gave some reflections on the ICS risk. She will discuss this with relevant parties outside of the meeting.</p> <p>CC thanked those for their updates on risks rated over 20. She asked when improvements would be seen. HMc confirmed an update will come in the BAF report to the next Performance Committee and Board meeting.</p> <p>CC asked if any movement had been made in late referrals to RPH? HMc gave an update to the meeting on cancer pathway, and RTT – this will also be included in the next report to Performance Committee.</p> <p>MB referred to a previous request for a precise timetable for changes on</p>	AR	23.01.25

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	<p>BAF actions. He felt that sometimes there is a lack assurance that we believe that the actions are sufficient. He queried whether there should be a statement of belief/assurance from the Executive responsible for the risk to be added to make it explicit i.e., "I believe that these actions will be sufficient to get to us a risk target of X by X(date)." If this is not achieved, then this questions, does more need to be done, was the timetable too onerous? It will enable a way of providing a methodical track between current state and target date on actions. CC and EM agreed with this plan.</p> <p>CC referred to BAF 1021 Cyber Risk and asked for clarity on the narrative on third party systems. AR gave update on third party systems which affect our services and how these might affect the frontline position. CC asked for clarity on BAF target of 16. AR explained the rationale behind this and how the team is working to provide workable solutions and improve in this area.</p> <p>CC referred to BAF 3261 Industrial Relations, where the rating remains at 20 due to outside factors ; the Trust has little control over this risk and it will be kept under review by Workforce Committee – CC was grateful for this assurance and content with this. OM confirmed work is ongoing with this which may see some actions to mitigate risk.</p> <p>CC thanked all those for working on reporting the 20+ rated risks.</p> <p>Noted: The Audit Committee noted the Board Assurance Framework.</p>	Execs KMB	23.01.25
6	GOVERNANCE ASSURANCE OVERVIEW		
6.1	Chair's Reports		
24/137	<p>Received: Chair's reports from the Committees below, which have been submitted to Board of Directors'/Trustee Board meetings, since those last reported to the Audit Committee meeting on 18 July 2024:</p> <p>6.2.1 Quality & Risk Committee 6.2.2 Performance Committee 6.2.3 Strategic Projects Committee 6.2.4 Charitable Funds Committee 6.2.5 Workforce Committee</p> <p>Discussed: The report was taken as read with no comments. CC referred to previous discussion and welcomed the statements of assurance being included in these reports.</p> <p>Noted: The Audit Committee noted the Governance Assurance Overview.</p>		
0940hrs OM left			
6.2	Nexus (EPR) Programme Update		
24/138	<p>Received: An update on governance on the Nexus Programme.</p> <p>Reported: HMc Summarised the work in hand, which was outlined in the report, along with the governance process for timelines for approvals. He advised of a risk with Subject Matter Experts (SME) who may not be aligned to our Nexus Programme timeline due to their other work-in-progress commitments; he has asked to be kept updated to on this issue. He also flagged the lack of a Digital Strategy at system level.</p>		

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0948hrs OM returned	<p>Discussed: DL queried closeness of approval timeliness along with lack of Digital Strategy at system level and then the ability to meet the March 2025 approval deadline. HMc explained how some slippages have been built into the timeline along with other challenges which may come regarding how other ICS partners are managing their EPR requirements.</p> <p>CC referred to the requirement for Cabinet Office approval and has this been factored into timelines? HM explained the process and the tight timeline for this.</p> <p>SH advised that the Nexus Programme team are helpfully running a 'lessons learned' exercise from the Outline Business Case (OBC) which might bolster governance going forward to Final Business Case (FBC). She clarified that all the risks are articulated on the programme risk register, with the risk on delay/slippage being key and forefront.</p> <p>AR will follow up with counterparts at ICB re. Digital Strategy. HMc added that work continues with Executive Directors on programme benefits, as to what is achievable, which will be signed off in the coming weeks.</p> <p>Noted: The Audit Committee noted the update report.</p>	AR	25.01.25
7	LOCAL COUNTER FRAUD – BDO		
7.1	Progress Report		
24/139	<p>Received: Counter Fraud Progress Report to October 2024</p> <p>Reported: JS Highlighted work underway since the last meeting: MB is leading on work on the procurement fraud checklist with the team. The results/findings will be used to inform a benchmarking exercise that Counter Fraud Authority (CFA) is currently undertaking. JS will keep audit colleagues appraised on any significant findings.</p> <p>The National Fraud Initiative (NFI) is now underway with data uploads. He explained the timeline for responding to queries raised. Key to RPH will be those relating to 'payroll to payroll' and Companies House.</p> <p>Alert bulletins – he explained the items detailed in the report with no exposure noted or reported for the Trust.</p> <p>JS noted his visit to NHS CFA Head Quarters recently, relating to data protection and how staff are recorded on this system. He clarified that all data is retained for six years, regardless of whether the complaint is valid or not for whatever reason. He suggested that this does not sound compliant with other obligations on data protection and concerns were raised regarding this. These concerns will be looked at but there is no timetable for change yet. He suggested a local policy to manage this and will take this offline with SH to discuss and document the Trust process for managing this. CC asked JS for a written summary of this update as due to timing, it had not made it into JS's written report.</p> <p>Discussed: AR referred to timelines for how long data should be kept and processes</p>	JS	25.01.25

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	<p>for other types of data. JS responded that due its nature it currently falls into the forensic data category. JS supported good documentation of why data is kept or not kept, when it is not in the best interest to do this.</p> <p>DL noted there were no new incidents raised and were there any reasons for this.</p> <p>JS gave assurance of LCFS presence on induction and raising awareness of LCFS. Counter Fraud Awareness week is coming up shortly and will work with Communicatoins to use this as a platform to push the message to harder to reach staff areas.</p> <p>CC referred to CFA correspondence regarding Counter Fraud Functional Standard Return and the likelihood of obtaining green ratings, which may not necessarily relate to good performance.</p> <p>What else can we be doing as an Audit Committee to try and improve and are we doing enough?</p> <p>JS advised that he has an engagement meeting with CFA and another Trust shortly on this issue, after which he should have a better idea of what they are looking for. For data collation, the CFA prefer to see all items recorded in the system, even if they are then closed with no further action. Much of this relates to potential cost savings from fraud and how these can be evidenced. He commented that it is difficult to quantify savings on situations which have been avoided. He will be able to update following these meetings.</p> <p>Noted: The Audit Committee noted the Local Counter Fraud Progress Report.</p>	JS	23.01.25
9	EXTERNAL AUDIT		
9.1	Charity ISA 260 (draft)		
24/140	<p>Received: Draft ISA 260</p> <p>Reported: EL Summarised the position with some minor checks to do and then cut off work. She is expecting a clean opinion. This will go to Charitable Funds Committee in November and can then be finalised.</p> <p>Discussed: CC referred to the reconciliation of recharge cost as potentially outstanding and whether there is any update on this. EL – this is not noted as outstanding so could be pending. AN confirmed that the Charity is working with Auditors to rectify this, and it is in hand.</p> <p>CC congratulated the Charity and finance team for the Accounts and high standard of work. Thank you also to KPMG for working so well with our team and getting these through.</p> <p>Noted: The Audit Committed noted the draft Charity ISA 260.</p>		
10	CHARITY ANNUAL REPORT & ACCOUNTS		
10.1	Charity Annual Report & Accounts 2023/24		
24/141	Received: The draft Charity Annual Report & Accounts 2023/24 for		

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	<p>review and recommendation to the Trustee Board.</p> <p>Reported: AN He offered huge thanks to the team for their work. A minor point noted was that the cover sheet marks this for approval, but this is for review and feedback. Formal approval will be requested at the Extra Ordinary Audit Committee on 26 November and recommendation to Trustee Board.</p> <p>Key focus and highlights:</p> <ul style="list-style-type: none"> • In year committed to £1.5m to activity of charity. • Raised £2.7m 2023/24 (Slight increase on last year) • Able to spend just under £2m to support work of RPH – an improvement on last year. • Key risk – staff turnover within the team and competition. This risk is now lower due to new staff appointed and recruitment. • Accounts perspective – financial activities raised £2.7m of income, spent £1.9m through grants. Key elements of expenditure were on staff welfare and patient welfare. • Significant improvement on fund balance with movement of £1m from previous year; this came from fundraising and improvement of investment portfolio giving £300k increase in year. • Balance sheet – investment grew, cash dropped by £300k. Fund balance increase of approx. £1m. The programme for grant giving 2024/25 is in the process along with the policy on grant giving being formalised. <p>Discussed: CC again thanked all for this high standard report. EM commended the very clear and easy to read report. She referred to page 7, where 22 corporate partnerships were referenced, asking who the partnerships are with? AN will advise this. CC welcomed YO to Audit Committee for this item and thanked her and the team for all their work.</p> <p>CC reiterated the approval timeline: 14 November – Charitable Funds Committee 26 November – Extra Ordinary Audit Committee 5 December – Trustee Board</p> <p>Noted: The Audit Committee noted the draft Charity Annual Report & Accounts 2023/24.</p>		
8	INTERNAL AUDIT – BDO		
8.1	Progress Report		
24/142	<p>Received: Internal Audit Progress report.</p> <p>Reported: AW There was a slight issue with the macro in the report which he apologised for, although the data is accurate. Three audit reports have been completed: Outpatients, PIPR and Cyber Security.</p> <p>There has been good engagement throughout the summer to enable</p>		

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	<p>work to keep on track. Q3 planning work is in hand, including value added work and will capture this on an ongoing basis to give assurance. This does create a slightly lengthier report, but the information is valuable. The report also summarises key sector updates and key performance reporting</p> <p>Discussed: CC referred to KPIs on p74 regarding receipt of customer satisfaction surveys, where out of the four audits completed, no customer satisfaction surveys have been returned by the Trust. She commented that if surveys are not returned, how do we know that our Executives are happy with BDO work? Why are these not being completed?</p> <p>EM will look into this with Executives. AR mitigated that BDO do have periodic feedback sessions with Executives on Audit Reports and have regular catch ups with SH; but added that this survey does feed into the BDO staff satisfaction work, so this feedback is welcomed.</p> <p>CC noted the need to look ahead to planning for 2025/26 and look to involve Committee Chairs more on which areas to audit.*</p> <p>Noted: The Audit Committee noted the Internal Audit Progress Report.</p>	EM	23.01.25
8.2	Internal Audit Follow Up of Recommendations Report		
24/143	<p>Received: Update on Internal Audit Recommendations</p> <p>Reported: AW There has been good progress on this report - good engagement, timely feedback and evidence to support recommendations. This is a very good improvement since last year.</p> <p>There has been a 98% implementation rate which reflects the positive work from both parties and will be reflected in BDO's annual report.</p> <p>Discussed: *AMB advised that planning meetings will be scheduled into November/December and will work with the Trust to get meetings in diaries and then bring the plan to the January meeting.</p> <p>Noted: The Audit Committee noted the update on Internal Audit Recommendations.</p>		
8.3	BDO Internal Audit Annual Reporting Benchmarking 2023/24		
24/144	<p>Received: This report provided comparative information across our NHS clients relating to the internal audit assurance opinions provided in 2023/24, along with the number and relative proportion of recommendations and the priority level assigned. The report also included information relating to the type of audits completed for our clients and the audit areas where high risk and priority recommendations were raised.</p> <p>This report can be used to assess how Royal Papworth Hospital NHS Foundation Trust (the 'Trust') compared to its peers so that inferences can be drawn and used to further strengthen the Trust's internal control environment.</p>		

[illegible]

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	<p>monitoring and working on this. There will be more clarity over the next few weeks.</p> <p>CC recommended that this report goes to Performance Committee to look at the actions and ensure they are being meet.</p> <p>Noted: The Audit Committee noted the Internal Audit Report for Outpatients.</p>	AC	31.10.24
8.5	Internal Audit Report: PIPR (Papworth Integrated Performance Report)		
24/146	<p>Received: Design opinion: Moderate. Design Effectiveness: Substantial.</p> <p>Reported: AMB Gave a summary on the basis of the audit work and findings along with an update on the recommendations. Included were examples of what other Trusts include in their PIPR (which include EDI and Sustainability).</p> <p>Discussed: MB noted that PIPR is now reported only every other month to Board, where attention to PIPR may have declined. Is BDO content with this?</p> <p>AMB asked if the Trust was happy if this reporting format gives correct time for flagging items? Are you getting the information you need to make decisions on a timely basis?</p> <p>CC advised that PIPR is reviewed at Performance Committee every month; with Safe and Care domains also being reviewed at Q&R along with People Management & Culture being reviewed at the bi-monthly Workforce Committee.</p> <p>CC confirmed that PIPR is reviewed in depth at Performance Committee and any areas of concern are flagged to the monthly Board meeting. EM added that PIPR is also reviewed monthly at Executive Committee. CC is content with bi-monthly reporting to Board as it is scrutinised by sub-committees every month.</p> <p>OM noted that there is an EDI metric in PIPR in the People Management & Culture domain.</p> <p>CC felt that the assessment is fair and pleased with management responses.</p> <p>Noted: The Audit Committee noted the Internal Audit Report on PIPR.</p>		
8.6	Internal Audit Report: Cyber Security		
24/147	Due to sensitivity of this item, it is minuted under the Part 2 confidential meeting.		
	<p>CC recommended all three Internal Audit reports go to Performance Committee to monitor actions.</p> <p>She recommended that the PIPR audit go to relevant Board sub-committees for their information (Q&R, Performance, Workforce, SPC).</p>	AC	As relevant

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11	BAD DEBT WRITE-OFFS		
24/148	<p>Received: Update report on the debts written off in the financial year 2024/25.</p> <p>Reported: SH recommended taking the report as read, there are no items to flag to the Committee.</p> <p>Noted: The Audit Committee noted the update on Bad Debt Write Offs.</p>		
12	LOSSES AND SPECIAL PAYMENTS		
24/149	<p>Received: To report to the Committee the losses and special payments made for the period 1 April 2024 to 30 September 2024.</p> <p>Reported: SH She referred to the write-off of one particular drug which has now expired; how/why it was bought and the reason for non-use. It is a large sum, and reference has been made through various governance routes, including the Scheme of Delegation (SoD) as to where it should be reported. It is proposed to review the Scheme of Delegation in January 2025 to introduce a new section on stock and pharmacy write offs.</p> <p>Discussed: . CC had also reviewed the Standing Financial Instructions (SFI) and SoD as to where this is covered, and it is not explicit. The Committee confirmed the area of the current SoD as sufficient to authorise this write off. The Audit Committee agreed with this write-off proposal.</p> <p>Noted: The Audit Committee noted the report on Losses and Special Payments and agreed the write-off of the expired drug as discussed above.</p> <p>Subsequently it was decided to get ratification from the Trust Board for the write off of the £40k, which it gave on 7 November 2024.</p>		
13	WAIVER TO STANDING FINANCIAL INSTRUCTIONS		
13.1	Q2 Report 2024/25		
24/150	<p>Received: Report to the Committee on any outstanding waivers to Standing Financial Instructions made for the Q1 period of 2024/2025 that were pending at the July 2024 Audit Committee Report to the Committee on any waivers to Standing Financial Instructions made for the Q2 period of 2024/2025</p> <p>Reported: SH The report updated on the two outstanding waivers from Q1 and the four new waivers in Q2. SH explained the rationale on these waiver decisions.</p> <p>Discussed: No questions were raised</p> <p>Noted: The Audit Committee noted the update on Waiver to Standard Financial Instructions.</p>		
1100hrs IS, OM and LP left			
14	ANNUAL / AD HOC REPORTS		

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14.1	Salary Overpayments Update		
24/151	<p>Received: An update regarding the Trust position with respect to the volume and cost of overpayments. This report highlights areas of concern, outstanding issues, potential opportunities for improvement and how we can track progress with reducing overpayments and the errors that cause overpayments. The report also gives a summary on underpayments.</p> <p>Discussed: CC noted the comprehensive report. Due to an overrun on time at this meeting, she suggested that this is deferred to the January meeting for discussion.</p> <p>MB noted that on looking back over two years, the report does not show an improved position. EM will feed this back to OM to respond in January.</p>	<p>OM</p> <p>EM</p>	<p>23.01.25</p> <p>23.01.25</p>
15	POLICY REVIEWS		
24/152	No items due.		
16	ANY OTHER BUSINESS		
24/153	No items were raised.		
17	FORWARD PLANNER AND MEETING REVIEW		
17.1			
24/154	Noted: The Audit Committee noted the meeting forward planner.		
17.2	Review of meeting agenda and objectives		
24/155	All items were covered and discussed in relevant detail. CC apologised for the overrun on time. There now follows a short Part 2 meeting for Audit Committee members, excluding Auditors.		
17.3	Next meeting: 26 November 2024, Extra Ordinary Audit Committee for approval of Charity Annual Report & Accounts 2023/24.		
24/156			
	The meeting finished at 1102 hrs.		
	FUTURE MEETING DATES: 2024		

Agenda Item			Action by Whom	Date by When
2024 dates				
26 November Extra Ordinary meeting re. Charity Annual Report & Accounts	1200-1230hrs	MS Teams		
2025 dates				
23 January	0930-1130hrs	MS Teams		
13 March	0930-1130hrs	F2F		HLRI building room 89
13 March (NEDS Private meeting with Auditors)	1130-1200hrs	F2F		HLRI building room 89
22 May (AR & A/cs sign off)	0930-1130hrs	MS Teams		
12 June (Audit Cttee NEDs review Accounts)	1000-1030	MS Teams		
19 June (AR & A/cs sign off final)	1000-1100hrs	MS Teams		
24 June (Board sign off AR & A/cs)	1230-1330hrs	MS Teams		
17 July	0900-1100hrs	MS Teams		
16 October	0900-1100hrs	MS Teams		

Signed:

Date:

**Royal Papworth Hospital NHS Foundation Trust
Audit Committee meeting
17 October 2024**