

AGENDA

Meeting	Council of Governors
Time	18:00 – 19:30hrs
Date	Thursday 09 September 2021
Venue	MS Teams

			Encl.	Lead	Time
1. Standing Items	1.1. Welcome and Apologies 1.2. Declarations of Interest 1.3. Chair's Action 1.4. Minutes of Previous Meeting – 10.06.2021 1.5. Matters Arising / Action Tracker	FA FR	Enc. Enc.	Chair	18:00
2. Auditors Review of Accounts/Annual Report		FD	Enc.	Chair	18:05
3. Discussion of the Board Meeting and Papers		FD	Board Papers	Chair	18:25
4. Issues raised by Governors	- Elective Recovery - Virtual Ward - Improving Accessibility Update - Estates Update - EDI Report and Next Steps - Accommodation for Parents and Families	FD	Verbal	Various	18:40
5. Review of the Constitution		FD	Enc.	S Coldwell	19:05
6. Governor Involvement & Engagement	6.1. Governor Engagement & Involvement Activities 6.2. Observation of QPPC – 29.07.2021 6.3. Observation of FCC – 22.07.2021	FR FR FR	Verbal Enc. Enc.	Jane Allberry Hilary Entwistle Akash Deep David Tyler	19:15
7. For Information	7.1. Sub-Committee – Confirmed Minutes 7.1.1. Patient Experience & Safety Committee 7.1.2. Governor Strategy Committee	FI	Enc. Enc.	Chair	19:20
8. Any Other Business				Chair	19:25
9. Date Of Next Meeting	Thursday 9 th December 2021, 6:00pm Venue TBC				

Key: *FE: For Endorsement; FA: For Approval; FR: For Report; FI: For Information*

Council of Governors Membership

Sir Hugh Taylor	Trust Chair
Elected: Dr Devendra Singh Banker Jane Clark Tony McPartlan Professor David Jefferys Rashmi Agrawal Emily George Daniel Kelly Marcus Ward Devon Masarati Deborah Johnston Billie McPartlan David Tyler Dr Adrian Winbow Jane Allberry Lindsay Batty-Smith Angela Buckingham Hilary Entwistle Susan Wise Tunde Jokosenumi Aisling Considine Neil Christian Baulita Mick Dowling Dr Akash Deep	Bromley Bromley Bromley Bromley Lambeth Lambeth Lambeth Lambeth Patient Patient Patient Patient Patient Southwark Southwark Southwark Southwark Lewisham Staff – Administration, Clerical & Management Staff - Allied Health Professionals, Scientific & Technical Staff – Nurses and Midwives Staff – Nurses & Midwives Staff - Medical and Dentistry
Nominated/Partnership Organisations: Dr Dianne Aitken Cllr. Jim Dickson Cllr Robert Evans Cllr. Dora Dixon-Fyle Ian Rothwell Dame Prof Anne Marie Rafferty David Morris	Lambeth CCG Lambeth Council Bromley Council Southwark Council South London & Maudsley NHS Foundation Trust King's College London Joint Staff Committee
In attendance: Professor Jon Cohen Nicholas Campbell-Watts Sue Slipman Akhter Mateen Steve Weiner Professor Clive Kay Beverley Bryant Jonathan Lofthouse Julie Lowe Dr Leonie Penna Mark Preston Professor Nicola Ranger Lorcan Woods Sultana Akther Siobhan Coldwell Tara Knight Nina Martin	Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Chief Executive Officer Chief Digital Information Officer Site Chief Executive, PRUH & South Sites Site Chief Executive, Denmark Hill Acting Chief Medical Officer Chief People Officer Chief Nurse & Executive Directive of Midwifery Chief Financial Officer Corporate Governance Officer Trust Secretary Corporate Governance Officer (Minutes) Assistant Board Secretary
Apologies: Jonathan Lofthouse Professor Richard Trembath	Site Chief Executive, PRUH & South Sites Non-Executive Director
Circulation to: Council of Governors and Board of Directors	

Council of Governors Meeting – Public Session

Draft Minutes of the Council of Governors (Public Session) meeting held on
Thursday 10th June at 18:00 – 19:30hrs
The meeting was held virtually via MS Teams

Present:

Chair

Sir Hugh Taylor Trust Chair

Elected Governors

Devendra Singh Banker	Bromley
Jane Clark	Bromley
Tony McPartlan	Bromley
David Jefferys	Bromley
Barbara Goodhew	Lambeth
Emily George	Lambeth
Paul Cosh	Patient
Emmanuel Forche	Patient
Billie McPartlan	Patient
Kirsty Alexander	Patient
Amran Hussain	Patient
Deborah Johnston	Patient
Devon Maserati	Patient
David Tyler	Patient
Adrian Winbow	Patient
Jane Allberry	Southwark (Lead Governor)
Hilary Entwistle	Southwark
Victoria Silvester	Southwark
Angela Buckingham	Southwark
Lindsay Batty-Smith	Southwark
Mick Dowling	Staff - Nurses & Midwives
Neil Christian Baulita	Staff – Nurses and Midwives
Aisling Considine	Staff – Allied Health Professionals
Tunde Jokosenumi	Staff – Admin and Clerical

Nominated/Partnership Organisations:

Dr Dianne Aitken	Lambeth CCG
Cllr Jim Dickson	Lambeth Council
Cllr. Robert Evans	Bromley Council
Cllr. Dora Dixon-Fyle	Southwark Council
David Morris	Joint Staff Office
Ian Rothwell	South London & Maudsley NHS Foundation Trust

In Attendance:

Professor Jon Cohen	Non-Executive Director
Akhter Mateen	Non-Executive Director
Sue Slipman	Non-Executive Director
Steve Weiner	Non-Executive Director
Professor Clive Kay	Chief Executive Officer
Richard Chew	Acting Director of Communications
Louise Clark	Acting Chief People Officer
Julie Lowe	Site Chief Executive, Denmark Hill
Jonathan Lofthouse	Site Chief Executive, PRUH & South Sites
Dr Leonie Penna	Chief Medical Officer
Professor Nicola Ranger	Chief Nurse & Executive Directive of Midwifery

Lorcan Woods
 Giles Peel
 Eric Munro
 Siobhan Coldwell
 Nina Martin
 Sultana Akther

Chief Financial Officer
 DCO Partners
 CEF Director
 Trust Secretary
 Assistant Board Secretary
 Corporate Governance Officer (Minutes)

Apologies:

Professor John Cohen
 Professor Richard Trembath
 Marcus Ward
 Stephanie Harris-Plender
 Claire Wilson

Non-Executive Director
 Non-Executive Director
 Lambeth Governor
 Southwark Governor
 Staff – Allied Health Professionals

Item	Subject	Action
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21/11 Welcome and Apologies

The Chair welcomed the new Governors and apologies were noted.

21/12 Declarations of Interest

There were no declarations of interests.

21/13 Chair's Action

There were no actions for the Chair.

21/14 Minutes of the Previous Meeting

The minutes of the meeting held on 11th March were agreed as an accurate record of the meeting.

21/15 Matters Arising/Action Tracker

The Committee noted the action tracker and the following updates were provided:

- **Action 20/18: Hospital Acquired Covid-19**
 Governors requested up to date data. Information would be shared with Governors once agreed with the report author.

Trust Secretary

21/16 Preparation for a Well-Led Inspection

Giles Peel from DCO Partners provided the Council with a summary of the review he undertook of the Trust's preparedness for a Well-Led Inspection. The Trust well-led review had taken five months to conduct and the findings were reported to the Board in April 2021. The inspection was based around 8 key lines of enquiry and involved a number of visits, documentary reviews, interviews with individual members of the Board and observations of meetings. External opinion of the Trust were also sampled including engagement with staff and stakeholders around the ICS/APC and NHS London.

The following key headlines were discussed:

- The recommendation to the Board was that the Trust could be confident that the quality of care throughout the pandemic had been excellent, considering

Item	Subject	Action
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it had one of the largest numbers of seriously ill patients of any Trust in the UK.

- In terms of performance, there were examples of good care, innovation and managing unprecedented numbers of patients.
- Staff were fragile, therefore good performance needed to be reinforced.
- Clinical performance was impressive and needed to be harnessed to improve staff morale and build service recovery to deal with the backlog and any future waves.
- New Non-Executive Directors of the Board needed to be integrated into the Trust rapidly.
- The care group roll out was critical as it brings new levels of clinical leadership. This needed to be embedded and aligned effectively.
- In terms of the strategic landscape, the Trust Board needed to identify the areas of strategy it could control and areas it had less control and can rather offer its views. This was a significant exercise for the Board to undertake in terms of strategic risks. A strategic risk workshop was conducted with the Board to consider the strategic priorities for the Trust.

It was recognised that further work was required in terms of overall governance to understand the lessons learnt from Covid-19 and command and control arrangements. The Trust needed to be more assured to play a strong role in representing the interests of the local community and harnessing a lot the areas of international tertiary medicine it carries out to deliver a first class service.

The Council considered the interaction with the Governors in the reviews. The view was that there was a mature relationship with a strong sense of collaboration and cooperation. As the Trust moves forward, a more focused approach to the Council of Governors agenda was required. Governors were actively involved in a number of the Trust's procurement projects which indicated good engagement.

Training sessions for Governors on how to respond to a CQC inspection was discussed. Part of the review process was a documentary trail of evidence by the individual key lines of enquiries. A good list of evidence was being developed and guidance on this would be published for Governors, to understand what the Trust is using as its evidence base in support of its case to the CQC.

The CQC would be encouraged to consider the development of the South-east London ICS. NHS London was seeking to identify how well the Trust was looking to partner/be a member of the SEL strategic scene. There will be an instruction that all Providers must be part of a Provider collaborative. The overall performance would be assessed on how well the Trust is collaborating.

The Council noted that the Board is committed to gaining external views to support the Trust moving forward with the contribution of Governors.

21/17 Discussion of the Board Meeting and Papers

The Committee noted that Board Papers.

21/18 Issues raised by Governors

Elective Recovery

Item	Subject	Action
	<p>There was a trajectory plan for outpatient appointments. The Trust is ahead of the trajectory outlined in its recovery plans. This data would be included in the data set associated with screening and would be circulated to the Council.</p>	J Lofthouse
	<p>Screening Programmes – elimination of the backlog Due to COVID-19, a number of screening programmes were paused and there are now backlogs in key areas such as endoscopy. A range of screening pathways are offered, a waiting time for new patients to experience the diagnostic element, there is also a planned procedure list/screening list for certain areas of modality. Clinical desktop reviews had been maintained during Covid-19 for a majority of patients on screening pathways. The screening programme is being re-established and recovered, patients who are significantly delayed by 12 weeks/6 months are subject to individual case reviews by the lead clinician. The Governors noted that in some areas e.g. Breast screening, activity has continued throughout the pandemic. The statistics of patients currently on the screening programme and the numbers affected by the delays would be circulated to the Governors.</p>	J Lofthouse
	<p>Patient Bedside Entertainment The Trust recognised the need to significantly improve the patient entertainment system, in particular to help with violence and aggression. The Trust undertook a procurement exercise and has offered a contract to Wifi Sparks. They are currently conducting a site assessment to implement the system. Patients with their own devices would be able to log on and have a free telephone service/free video call to speak to their families, TV, radio, free games, movies, magazines and newspapers. 500 tablets had been purchased for distribution to patients without their own devices. There was an opportunity to add other information for patients, this is also being considered in the context of paediatric patients. There would be a 24 hour helpline for patients experiencing difficulties with their device.</p>	
	<p>The Trust was working to find a pragmatic approach with regard to PAT testing of a patient's own device, to avoid delay. An internal PAT testing kit was being considered, this would allow for PAT testing to be conducted on the spot, this was currently in feasibility mode and the system can be rolled out onto the wards once it proves reliable.</p>	
	<p>There was a need to assure patients about security of their devices and volunteers could be encouraged to support with device use and management. The issue of backlog of pillows was raised, the Chief Nurse would look into the number of pillows ordered/how frequently and would feedback.</p>	N Ranger
	<p>Modernising Medicine (DH) The Council received and noted the briefing paper on Modernising Medicine at DH. The transformation programme would see a proportion of the outpatient and inpatient services moving into new and purpose-built buildings. The Golden Jubilee wing would be repurposed to create an integrated emergency floor, to be completed by October 2022. The expectation was that by autumn 2022, a good set of pathways would be provided with investment in recruitment of staff and doctors and nurses focussing on adult medical patients. This would help with waiting times in ED and reduce the length of stay due to unnecessary delays.</p>	
	<p>The Council was informed of the two changes to the urgent care pathways at the PRUH.</p>	

Item	Subject	Action
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- 1) A new integrated mental health assessment facility which would be a high quality improvement for patients. The facility would be co-located to the ED at the PRUH, a shared facility with King's and Oxleas and would provide a safe haven for mental patients presenting to the ED department in crisis but who are otherwise medically stable. The facility would operate 24/7 and has five dedicated assessment private rooms and waiting space.
- 2) The new frailty assessment unit. Older adult patients presenting to ED who were pathologically stable would be assessed by an integrated multi-disciplinary team within a segregated environment and be fast tracked with community partners to a home care setting.

With regard to sexual health and contraceptive assessments for mental health patients who are not in crisis but requiring some mental health assessment, staff would be able to order tests that were considered necessary if during the consultation it was felt the patient warranted further examinations. The challenge was looking at assessing what is urgent to inform treatment of the patient and what needs signposting. Work was underway to restart the Sexual Health Services.

The Board was aware of the rising levels of concerns due to the pressures on the acute system from patients presenting with complex mental health conditions. Some of the pressures are due to the lack of capacity in the mental health systems, an issue escalated to system level.

There was discussion on the need to explore how the specialised pathways interact with each other, particularly the cardiac pathways. Cardiologists are overstressed and unable to manage the number of referrals they receive on a daily basis. Clinical examples would be emailed to the Chief Medical Officer.

The Modernising Medicine programme would have elements where the patient perspective could add value. There are a lot of discussions through the patient engagement team on the Normandy building for outpatients. The design of the more detailed medicine pathways would be explored and there would be opportunity for patient engagement.

21/19	Car Park Parking	
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This Chief Financial Officer provided an update on the car parking strategy. There has been significant changes in demand and the Trust's ability to provide car parking. At the PRUH the strategy was based around increasing the capacity onsite to meet the obligation to the Council and local residents. In DH, there was a need to better manage demand and promote alternative options to accommodate the plans to increase clinical space as regard to modernising medicine and the new builds in the Normandy car park.

The plan at the PRUH included the following:

- A single deck addition to the front of the PRUH site, creating a multi-story level car parking facility. A design was shared through public consultation, feedback was received and the design was further developed and the refreshed information pack for the public has been signed off and distributed by the contractors.
- The full planning application would be submitted to Bromley Council by the end of June, planning process would take 13 weeks. The anticipation was

Item	Subject	Action
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that the construction would commence at the end of September, early October following sign off.

- The formal assessment by council and planning is that the current number of designated blue badge spaces is an appropriate number and is sufficient.

The plan at Denmark Hill included the following:

- An increase to the cost of staff car parking permits. The Trust introduced free staff parking for permit holders during Covid-19, however charges would be imposed post the pandemic. The public were being informed that they can no longer expect to park for more than 2 hours on site. A drop-off and pick-up system was being operated. The number of blue badge bays and the 2 hour parking bays would be increased over the coming months. .
- Idling is currently policed and there are signs on the Golden Jubilee Wing, this would be increased. More needed to be done to improve air quality around the hospital environment.

A message to patient transport not to park obstructively in the surrounding areas would be helpful. An announcement was made that the Covid-19 parking permit would no longer be valid from 21st June. Any changes was dependent on national guidance.

The Council agreed that there needed to be a transport strategy as part of an overall sustainability strategy and this would address wider aspects of the patient experience which includes access to the hospital.

21/20 Election of New Governors

The Council noted the results of the recent elections in the patient, public and staff categories and congratulated the successful candidates. The two new stakeholder governors were welcomed. Patient governor, Kirsty Alexander, had resigned after the election process had commenced, the seat was offered to Amran Hussain who was a runner up on the Patient constituency election.

21/21 Governor Involvement & Engagement

Governor Engagement & Involvement Activities

The Lead Governor updated the Council and the following was noted:

- Governors continue to sit on the Board Committees and the feedback has been helpful. NED contribution on the Governor Sub-committee is also welcomed.
- Governors are also contributing to a number of sessions assessing the Trust against criteria on patient experience. There was enthusiasm for more governor involvement.

Over the next few weeks, the lead Governor would discuss with the Trust Chairman and Trust Secretary ways to phase in site visits. As the Trust begins to revert to BAU, ways in which the governors can get engaged and the format of meetings going forward would be considered. In terms of meeting face to face. The current published guidance to health organisations is to maintain social distancing and precautionary measures.

Observation of Quality, People & Performance Committee (QPPC)

Item	Subject	Action
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The Council received and noted the observer summary of the Quality, People and Performance Committee held on 15th April 2021. The following points were highlighted from the 3rd June meeting:

- There had been a number of new appointments progressing the management of waiting lists, reporting, candour and responding to complaints. There was a project on improving nutrition and hydration for patients on all sites (Nutrition and Hydration week).
- In terms of the workforce, the vacancy rates and turnover rates are significantly below target. The workforce team were up for national awards for their staff well-being work during Covid-19. Further work was being undertaken to improve employee relations and supporting the well-being of staff including the values refresh and investment in the freedom to speak up.

Observation of the Finance & Commercial Committee (FCC)

The Finance and Commercial Committee met on 27th May 2021. The Council noted the good improvements in financial performance. The Chief Financial Officer and his team were thanked for their work in the last 3 years. The Council noted that King's spent £98m last year capital, this was due to establishing a better and secure financial base.

FOR INFORMATION

21/22 Confirmed Minutes of Governor Sub-committees

The Council noted the minutes of the following meeting:

- Patient Experience & Safety Committee meeting held on 11.02.2021.
- Strategy Committee meeting held on 29.04.2021.

21/23 Any Other Business

The Chair noted that it was the last of meeting a number of Governors, who have made an enormous difference and expressed thanks for all their commitment and contribution during their time as governors.

21/24 Date of Next Meeting

Thursday 9th September 2021, 6:00 – 7:30pm

Council of Governors Meeting Action Tracker – 10.06.2021

Date	Item No	Action	By Whom	Due Date	Notes
DUE					
17.10.2019	19/31	OHSEL STP Response to the NHS Long Term Plan The NHS is now increasingly working through integrated care systems. The Chair suggested that we ought to have an annual joint Governors meeting across SEL and Lewisham & Greenwich starting in the new year, every March. Trust Secretary to arrange.	S Coldwell	On hold	LGT do not have a Council of Governors. A meeting of this size will be difficult to conduct over MS Teams so it is on hold until restrictions can be lifted.
10.09.2020	20/18 – 2	Hospital Acquired COVID-19 Governors requested up to date data. Information would be shared with Governors once agreed with the report author.	S Coldwell	COMPLETE	Slides were circulated to Governors on 11 th June 2021
11.03.2021	21/07	Issues raised by Governors: Estates Update Governors asked about the recycling of furniture and equipment that the Trust no longer requires or uses. The Chief Financial Officer will update the Council with further information on the matter outside the meeting.	L Woods	10.06.2021	Update will be provided on the Trust's recycling programme at the meeting on 09/09/2021. Action can be marked complete.
10.06.2021	21/18 - 1	Issues raised by Governors: Elective Recovery: There was a trajectory plan for outpatient appointment. The Trust is ahead of plan. This data would be included in the data set associated with screening and would be circulated to the Council.	J Lofthouse	17.06.2021	
10.06.2021	21/18 - 2	Issues raised by Governors: Screening Programmes – elimination of the backlog: The statistics of patients currently on the screening programme and the numbers affected by the delays would be circulated to the Governors.	J Lofthouse	17.06.2021	
10.06.2021	21/18 - 3	Issues raised by Governors: Patient Bedside Entertainment The issue of backlog of pillows was raised, the Chief Nurse would look into the number of pillows ordered/how frequently and would feedback.	N Ranger	09.09.2021	
10.06.2021	21/25	Report from the Nominations Committee A working group of governors would be established to conduct the review of the Trust constitution.	Governors	COMPLETE	Complete: Working Group has completed the review and the report is included in the papers on the agenda for the COG on 09/09/2021



Actions Not Due

Date	Item No	Action	By Whom	Due Date	Notes
NOT DUE/ON-GOING					
10.09.2020	20/07	Governor Engagement/Work of the Task & Finish Group Wider accountability sessions will be arranged and a NED/Governor meeting is being planned for mid-October. How Governors engage in areas of particular interest is still being explored and reviewed.	H Taylor S Coldwell	On-going	A full round of NED/Governor sessions was undertaken in March 2021. ACTION ON-GOING.
10.09.2020	20/20	Reset and Recovery Programme – update With regard to the Trust's recovery plans and progress in terms of productivity, Governors were concerned about the messaging and communication to constituents and managing their expectations. It would be helpful for messaging that Governors can share with their constituents to be drafted and circulated. Governors who wished to support in this area were invited to do so by contacting the Trust Secretary.	R Beasley R Chew		Communication with patients remains an ongoing issue. The specific exercise with regard to further feedback from patients was not carried forward and this would be revisited.
10.12.2020	20/30	Vaccination Programme Governors were asked to continue to feedback any issues, particularly from constituents, on an ongoing basis to improve the system.	Governors	Ongoing	



The Audit Findings for King's College Hospital NHS Foundation Trust

Year ended 31 March 2021

June 2021

This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report.
This draft has been created from the template dated DD MMM YYYY



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Section

1. Headlines
2. Financial statements
3. Value for money arrangements
5. Independence and ethics

Appendices

- A. Action plan
- B. Follow up of prior year recommendations
- C. Audit adjustments
- D. Fees
- E. Audit Opinion
- F. Management Letter of Representation
- G. Audit letter in respect of delayed VFM work

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3	The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Foundation Trust or all weaknesses in your internal controls.
5	This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.
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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of King's College Hospital NHS Foundation Trust ('the Trust') and the preparation of the group and Trust's financial statements for the year ended 31 March 2021 for those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the group and Trust's financial statements give a true and fair view of the financial position of the group and Trust and the group and Trust's income and expenditure for the year; and
- The group and Trust's financial statements have been properly prepared in accordance with the Department of Health and Social Care (DHSC) group accounting manual 2020/21 (GAM)
- The group and Trust's Remuneration and Staff reports are prepared in accordance with the Foundation Trust Annual Reporting Manual 2020/21.

We are also required to report whether other information published together with the audited financial statements in the Annual Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our audit work is nearing completion having been undertaken remotely, following receipt of the draft financial statements on 6 May 2021. Our findings are summarised on pages 5 to 23. We have identified a number of adjustments to the financial statements that have resulted in an adjustment to the Trust's retained deficit position, as outlined at Appendix C. Audit adjustments made to disclosures are detailed in Appendix C to this report. We have also raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B.

In 2019/20, the group's external auditors issued a qualified audit opinion on the basis that assurance could not be gained over the material accuracy of the inventory balance of £20.2m in the group's Statement of Financial Position. This was because physical inventory counts were not undertaken at the financial reporting year-end, 31 March 2020, by the group's management as a result of physical distancing restrictions in place due to the Covid-19 pandemic.

Our anticipated audit opinion for the group's financial statements for 2020/21 will also be modified in respect of this matter, as it affects the comparability of the current year figures with the corresponding amounts in the 2019/20 financial statements.

At the time of writing, there are no other matters arising of which we are aware that would require further modification of our audit opinion (Appendix E) or material changes to the financial statements.

This is subject to the resolution of the following outstanding matters;

- conclusion of the review of the KCH Interventional Facilities Management (KIFM) component auditor's audit file, including receipt of formal letter of support from the Trust to KIFM supporting KIFM's going concern assessment;
- final manager, partner and quality control partner review of the audit file and resolution of any residual queries arising;
- receipt of management representation letter (see appendix F); and
- receipt of the signed and approved financial statements and Annual Report.

Supporting the audit process in a remote environment with increased regulatory requirements, continues to prove challenging for all audited bodies. We appreciate the collaborative approach taken by the Trust and group's management in working to resolve audit queries.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated audit report opinion will be qualified to reflect a limitation of scope over the comparability of the current year inventory balance with the corresponding figures in the 2019/20 financial statements.

1. Headlines

Value for Money (VfM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Trust has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. **Auditors are now required to report in more detail on the Trust's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.**

Auditors are required to report their commentary on the Trust's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

Our VfM work remains in progress and we expect to issue our Auditor's Annual Report in line with the National Audit Office's revised deadline of 20 September 2021.

From the work we have undertaken to date, no matters have been identified that would impact on our proposed audit opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. In our Audit Plan, presented to the Audit Committee at its meeting in March 2021, we identified a risk in respect of financial sustainability. Our work on this risk is nearing completion and we are satisfied that under the current regime this has not materialised into a significant weakness in arrangements. Further detail is set out in the value for money arrangements section of this report. This initial view is of course subject to completion of our work over the next few weeks.

Statutory duties

The National Health Service Act 2006 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties during the period.

We expect to certify the completion of the audit upon finalisation of our work on the Trust's VfM arrangements, which will be reported in our Annual Auditor's report in September 2021. This will not impact on submission of the audited accounts to the DHSC by the statutory deadline of 29 June.

Significant Matters

Delays were encountered in receipt of some of the key documents for the audit process, notably the income reconciliation (received on 20 May), the final fixed asset register (received on 28 May) and the draft Annual Report (received on 25 May).

As this was the first year of engagement between the Trust and the audit team, close collaboration was required between the different parties to become accustomed to preferred ways of working.

To date we have not encountered any further significant difficulties or identified any significant matters arising during our audit. This position will be updated to the date of issuing our auditor's report.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff amidst the pressure they were under during these unprecedented times.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the group's business and is risk based, and in particular included:

- An evaluation of the group's internal controls environment, including its IT systems and controls;
- An evaluation of the components of the group based on a measure of materiality considering each as a percentage of the group's gross operating costs to assess the significance of the component and to determine the planned audit response. From this evaluation we determined that an audit of KCH Interventional Facilities Management Ltd was required, which is in the process of being completed by the Grant Thornton group audit team; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

There have been no significant changes to our audit approach to that which was reported in our Audit Plan in March 2021 although due no wider issues arising in the NHS we have carried out additional work in respect of journals, accruals and other aspects of accounting which may impact on the 20/21 financial position.

Conclusion

Our audit of the Trust's and Group's financial statements is nearing completion. Subject to the satisfactory completion of outstanding matters as set out on page 3, we anticipate issuing our audit opinion on the Trust and group's financial statements by the statutory deadline of 29 June following Trust Board approval of the financial statements and Annual Report.

Our anticipated audit opinion is set out in Appendix E.

2. Financial Statements



Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

We have revised the materiality levels as reported in the Audit Plan to reflect increases in operating revenue during the year when compared to the projected annual revenue at Month 8, upon which our planning materiality levels were based.

We detail in the table our determination of materiality for the Trust and the group.

	Group Amount (£)	Trust Amount (£)	Qualitative factors considered
Materiality for the financial statements	21,500,000	20,000,000	
Performance materiality	14,000,000	13,000,000	
Trivial matters	300,000	300,000	
Materiality for senior officer remuneration disclosures in the Annual Report	300,000	300,000	High degree of stakeholder interest in this area.



2. Financial Statements - Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Risk relates to	Commentary
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Trust faces external pressures to meet agreed targets, and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk requiring special audit consideration.</p>	Trust and Group	<p>We have:</p> <ul style="list-style-type: none"> evaluated the design effectiveness of management controls over journals analysed the journals listing and determined the criteria for selecting high risk unusual journals identified unusual journals made during the year and the accounts production stage for appropriateness and corroboration gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness tested unusual journal entries made during the year and accounts production stage for appropriateness and corroborated these to supporting documentation. <p>A number of significant control deficiencies relating to journal entries, made using the Aptos system which was in place for the first six months of the year, were identified through our evaluation of the Trust's IT General Control (ITGC) environment. We understand that the Trust was aware of these weaknesses in the Aptos system and hence the need to replace it.</p> <p>Issues were also identified in respect of system administrators having access to post journal entries in the Aptos system as well as the new Oracle system, and with generic and shared user profiles in various system applications, including Active Directory and ESR, giving rise to a risk that the Trust's systems are susceptible to misuse.</p> <p>Our testing strategy in respect of journal entries and other relevant areas such as testing of starters and leavers to inform our procedures around payroll expenditure, was adapted to reflect and mitigate the risks associated with these findings.</p> <p>High priority findings from the IT General Control environment evaluation are detailed in the Action Plan at Appendix A to this report and medium and low priority findings in the separate IT audit findings report.</p> <p>In testing of journal entries, two control deficiencies were identified relating to:</p> <ul style="list-style-type: none"> Journal entries posted without automated authorisation in the Oracle finance system being required during a period where the automated approval process was not operating effectively Posting of journal entries by senior finance personnel during the period immediately following the transfer in finance systems in October 2020 <p>Further detail is given in Appendix A, along with associated recommendations for management.</p> <p>Our audit procedures in this area are now complete. No further issues have been identified in our response to this risk, which require reporting to those charged with governance.</p>

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Risk relates to	Commentary
<p>Fraud in revenue recognition</p> <p>Under ISA (UK) 240, there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>Trusts are facing significant external pressure to restrain budget overspends and meet externally set financial targets, coupled with increasing patient demand and cost pressures. In this environment, we have considered the rebuttable presumed risk under ISA (UK) 240.</p> <p>The majority of the Trust's revenue is received from CCGs and NHS England for the provision of patient care services. We have determined that the estimation of the year-end revenue and receivables position with commissioners is a significant risk area for our audit due to the level of estimation uncertainty applying to this area of the financial statements.</p> <p>We have not deemed it appropriate to rebut the presumed significant risk for material streams of patient care income and other operating revenue, due to the scale of financial pressures experienced by the trust, which increase the risk of material misstatement from improper revenue recognition.</p> <p>We have therefore identified the occurrence and accuracy of the Trust's income streams and the existence of associated receivable balances as a significant risk.</p>	Trust and Group	<p>We have:</p> <ul style="list-style-type: none"> evaluated the Group's accounting policy for recognition of income from patient care activities and other operating revenue for appropriateness and compliance with the DHSC Group Accounting Manual 2020/21; reviewed the Group's response to implementation of IFRS 15 'Revenue From Contracts with Customers', as interpreted by GAM 2020/21; documented our understanding of the Group/Trust's system for accounting for income from patient care activities and other operating revenue, and evaluated the design of the associated controls; <p><u>Patient Care Income</u></p> <ul style="list-style-type: none"> investigated unmatched revenue and receivable balances over the NAO £0.3m threshold, using the DHSC mismatch report, corroborating the unmatched balances used by the Trust to supporting evidence. agreed, on a sample basis, other patient care revenue outside of the block arrangements to supporting documentation. agreed the monthly system and COVID-19 top ups received during the year to supporting evidence. evaluated the Trust's estimates and the judgments made by management in order to arrive at the total income from contract variations recorded in the financial statements. <p><u>Other Operating Revenue</u></p> <ul style="list-style-type: none"> agreed, on a sample basis, income and year end receivables from other operating revenue to invoices and cash payment or other supporting evidence. <p>Two errors were identified in our testing of patient care income:</p> <ul style="list-style-type: none"> Net credits of £3,904k had been recognised in 2020/21, which related to settlements from 2019/20. This has the impact of overstatement of patient care income in the Statement of Comprehensive Income and a corresponding understatement of patient care income in the prior year. Two sample items were identified whereby income had been accrued for the month of March 2021 but was subsequently reversed as it became apparent that the Trust would not receive this income. The factual misstatement identified through sample testing was £26k, and the extrapolated impact over the patient care income which was subject to sample testing was £1,118k. This represents a potential overstatement of patient care income in the Statement of Comprehensive Income and a corresponding overstatement of trade receivables in the Statement of Financial Position. <p>Further detail on these errors is presented at Appendix C, under 'unadjusted misstatements'. We are satisfied that these issues have not led to a material misstatement of the 2020/21 financial statements.</p> <p>Our audit procedures in this area are now complete. No further issues have been identified in our response to this risk, which require reporting to those charged with governance.</p>

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Risk relates to	Commentary
<p>Fraud in expenditure recognition</p> <p>As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure recognition may be greater than the risk of fraud related to revenue recognition. There is a risk the Trust may manipulate expenditure to meet externally set targets and we had regard to this when planning and performing our audit procedures.</p> <p>Management could defer recognition of expenditure by under-accruing for expenses that have been incurred during the period but which were not paid until after the year-end or not record expenses accurately in order to improve the financial results.</p>	Trust and Group	<p>We have:</p> <ul style="list-style-type: none"> inspected transactions incurred around the end of the financial year to assess whether they had been included in the correct accounting period; inspected a sample of accruals made at year end for expenditure but not yet invoiced to assess whether the valuation of the accrual was consistent with the value billed after the year; investigated manual journals posted as part of the year end accounts preparation that reduces expenditure to assess whether there is appropriate supporting evidence for the reduction in expenditure. <p>Across the sector, we identified a heightened risk that accruals or other accounting estimates impacting upon the net surplus/deficit position may be made in order to reach a predetermined outturn position, following changes in the funding regime and allocations made by NHSI, rather than basing accruals on the occurrence of the expenditure during the period as required by accounting standards. In a number of trusts and CCGs, reported accruals balances had increased significantly since 31 March 2020. This was not the case for the Trust and our testing to date has not identified any indication of management override in respect of accruals in this respect. We believe this reflect well on current management's approach to accounting standards.</p> <p>One error was identified in our testing, in respect of the expenditure accrual recognised for untaken annual leave as at 31 March 2021. We identified that, due to estimation procedures used in the closedown process, incorrect untaken hours had been used in the calculation of the estimate for 642 employees. Additional audit procedures were undertaken and management have determined that the maximum possible impact of this issue is an overstatement of £3,467k in expenditure accruals in the Statement of Financial Position, with a corresponding overstatement of employee benefits expenditure in the Statement of Comprehensive Income. This has been reported as an unadjusted misstatement at Appendix C, and a control recommendation has been raised to management around their estimation process in the Action Plan at Appendix A. We are satisfied from the procedures undertaken that this issue has not caused a material misstatement in the 2020/21 financial statements. We would also note that this overstatement was not indicative of a management override of controls.</p> <p>Our audit procedures in this area are now complete. No further findings have been identified in respect of this risk which would require reporting to those charged with governance.</p>

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Risk relates to	Commentary
<p>Valuation of land and buildings</p> <p>The Trust periodically re-values its land and buildings as required to ensure that the carrying value of these assets is not materially different from the current value as at the financial statements date. The last full revaluation was undertaken in January 2019. Where a full valuation is not performed, an index-based desktop valuation is performed in line with industry practices. Year-end valuation of property, plant, and equipment represents a significant estimate by management in the financial statements.</p> <p>The valuation of land and buildings is a key accounting estimate which is sensitive to changes in assumptions and market conditions.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk requiring special audit consideration.</p>	Trust only	<p>We have:</p> <ul style="list-style-type: none"> evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work. This included considering whether the impact of COVID-19 has been considered and adequately disclosed; and written to the valuer to confirm the basis on which the valuations were carried out. evaluated of the competence, capabilities and objectivity of the valuation expert; challenging the information and assumptions used by the valuer to assess completeness and consistency with our understanding, including through use of our auditor's expert Gerald Eve; testing, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Trust's asset register, revaluation reserve, and Statement of Comprehensive Income; Evaluation of the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value. <p>Two issues arose during audit testing in response to this risk:</p> <ul style="list-style-type: none"> We identified that revaluation movements recorded in respect of a number of assets had been erroneously double counted in the general ledger and financial statements. Management have amended the financial statements to correct the error identified. Refer to 'adjusted misstatements' at Appendix C to this report for further detail. We identified that for one revalued property, the Trust's external valuation specialist had used a floor area which did not correspond to that held within the Trust's internal estates records. Upon further investigation, it was identified that this was as a result of the Trust not informing the valuer that the floor area for the relevant building had been updated. The impact of this error is evaluated within 'unadjusted misstatements' at Appendix C, and a control recommendation has been raised to management in this regard in the Action Plan at Appendix A. We are satisfied that this issue has not led to a material misstatement of the 2020/21 financial statements, but have recommended that management refine their control processes around provision of up to date information to the valuation specialist in future years. <p>Our audit procedures in this area are now complete. No further issues have been identified in our response to this risk, which require reporting to those charged with governance..</p>

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Risk relates to	Commentary
<p>New ledger implementation</p> <p>In previous years, the group has operated three separate finance systems across its different organisations. On 1 October 2020 the Trust moved to a fully integrated Oracle cloud system, as implemented by the NEP consortium of NHS organisations (hosted by Northumbria NHS Foundation Trust). Previously the Trust used a 2-system setup with a procurement system called Sprinter, and a General Ledger, Payment and Billing system called APTOS. Both of these systems have been closed from 30 September, with all current year transactions and open invoices (AP and AR) transferred to the new system.</p> <p>When implementing a new significant accounting system, it is important to ensure that sufficient controls have been designed and operate to ensure the integrity of the data. There is also a risk over the completeness and accuracy of the data transfer from the previous ledger system.</p> <p>We have therefore identified the completeness and accuracy of the transfer of financial information to the new general ledger system as a significant risk.</p>	Trust and Group	<p>We have:</p> <ul style="list-style-type: none"> completed an information technology (IT) environment review to document, evaluate and test the IT controls operating within the new general ledger system; mapped the closing balances from the general ledger as at 30 September 2020 to the opening balance position in the new ledger from 1 October 2020 to ensure accuracy and completeness of the financial information; reviewed the work undertaken by internal audit in this area and use the findings to inform our risk assessment. <p>Our audit procedures in this area are now complete. No issues have been identified in our response to this risk, which require reporting to those charged with governance.</p>

2. Financial Statements – Key findings arising from the group audit

Component	Component auditor	Findings	Group audit impact
KCH Interventional Facilities Management (KIFM)	Grant Thornton UK LLP	<p>At the time of writing, the audit of KCH Interventional Facilities Management (KIFM) is nearing completion.</p> <p>Initial findings include:</p> <ul style="list-style-type: none"> Finance lease arrangements between KIFM and the Trust – the Trust leases equipment and buildings from KIFM on an informal basis, where lease terms and minimum lease payments are not clearly defined. The finance lease arrangements are material from both a company and Trust perspective with £60.7m finance lease liabilities recognised in the Trust’s financial statements. Whilst we are satisfied from audit procedures undertaken that the embedded lease has been accounted for appropriately, we have recommended to management, in the Action Plan at Appendix A, that the terms of asset leases are clearly documented going forward, in order for management to more clearly ascertain and document the appropriate accounting treatment, in particular given the forthcoming implementation of IFRS 16 from 1 April 2022. Inventories held in a new location – during the audit it transpired that inventories valued at £1.6m were held in a location which had not been advised to the audit team at the planning stage where stock count attendance was arranged. This required modification of the audit approach in respect of existence and valuation of inventories for the KIFM audit. The value of these inventories is not material from a group perspective. 	<p>At the time of writing, the audit of KIFM is nearing conclusion. The group audit team have reviewed the elements of the component auditor’s work which are material to the group position.</p> <p>As reported on page 3, in 2019/20, the group’s external auditors issued a qualified audit opinion on the basis that assurance could not be gained over the material accuracy of the inventory balance of £20.2m in the group’s Statement of Financial Position. This was because physical inventory counts were not undertaken at the financial reporting year-end, 31 March 2020, by the group’s management as a result of physical distancing restrictions in place due to the Covid-19 pandemic.</p> <p>The majority of these inventories are held within KIFM’s financial statements.</p> <p>Our anticipated audit opinion for the group’s financial statements for 2020/21 will also be modified in respect of this matter, as it impacts the comparability of the current year figures with the corresponding amounts in the 2019/20 financial statements.</p>

2. Financial Statements - matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

Significant matter	Commentary	Auditor view and management response
Significant events or transactions that occurred during the year – Conversion of DHSC loans to Public Dividend Capital	During the year, the DHSC converted £735m of loans held by the Trust to Public Dividend Capital. This resulted in a significant decrease in current liabilities in the Trust and group Statements of Financial Position, and a corresponding increase in PDC held in reserves.	Our audit procedures in this area are now complete. The conversion of borrowings to PDC is consistent with the measures put in place by DHSC to support NHS providers during the Covid-19 pandemic.
Significant events or transactions that occurred during the year – impairment of the Trust’s Critical Care Unit	During the year, the Trust brought its new Critical Care Unit into use. As at 31 March 2020, the land and buildings associated with this unit were held as ‘Assets Under Construction’ and valued on a historic cost basis as required by the Group Accounting Manual. Upon transfer to operational land and buildings, the Trust correctly revalued the assets on a depreciated replacement cost methodology on a modern equivalent asset basis. This resulted in an impairment charged to the income and expenditure reserve of around £50m.	Our audit procedures in this area are now complete. We are satisfied that the Trust has accounted for the transfer and impairment on an appropriate basis.
Significant events or transactions that occurred during the year – change in shares held in Viapath Group LLP	<p>King’s Commercial Services Limited (KCS), which is a consolidated subsidiary of the Trust, holds an investment in Viapath Group LLP which provides pathology services to the Trust along with Guys and St Thomas’s NHS Foundation Trust (Guys), which also holds an investment in the partnership, and other local healthcare providers.</p> <p>During the year, the shareholding position changed as KCS and Guys each bought out shares which were previously held by Serco, the third partner in the partnership. On 31 March 2021, a new partner, Synlab UK and Ireland, bought shares in the partnership from both KCS and Guys, which led to a further change in the shareholding structure.</p> <p>The valuation of the investment held at year-end was therefore classified as a significant audit risk for the statutory audit of KCS, which is a non-significant component of the group. A further challenge in determining the valuation as at 31 March 2021 is that the reporting period for Viapath is to 31 December, with the last available audited financial statements being as at 31 December 2019.</p> <p>The valuation of the investment held by KCS is not material to the group financial statements.</p>	<p>The audit team are satisfied from procedures undertaken that the interest in Viapath Group LLP is valued materially accurately as at 31 March 2021, and that this investment has been appropriately accounted for using the equity method. This is reflective of the fact that, although the group’s share of ownership has been diluted to 24.5%, the group retains significant influence over Viapath as there are two directors of the Trust on the Board of Viapath with veto voting rights on major decisions.</p> <p>The audit team are satisfied that the inconsistent reporting date of 31 December for Viapath, as compared to 31 March for the group, has not given rise to material errors on consolidation, or values of the entity as an associate disclosed in the group financial statements, as there have been no significant changes in the activities of Viapath since the last audited reporting date and income and expenditure streams have remained stable.</p>

2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £541.5m	<p>Other land and buildings comprises of £431.5m of specialised assets including King's College Hospital, Princess Royal University Hospital and Orpington Hospital, which are required to be valued at depreciated replacement cost (DRC) at year end, on a modern equivalent asset basis. Management have determined the amount of space and location required for ongoing service delivery in the light of their current and projected service needs and have instructed the valuer accordingly. The remainder of land and buildings are not specialised and are required to be valued in existing use. The Trust has engaged Avison Young to complete the valuation of properties as at 31 March 2021 on a desktop basis, with full revaluations being undertaken every five years. 100% of total land and buildings were revalued at 31 March 2021. The revaluation of properties has resulted in a net decrease of £37.2m. This is inclusive of an impairment of £50m in respect of the Trust's Critical Care Unit, as described on page 13 of this report, offset by increases in land values.</p> <p>For the purpose of the MEA valuation, the valuation of King's College Hospital, which is located at Denmark Hill, the Trust has chosen to use an alternative site methodology as permitted by the DHSC Group Accounting Manual, taking an average of locational factors across the Boroughs of Southwark, Lewisham, Lambeth and Bromley, where the patient population served by the Trust are located. The valuation of the Princess Royal University Hospital and Orpington hospital has been undertaken on the basis of the existing sites and footprints as these are considered to represent the most advantageous locations for service recipients of these hospitals.</p> <p>The total year end valuation of land and buildings was £541.5m, a net increase of £54.6m from 2019/20 (£487.5m). This increase also includes movements other than revaluations – including additions, depreciation and reclassification of the Critical Care Unit from Assets Under Construction (£94.6m).</p>	<p>From the procedures undertaken</p> <ul style="list-style-type: none"> We are satisfied that the valuation was undertaken by an expert of adequate qualification, who was independent from the Trust and group We are satisfied that the underlying information provided to the expert and used to determine the estimate was complete and accurate. We are satisfied from procedures undertaken that location assumptions used in valuation methodologies are appropriate. We are satisfied that the key inputs into individual valuation calculations selected for testing are reasonable. We are satisfied that accounting entries made in respect of valuation movements have been posted in accordance with the requirements of the accounting framework. We are satisfied that the disclosure of the estimate in the Trust and group financial statements is sufficient. <p>Aside from the findings detailed on page 10 and at Appendix C to this report, no issues have been identified through our assessment which require reporting to those charged with governance.</p>	Light Purple

Assessment

- [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
<ul style="list-style-type: none"> Property, Plant and Equipment: depreciation including useful life of capital equipment. 	Buildings are depreciated in accordance with the valuers estimation of value/remaining life. Equipment including IT is depreciated based on standard lives and estimates from relevant managers and contract lengths where relevant. For existing assets the source data is the carrying value at the start of the year. For existing buildings this was provided by the valuer. For other existing assets it is the brought forward depreciated replacement cost. For new assets it is the purchase cost during the year. For buildings this is the revaluation performed at year end. The point estimate for depreciation is generated by the asset register based on the inputs of costs and expected lives for each asset.	We have not identified any indication from our audit procedures to date that the estimate of the depreciation charge could be materially misstated. Management's policy is compliant with the applicable financial reporting framework and has been consistently applied.	Light purple
<ul style="list-style-type: none"> PFI liability 	The Trust is party to three PFI schemes in respect of two wings of King's College Hospital, the Princess Royal University Hospital building and the Princess Royal University Hospital managed equipment service. PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-Statement of Financial Position' by the Trust. The PFI liability is determined by the original financial models updated for inflation and relevant variations. The source data is derived from the financial model. Estimates are used for un-invoiced variations (or credits for insurance) based on estimates provided at the time of the variation or historic insurance rebates. The financial model template was developed by the Department of Health and HM Treasury. The Trust also maintains accounting models for each of its PFI schemes to generate the accounting entries made in each year.	We are currently reviewing the PFI models and the assumptions contained within them. This includes agreeing the key inputs from the operating model into the finance model. From our review, management's processes appear appropriate and no significant issues which would require reporting to those charged with governance have been identified.	Light purple

Assessment

- Dark Purple** We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- Blue** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- Grey** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- Light Purple** We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
<ul style="list-style-type: none"> Operating Expenditure: accruals and deferred income. 	<p>During the year, a new financial system was implemented which has enabled management to maintain improved control process in respect of accruals. Accruals of expenditure are recognised where costs have been incurred but not yet invoiced or processed for payment. The Trust makes a wide range of routine accruals depending on the service including unapproved invoices; spend on projects that they have identified as taken place, annual leave, salary recharges, outsourcing, drugs, payroll, bank and agency costs.</p> <p>Deferred Income: where income is received by the Trust and conditions over the use of that income have not yet been met, the income is accounted for as a liability and the liability released to income as and when conditions of the income received have been met.</p>	<p>As reported on page 9, across the sector, we identified a heightened risk that accruals or other accounting estimates impacting upon the net surplus/deficit position may be made in order to reach a predetermined outturn position, following changes in the funding regime and allocations made by NHSI, rather than basing accruals on the occurrence of the expenditure during the period as required by accounting standards. In a number of Trusts, reported accruals balances had increased significantly since 31 March 2020. This was not the case for the Trust and our testing to date has not identified any indication of management override in respect of accruals in this respect. The Trust's final outturn position was consistent with management reporting to the Trust Board throughout the year. Management's processes are compliant with applicable accounting frameworks and consistently applied.</p>	Light purple
<ul style="list-style-type: none"> Healthcare Revenues: prepayments and accrued income, provision for impairments for receivables. 	<p>Prepayments and Accrued Income: The majority of NHS Patient Income is fixed for 20/21. The main variable elements related to Covid 19 funding outside the block payment arrangement. Other income relates to education and training – which is broadly contract-driven – clinical services outside of the block payment and commercial revenues. Source data used to inform income accruals is activity-driven.</p> <p>Provision for impairments for receivables: patient care revenue is recognised in accordance with IFRS 15. Lifetime expected credit losses are calculated in accordance with IFRS 9 for non-patient care revenue. For NHS revenue, any inaccuracies are identified and resolved through the year-end agreement of balances exercise.</p>	<p>Our testing in this area is nearing completion. We are satisfied that management's revenue recognition policies are compliant with the relevant financial reporting frameworks and have been consistently applied.</p>	Light purple
<ul style="list-style-type: none"> Other critical policies 	<p>The Trust has broadly adopted the standard accounting policies as set out in the DHSC template. A number of queries were raised in respect of accounting policies disclosed in the first draft of the financial statements. We will ensure any amendments required have been made in our review of the final draft.</p>	<p>Subject to satisfactory resolution of the outstanding queries with management, no issues have been identified in respect of the Trust or group accounting policies which require reporting to those charged with governance.</p>	Light purple

Assessment

- **Dark Purple** We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- **Blue** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- **Grey** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- **2021 Grant Thornton UK LLP** Under management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit Committee. We have not been made aware of any significant incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	In our initial review of the financial statements, we identified that the subsidiary companies had not been identified as related parties from the Trust-only perspective. Management have agreed to amend this disclosure in the final draft of the statements, as documented at Appendix C. We are not aware of any other significant related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	Management and those charged with governance have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Trust, including specific representations in respect of the Group, to be signed alongside the final draft of the financial statements in advance of the conclusion of the audit.

2. Financial Statements - other communication requirements



Issue	Commentary
Confirmation requests from third parties	<p>We requested from management permission to send confirmation requests to the Trust and group’s banking providers. This permission was granted and the requests were sent. All of these requests were returned with positive confirmation.</p> <p>We requested management to send letters to those solicitors who worked with the Group during the year. Confirmations were received from all relevant parties.</p>
Accounting practices	<p>We have evaluated the appropriateness of the Trust’s accounting policies, accounting estimates and financial statement disclosures. Refer to page 14-16 of this report for a summary of our findings.</p>
Audit evidence and explanations/ significant difficulties	<p>All information and explanations requested from management has either been provided or is being prepared by management.</p>

2. Financial Statements - other communication requirements



Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management’s use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity’s ability to continue as a going concern” (ISA [UK] 570).

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> the use of the going concern basis of accounting is not a matter of significant focus of the auditor’s time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity’s services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Trust’s financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Trust meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> the nature of the Trust and the environment in which it operates the Trust’s financial reporting framework the Trust’s system of internal control for identifying events or conditions relevant to going concern management’s going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence from the Trust perspective to enable us to conclude that:</p> <ul style="list-style-type: none"> a material uncertainty related to going concern has not been identified management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate. <p>The group audit team also undertook a review of the component auditor procedures for KCH Interventional Facilities Management LLP, and are satisfied, subject to receipt of the outstanding formal letter of support from the Trust outlined on page 3, that no issues were identified which would give rise to material uncertainties from the group perspective.</p>

2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>The draft Annual Report was submitted to the audit team on 25 May 2021. This document was identified by management upon submission as not being complete and a number of auditor queries were raised in respect of the content. We have subsequently received a final draft of the Annual Report which includes all expected changes. Our anticipated opinion in this regard will be unmodified.</p>
Auditable elements of Remuneration Report and Staff Report	<p>We are required to give an opinion on whether the parts of the Remuneration Report and Staff Report subject to audit have been prepared properly in accordance with the requirements of the Act, directed by the Secretary of State with the consent of the Treasury.</p> <p>A number of immaterial amendments were required to the senior manager remuneration and pensions entitlement disclosures as a result of our audit procedures in this area. These have been processed by management in revised drafts of these disclosures, which have been included in the final draft of the Annual Report.</p> <p>As reported at Appendix C to this report under 'Misclassification and disclosure changes', the Trust also omitted to include the staff costs disclosure in the Staff Report which is required by the FT Annual Reporting Manual. Management have agreed to amend for this in the final draft of the Annual Report.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> - the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual reporting manual 2020/21, is misleading or inconsistent with the information of which we are aware from our audit - the information in the annual report is materially inconsistent with the information in the audited financial statements or apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit, or otherwise misleading. - if we have applied any of our statutory powers or duties. - where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness. <p>The draft Annual Governance Statement and Annual Report were submitted to the audit team on 25 May 2021, and were reviewed by the audit team. Following auditor queries, we received final drafts of these documents which included all expected changes. Our anticipated opinion in this regard will be unmodified.</p> <p>We have not applied any of our statutory powers or duties during the year.</p> <p>Our value for money work remains in progress, however from the procedures undertaken to date we do not anticipate reporting a significant weakness in the Trust's arrangements at this time.</p>



2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Review of accounts consolidation schedules and specified procedures on behalf of the group auditor	<p>We are required to give a separate audit opinion on the Trust accounts consolidation schedules and to carry out specified procedures (on behalf of the NAO) on these schedules under group audit instructions. In the group audit instructions the Trust was selected as a sampled component.</p> <p>Our audit procedures in this area are now complete and our anticipated opinion in this regard will be unmodified.</p> <p>Our assurance statement to the NAO will be submitted concurrently with the issue of our audit opinion.</p>
Certification of the closure of the audit	<p>We intend to delay the certification of the closure of the 2020/21 audit of King's College Hospital NHS Foundation Trust in the audit report, as detailed in Appendix E, until the findings from our Value for Money procedures have been reported in full to those charged with governance in the Auditor's Annual Report. This will be reported in advance of the deadline of 20 September 2021.</p>



3. Value for Money arrangements

Revised approach to Value for Money work for 2020/21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria.
- Auditors undertaking sufficient analysis on the Trust's VFM arrangements to arrive at far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

3. VFM - our procedures and conclusions

Our VFM work is subject to finalisation and findings will be set out in our Auditor's Annual Report, in advance of the deadline of 20 September 2021. A letter explaining the reporting timeframes for the VFM work in 2020/21 is presented to the audit committee alongside this report, and detailed at Appendix G.

As part of our work, we considered whether there were any risks of significant weakness in the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. We identified the risk set out in the table below, which was reported to the Audit Committee in our Audit Plan in March 2021. We have performed further procedures in respect of this risk and at this stage no significant weakness in the Trust's arrangements has been identified. This will be kept under review to the date of issuing our Auditor's Annual Report.

Risk of significant weakness	Procedures undertaken	Conclusion	Outcome
<p>Financial Sustainability</p> <p>The Trust submitted an operational plan for 2020/21 aimed at delivering to achieve a breakeven control total. However, in the prior years, the Trust has relied upon on rolling loan funding to cover basic operating costs. The financial system reset in 2020-21 has seen the Trust's extensive loans replaced by PDC and the current block funding basis has seen its cash position more stabilised. However, as future years' funding arrangement remain uncertain, this is still an area of potential concern. The final year end position in respect of the forward funding during the current year is a breakeven position, however the Trust has a history of large in-year deficits under more usual funding regimes.</p> <p>However, as the current arrangement is likely to be short term to support NHS bodies with the pandemic, there is the expectation that that future funding arrangements may once again prove challenging for the Trust to ensure it can run a balanced position.</p>	<p>We have:</p> <ul style="list-style-type: none"> reviewed the Trust's annual and medium term financial plans and assess the robustness of the plan for addressing the financial position assessed the effectiveness of the plan in supporting ongoing financial stability for the Trust. 	<p>At the time of writing, the funding arrangements for NHS providers have not been confirmed beyond the first six months of 2021/22, which makes it challenging for the Trust to plan with any certainty beyond this timeframe.</p> <p>Whilst future financial arrangements are not yet known, what is more certain is that the requirement for financial discipline will return in the short to medium term, and the factors which previously made this challenging for the Trust will still be present. This will include the achievement of significant savings plans (CIPs). Prior to the pandemic, the Trust had forecast the need to deliver over £40m of savings each year over to 2023/24, which is consistent with the level of delivery in 2019/20, but nonetheless challenging. Challenges in the planning, delivery and monitoring of CIPs will be exacerbated by broader uncertainties in the operating environment following emergence from the pandemic.</p> <p>We are satisfied from the procedures undertaken to date that, whilst the Trust has a history of large in-year deficits, management have a sound understanding of its underlying financial position, its cultural financial norms and the key demand-led drivers of previous budgetary overspends.</p> <p>It will be important for the Trust going forward to model scenarios for future funding, taking into account the increased role envisaged for the ICS, with an aim to prepare forecasts spanning further than a short-term horizon.</p> <p>By doing so, the Trust will be able to shape its future direction, focusing on genuine service transformation to improve patient care outcomes, rather than decision making to achieve immediate financial savings.</p>	<p>At this stage, a significant weakness in the Trust's arrangements for 2020/21 has not been identified. It will be important for the Trust to monitor and model future funding streams as these are confirmed to ensure it is able to play its part in working toward sustainable finances across the system in the medium term, and continuously improve patient care outcomes.</p>

4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2019 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D

Audit and non-audit services

No non-audit services are undertaken for the Trust by Grant Thornton UK LLP.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Transparency report 2020 \(grantthornton.co.uk\)](#)

Appendices

A. Action plan – IT General Control findings

To date, we have identified 12 recommendations for the group as a result of issues identified during the course of our audit, relating to the group’s IT General Controls environment. Four of these were classified as high priority, meaning they create a risk of significant misstatement in the financial statements or had a direct impact on the planned audit approach. These are set out below. The remaining recommendations are set out in the separate IT Audit Report which has been shared with the Trust’s senior management, including the Director of Finance and individuals responsible for implementing the recommendations.

At the time of writing, these recommendations have been discussed with management and responses are documented below. We will report on progress on these recommendations during the course of the 2021/22 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to those charged with governance in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
	<p>Inappropriate administrative access in Aptos and Sprinter application and database</p> <p>Administrative access has been granted to users who have financial or application development responsibilities. The combination of either financial or development responsibilities with the ability to administer end-user security is considered a segregation of duties conflict.</p> <p>It was noted that:</p> <ul style="list-style-type: none"> The Head of Finance Systems and the Finance Systems Developer have been granted administrator privileges to the Aptos and Sprinter applications and their underlying SQL database. A business user had been granted system administrator privileges to the Aptos SQL database. (continued on next page) 	<p>It is recommended that Management perform a review of users who have been assigned administrator privileges in key financial applications and their respective databases to assess whether this level of access is required for their current roles and responsibilities. Where this level of access is not necessary it should be revoked with immediate effect.</p> <p>The administrator access to Sprinter for the Financial Controller should be revoked immediately.</p> <p>Management response</p> <p>The Sprinter and Aptos systems are no longer operational (from 1st October 2020) and are held in read only mode. Access to the replacement system follows industry best practice roles and responsibilities and designed by Oracle and implemented by NEP (system host). No KCH member of staff has any administrator access to the Oracle system.</p>

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

A. Action plan – IT General Control findings – continued

Assessment	Issue and risk	Recommendations
	<p>(continued from previous page)</p> <p>We were unable to determine a complete and accurate population of administrative users in Sprinter during the period of audit however, we were informed that the Finance Systems Developer had both application and database level administrative access. In addition to this, we were also informed that the Financial Controller had administrative access to the Sprinter application.</p> <p>Risk</p> <p>Assigning excessive privileged access roles increases the risk that system-enforced internal control mechanisms could be bypassed resulting in users being able to:</p> <ul style="list-style-type: none"> • Make unauthorised changes to system configuration parameters. • Create unauthorised accounts. • Make unauthorised updates to user account privileges. • Make unauthorised updates to standing data. 	
	<p>Use and management of shared generic IDs in SQL databases.</p> <p>Our IT audit procedures identified that:</p> <ul style="list-style-type: none"> • There are two generic user IDs with administrative privileges to the Aptos SQL database. • There are four generic user IDs with administrative privileges to the Sprinter SQL database. • These six generic accounts are not proactively monitored. • The passwords for these six generic accounts are known by multiple individuals and are not changed after each use. (continued on next page) 	<p>It is recommended that:</p> <ul style="list-style-type: none"> • Users are allocated unique login IDs and passwords for logging into any database when performing administrative tasks. This will help to assign accountability if administrative privileges are misused. • Where the use of generic ID accounts is unavoidable their use should be proactively monitored with passwords being changed after every use. <p>Management response</p> <p>The Sprinter and Aptos systems are no longer operational (from 1st October 2020) and are held in read only mode. Access to the replacement system follows industry best practice roles and responsibilities and designed by Oracle and implemented by NEP (system host). No KCH member of staff has any administrator access to the Oracle system. Generic IDs are not in use for KCH users in Oracle.</p>

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

A. Action plan – IT General Control findings – continued

Assessment	Issue and risk	Recommendations
	<p>(continued from previous page)</p> <p>Management were unable to provide a valid business reason to support the continued need for these accounts.</p> <p>Risk</p> <p>When allowing multiple user access to generic IDs, a lack of proper management can result. Generic IDs increase the risk associated with accountability, affecting the transparency and auditing trail that corresponds with the IDs.</p> <p>Excessive access to the database could result in financial data being changed or deleted without authorisation, impacting on its completeness and accuracy.</p>	
	<p>Use of generic privileged accounts within Active Directory (AD).</p> <p>The Trust currently has 39 user IDs in AD with SYSTEMADMIN privileges, one of which is a generic account. There are also a further 26 user IDs in AD with Domain Admin privileges, all of which are generic.</p> <p>Whilst we were able to evaluate the appropriateness of the 38 named users, we were unable to evaluate the governance of the 27 generic accounts as the Trust did not provide sufficient information when requested.</p> <p>We note that the Trust has deployed Netwrix Auditor to monitor privileged account activity however, we were not provided with evidence of follow up investigative actions for event notifications during the period of review.</p> <p>Risk</p> <p>The use of generic or shared accounts with high-level privileges increases the risk of unauthorised or inappropriate changes to the application or database. Where unauthorised activities are performed, they will not be traceable to an individual. (continued on next page)</p>	<p>Management should undertake a review of all user accounts in Active Directory to identify all generic and privileged accounts. For each account identified, management should confirm the:</p> <ul style="list-style-type: none"> • requirement for the account to be active and be assigned privileged access; • which users have access; and • controls in place to safeguard the account from misuse. <p>Where possible, privileged generic accounts should be removed, and individuals should have their own uniquely identifiable user accounts created to ensure accountability for actions performed.</p> <p>Alternately, management should implement suitable controls to limit access and monitor the usage of these accounts (i.e., through increased use of password vault tools / logging and periodic monitoring of the activities performed). Where monitoring is undertaken this should be formally documented and recorded.</p> <p>Management response</p> <p>Findings are noted however, an email showing a member of the IT security team following up a Netwrix alert was made available to the audit team. The IT security team offered to make available evidence of the privilege account audit via teams. ICT security carry out privilege account audits and it is in the coming year’s workplan to perform one</p>

Controls

- High – Significant effect on control system
 - Medium – Effect on control system
 - Low – Best practice
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A. Action plan – IT General Control findings – continued

Assessment	Issue and risk	Recommendations
	<p>(continued from previous page)</p> <p>The excessive use of accounts with privileged access increases the risk of end-users being able to:</p> <ul style="list-style-type: none"> change system configuration settings without authorisation and approval. read and modify sensitive data. create, modify or delete user accounts without authorisation, delete or disable system audit logs. 	
	<p>Management of privileged user accounts in ESR</p> <p>Our audit procedures identified one user who had been assigned the Local HRMS Systems and User Administration User Responsibility Profile (URP) who left the Trust in 2018 and had not been removed from the ESR system. While further audit procedures verified that the account had not been logged into since October 2018, it is good practice to ensure accounts are revoked on a timely basis.</p> <p>It was also identified that for one user (213SFRANCH2), who had been assigned the Local HRMS Systems Administration and Local HRMS User Administration URPs, there was no evidence to support the authorisation and continued appropriateness of access.</p> <p>Risk</p> <p>Where system access for leavers is not disabled in a timely manner, there is a risk that former employees will continue to have access and can process erroneous or unauthorised access transactions. There is also a risk that these accounts may be misused by valid system users to circumvent internal controls.</p> <p>Users with administrative privileges at application level have the ability to bypass system-enforced internal control mechanisms and may compromise the integrity of financial data.</p>	<p>Management should undertake a review of all user accounts on ESR to identify all privileged accounts. For each account identified management should confirm:</p> <ul style="list-style-type: none"> the requirement for the account to be active and be assigned privileged access; which users have access; and controls in place to safeguard the account from misuse. <p>Management should also remind staff of the process for requesting and authorising access to the ESR system to ensure that they adhere to established procedures.</p> <p>Management response</p> <p>This will be reviewed.</p>

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

A. Action plan – Audit of Financial Statements

We have identified the following recommendation for the group and Trust as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2021/22 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to those charged with governance in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
	<p>Fully-depreciated assets not written out of the fixed asset register</p> <p>Through auditor testing of the existence of property, plant and equipment assets held in the opening balances, it was identified that the fixed asset register and property, plant and equipment disclosure note included assets with a gross value of £45.2m which had been fully depreciated. Of these, £2.5m related to IT assets which had been transferred from South London Healthcare Trust upon its demise in 2014, which were no longer in use and should have been written out. Management were unable to conclude whether all of the remaining affected assets remained in use during the year, and whether any assets no longer in use were appropriately written out.</p> <p>Risk</p> <p>Whilst there is no impact on the Statement of Financial Position, given that the assets in question have a nil net book value, there is a risk of overstatement of the brought forward gross cost/valuation and accumulated depreciation balances disclosed in the associated notes to the financial statements.</p>	<p>Management should obtain corroborating evidence for brought forward gross cost/valuation and accumulated depreciation balances to support the balances disclosed within the notes to the financial statements in future years</p> <p>Management should implement a proactive procedure for identifying and recording assets which have been disposed of or brought out of use as part of the annual financial statements closedown and ensure that associated processes and controls are adequately documented.</p> <p>Management response</p> <p>Agreed – a full review of the Fixed Asset Register and capital accounting processes is scheduled for 2021-22. This will include write out of nil net book value assets.</p>

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

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A. Action plan – Audit of Financial Statements (continued)

Assessment	Issue and risk	Recommendations
	<p>Information provided to valuations specialist</p> <p>During auditor testing of property valuations, it was identified that for one revalued property, the Trust's external valuation specialist had used a floor area in their calculation which did not correspond to that held within the Trust's internal estates records.</p> <p>Upon further investigation, it was identified that this was due to the Trust not informing the valuer that the floor area for the relevant building had been updated.</p> <p>Risk</p> <p>There is a risk that, where outdated information is used in property valuation calculations, this could result in materially inaccurate valuation results at the reporting date.</p> <p>We are satisfied that this has not led to a material error in the 2020/21 financial statements, however the estimated impact has been included in the schedule of unadjusted misstatements at Appendix C.</p>	<p>Management should ensure that data being used by their valuation specialist in calculations of year-end valuations is updated and that the valuation specialist is informed where significant changes to floor areas have occurred in-year.</p> <p>Management response</p> <p>Agreed – additional checks on this will be carried out in future.</p>
	<p>Data used in calculation of holiday pay accrual</p> <p>It was identified in auditor testing of the expenditure accrual recognised in respect of untaken annual leave, that an estimation process is applied by management whereby employees with no untaken hours recorded on the Healthroster system are assumed to have recorded their annual leave incorrectly and the minimum annual leave hours is input. This is unlikely to represent actual annual leave balances for individuals with nil hours recorded.</p> <p>This resulted in an overstatement of the annual leave accrual recognised in the 2020/21 financial statements, as detailed in the schedule of unadjusted misstatements at Appendix C.</p> <p>Risk</p> <p>There is a risk that if the calculation of the estimate are not based on accurate data, the annual leave accrual could be misstated.</p>	<p>Management should refine their process for calculation of this estimate to use, where possible, actual untaken leave balances for each employee in the Healthroster system.</p> <p>Management response</p> <p>Agreed – the calculation will be reviewed in the current year.</p>

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

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A. Action plan – Audit of Financial Statements (continued)

Assessment	Issue and risk	Recommendations
	<p>Journals posted without approval</p> <p>We identified in our testing of journal entries that there was a two-week period in late 2020 where the automated journal entry approval control process in the Oracle financial reporting system was not operating effectively. This meant that journal entries posted during this period were not subject to review and approval by a second user at the time of posting. The journal entries were reviewed retrospectively, as part of month 7 budget monitoring, however this is in less detail than a review undertaken at the time of posting.</p> <p>Risk</p> <p>Lack of journal entry approvals give rise to an increased risk of management override of controls, or insufficient review of entries, and consequent misstatement of the financial statements due to fraud or error</p>	<p>Management should implement a contingency approval process for journal entries instances where the automated approval process embedded within the Oracle system fails to operate effectively.</p> <p>Management response</p> <p>Agreed – while this is considered to be a rare situation, the Trust will document a contingency procedure.</p>
	<p>Journal entries posted by senior finance personnel</p> <p>Following the transfer of the financial ledger system in October 2020, we identified that a number of journal entries to align the new ledger system had been posted by the Director of Financial Operations. Whilst the appropriate approval process had been followed, and this situation arose as a result of workload pressures following the system transfer, it is unusual for journal entries to be posted by senior finance personnel.</p> <p>Risk</p> <p>There is a risk of reduced levels of scrutiny and therefore opportunity for management override of control, where financial accounting entries are posted by senior financial officers.</p>	<p>Management should ensure that journal entries are only posted by senior finance personnel in exceptional circumstances.</p> <p>Management response</p> <p>Agreed – a small number of journals were input by senior officers due to the exceptional circumstances following system transfer. This is unlikely to be repeated, but will be documented if it does recur.</p>

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

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A. Action plan – Audit of Financial Statements (continued)

Assessment	Issue and risk	Recommendations
	<p>Transaction listings provided for operating expenditure and income testing</p> <p>Our audit approach requires that we test a sample of operating expenditure and income which impacts upon the Statement of Comprehensive Income for the period subject to audit. This includes separate testing of debit and credit entries, where material, to ensure that neither side is materially misstated. During the audit, significant delays were encountered in receiving listings which were appropriately cleansed of reversing transactions which had nil impact on the financial statements. This resulted in increased sample sizes and the requirement for the audit team to replace significant volumes of items originally selected for testing, as many of these were found to be reversals of other entries.</p> <p>Risk</p> <p>Inability to cleanse operating expenditure and income transaction listings creates a risk of delays to the audit process, as it increases the likelihood of the need to replace sampled items which have nil impact on the Statement of Comprehensive Income, and increases sample sizes required.</p>	<p>Management should collaborate with the audit team to ensure that transaction listings provided for the 2021/22 audit and beyond are appropriately cleansed of transactions having nil impact on the financial statements.</p> <p>Management response</p> <p>Agreed – there were a higher than usual number of adjusting entries in 2020-21 due to the system changeover. Additional procedures to streamline audit listings will be developed.</p>
	<p>Documentation of embedded lease agreements with subsidiaries</p> <p>We identified that the Trust recognised material finance lease liabilities relating to embedded leases with subsidiary undertakings. The terms of these lease agreements were not clearly defined in formal documentation, which led to additional audit procedures being required to assess whether the accounting treatment applied was appropriate.</p> <p>Risk</p> <p>There is a risk that, where terms of lease arrangements are not clearly defined, inappropriate accounting treatment is applied which, given the high value of leased assets, bears a risk of resulting in material misstatement of the financial statements.</p>	<p>Management should ensure that arrangements in place for leases of assets with subsidiary undertakings are clearly documented.</p> <p>Management response</p> <p>Agreed – previous documentation was available in support of the lease status, but this has been significantly enhanced.</p>

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

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B. Follow up of prior year recommendations

The group's outgoing external auditors identified the following issues in the audit of King's College Hospital NHS Foundation Trust's 2019/20 financial statements, which resulted in one new and three carried forward recommendations being reported in their 2019/20 Audit Findings report.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p><u>Historic Revaluation Adjustment</u> The Trust's revaluation account workings did not take account of an element of the reserve relating to past indexation of equipment totalling £4.9m. Part of this amount (approximately £0.9m) related to assets which had been disposed of. A transfer should have been made from the revaluation reserve to the income and expenditure reserve when each related asset was derecognised. Accounting guidance does not require this transfer, although not doing so would result in the permanent retention of the portion of the revaluation reserve relating to assets that have been disposed of. The auditors recommended that the Trust considers making this transfer going forwards.</p>	<p>Management agreed to post a correcting journal entry between reserves in 2020/21. We are satisfied that this has been actioned and the recommendation from the prior year is now closed.</p>
✓	<p><u>Control weaknesses in PBR data processing</u> The outgoing auditors reported in 2018 that there were a large number of manual data transfers from source systems through to the data warehouse. This increases the risk of data loss and they recommended that management seeks to automate these data transfers to provide assurance over the transfer of data. In 2019, they recommended that the audit committee obtain an update on the implementation of this recommendation.</p>	<p>Management advised that data transfers have been automated wherever possible and a specific review of this area will be undertaken. The PBR system was suspended during 2020/21 as a response to the Covid-19. No issues were identified in relation to data transfers from source systems during the audit. Given it is not clear, at the time of writing, if or when this system will resume, this audit recommendation has been closed.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

B. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p><u>Disaster recovery testing</u></p> <p>Disaster recovery testing provides the organisation with assurance that in the event of an incident their planned procedures will work to restore the IT environment in an adequate timeframe.</p> <p>The outgoing auditors reported in 2018 that table-top exercises had been performed in year to provide some reliance, but a full restore had not been performed and recommended that management considers the need for a full disaster recovery test on a regular basis. In 2019 they recommended that the audit committee obtain an update on the implementation of this recommendation.</p>	<p>Disaster recovery testing has been considered as part of the audit assessment of the IT General Control Environment in 2020/21, with no exceptions noted. Therefore, we consider this issue to be closed.</p>
✓	<p><u>Audit trail</u></p> <p>There were a number of issues in the quality of audit trail between ledgers and financial statements or timing of receipt which included:</p> <ul style="list-style-type: none"> • Adjustments were made between the version of the trial balance provided and the consolidation working paper. • The consolidation working paper provided was not prepared at a note line level and it was not clear how codes mapped through to the financial statements. • Some consolidation journals had, in effect, been recorded in the Trust only information. This reduces the clarity of the supporting working paper and contributed to a misstatement of £20m in a disclosure about the Trust's revenue. • The audit trail between the Property, Plant and Equipment note and the fixed asset registers maintained by the Trust and KFM and other supporting information was unclear. This took time to resolve and contributed to errors in the disclosure. • There was typically a delay in receiving audit trail to support changes between versions of the financial statements. • Information to support individual amounts was unclear or required correction including NHS income and research and development income. <p>These issues make effective management review difficult and complicate and lengthen the audit process.</p>	<p>Management advised that audit trail paperwork would be enhanced by the establishment of group accounting via the ledger, rather than manually on a spreadsheet. Changes would be made via journal and be traceable and auditable, as well as being produced at line level. This is now possible within the new finance system the Trust has in place. The manual process of consolidation also led to delays in producing required paperwork.</p> <p>No issues were identified in the current year audit, therefore we consider this issue to be closed.</p>

Assessment

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X Not yet addressed

C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All non-trivial adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2021.

Detail	Statement of Comprehensive Income £'000	Statement of Financial Position £'000	Impact on adjusted net surplus/(deficit) £'000
Double-counting of property valuation movements (Trust only)	(1,479)	3,335 (non-current assets)	(1,479)
During our testing of property revaluations, we identified that revaluation movements recorded in respect of a number of assets had been double-counted in the general ledger and financial statements. The resulting errors in the financial statements for individually and cumulatively non-trivial adjustments were as follows:		(1,856) (revaluation reserve)	
		(1,479) (income and expenditure reserve)	
<ul style="list-style-type: none"> Infill 4 building – overstatement of impairments recorded in the Statement of Comprehensive income of £1,479k; overstatement of impairments recorded in the Revaluation Reserve of £1,856k; corresponding understatement of non-current assets of £3,335k. 			
This amendment also had corresponding impacts on the Cash Flow Statement, Statement of Changes in Equity, note 7 relating to impairments (note 6 in the final financial statements), note 10.2 relating to property, plant and equipment (note 9.2 in the final financial statements), and note 22 relating to the revaluation reserve (note 21 in the final financial statements).			
Overall impact	(1,479)	0	(1,479)

C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified to date which have been made in the final set of financial statements. This will be updated to the date of issuing our auditor's report.

Disclosure omission	Adjusted?
<p><u>Cash flow statement (Trust only)</u></p> <p>Management identified that repayment of the capital element of finance lease liabilities had not been appropriately disaggregated in the Cash Flow Statement. This led to an amendment of £4,002k in the 'Capital element of finance lease repayments' line under 'Cash flows from financing activities', as well as corresponding corrections to the 'Increase in trade and other payables' and 'Other movements in operating cash flows' in the 'Non-cash income and expense' section, and 'Purchase of property, plant and equipment' and 'Sale of property, plant and equipment' in the 'Cash flows used in investing activities' section. There is no impact on the Statement of Financial Position or Statement of Comprehensive Income.</p>	✓
<p><u>Critical judgements – Note 1.4.1 (group and Trust)</u></p> <p>In the draft financial statements, management had included disclosure of a judgement relating to the write off of revenue or provision against the probability of not being able to collect debt. Upon review, management concluded that this did not meet the definition of a critical judgement as it did not meet the definition of a critical judgement set out in IAS 1, being 'the judgements, apart from those involving estimations... that have the most significant effect on the amounts recognised in the financial statements' (IAS 1.122).</p> <p>Management have removed these disclosures in the final draft of the financial statements.</p> <p>Management also revised their disclosure of critical judgements made in applying accounting policies to the judgement made around the timing of the transfer of the Trust's Critical Care Unit from assets under construction to operational land and buildings, to ensure the judgements applied and their impact on the financial statements were clearly explained.</p> <p>A further narrative explanation of the impact of this judgement on the financial statements was also included in note 7 relating to impairments (note 6 in the final financial statements).</p>	✓
<p><u>Estimation uncertainty – Note 1.4.2 (group and Trust)</u></p> <p>Management revised their disclosure of sources of estimation uncertainty to include commentary around the level and source of uncertainty around property valuations and the future unitary charge commitments in respect of PFI contracts, which they considered carried a significant risk of a material adjustment to the carrying value of associated assets within a 12-month timeframe, as required by IAS 1.125-133.</p> <p>These disclosures were amended to include reference to the carrying values of associated assets and liabilities, and sensitivity analyses based on potential changes to underlying assumptions built in to the calculations of the estimates.</p> <p>The disclosure note was also amended to remove references to sources of estimation uncertainty which, upon review, management concluded did not carry a significant risk of a material adjustment to the carrying value of associated assets or liabilities within the next reporting period, in order to avoid obscuring material information.</p>	✓

C. Audit Adjustments

Misclassification and disclosure changes (continued)

Disclosure omission	Adjusted?
<p><u>Operating lease commitments – Note 3.2 (group and Trust)</u></p> <p>Through our testing of future commitments arising under operating lease arrangements, we identified that the future commitments disclosed in respect of rental of buildings was overstated by £5,475k, of which £422k related to commitments falling not later than one year, £2,258k related to commitments falling between one and five years, and £2,795k related to commitments falling later than five years. There is no impact on the financial statements as this disclosure shows items to be charged to operating expenses in future years, arising from commitments in place as at 31 March 2021.</p>	✓
<p><u>Limitation of auditor liability – Note 3.4 (group and Trust)</u></p> <p>The draft financial statements disclosed that there was no limitation on auditor liability. The contract in place between the Trust and group and Grant Thornton, indicates that limitation of liability is set at £5m.</p> <p>Management agreed to update the relevant disclosure note to reflect the contractual limitation of liability in the final draft of the financial statements.</p>	✓
<p><u>Finance leases – Note 10.2 (Trust – first draft), Note 9.2 (Trust – final draft); Note 18 (Trust – first draft), Note 17 (Trust – final draft)</u></p> <p>In the draft financial statements submitted for audit, the disclosure note relating to finance leases as a lessee held by the Trust erroneously showed nil values in all fields. This had also impacted upon the net book value of assets held on finance leases as disclosed in the property, plant and equipment disclosure note.</p> <p>Management subsequently provided a revised version of the disclosure notes including the relevant figures, totalling £60.4m net finance lease liabilities and £61.8m net book value of assets held on finance leases at 31 March 2021 respectively. The updated disclosure notes are expected to be included in the final draft of the financial statements.</p>	✓
<p><u>Investments – Note 11.1 (group and Trust – first draft); Note 10.1 (group and Trust – final draft)</u></p> <p>Management amended their disclosure to amend references to the Trust's investment in NIHR/Wellcome Trust Clinical Research Facility as joint ventures, given that the group and Trust do not have any investments in joint ventures, to mitigate the risk of obscuring relevant and material information.</p> <p>The disclosure note was also updated to reflect the fact that the investment in the most significant associate, Viopath Group LLP, is held by the Trust's subsidiary undertaking KCH Commercial Services Ltd, and is therefore relevant to the group financial statements but not those of the Trust.</p>	✓
<p><u>Receivables – Note 13.1 (group and Trust – first draft); Note 12.1 (group and Trust – final draft)</u></p> <p>In reviewing the first draft of the financial statements, it was identified that £63.7m of loans granted to subsidiaries had been misclassified as 'contract receivables' instead of 'other receivables due from subsidiaries' in the Trust's receivables disclosure note. This had been amended for in the final draft of the financial statements.</p> <p>In addition, through review of the DHSC Agreement of Balances mismatch report, it was identified that the disclosure of receivables due from NHS and DHSC group bodies was understated by £4.0m in the first draft of the financial statements. Management have amended this error in the final financial statements.</p> <p>In both cases, there is no impact on the Statement of Financial Position.</p>	✓

C. Audit Adjustments

Misclassification and disclosure changes (continued)

Disclosure omission	Adjusted?
<p><u>Cash and cash equivalents – Note 14 (group and Trust – first draft); Note 13 (group and Trust – final draft)</u></p> <p>In the first draft of the financial statements, a classification error was identified in the disclosure note whereby £0.4m of cash held with the Government Banking Service had been erroneously included within the balance disclosed as being held with commercial banks. Management have amended for this in the final draft of the financial statements. There is no impact on the Statement of Financial Position or Cash Flow Statement.</p>	✓
<p><u>Payables – Note 15 (group and Trust – first draft); Note 14 (group and Trust – final draft)</u></p> <p>Through review of the DHSC Agreement of Balances mismatch report, it was identified that the disclosure of payables due to NHS and DHSC group bodies was overstated by £1.2m in the first draft of the financial statements. Management have amended this error in the final financial statements. There is no impact on the Statement of Financial Position</p>	✓
<p><u>Carrying value of financial liabilities – Note 24.5 (group and Trust – first draft); Note 23.5 (group and Trust – final draft)</u></p> <p>Through review of the financial liabilities disclosure note, it was identified that the carrying value of 'provisions under contract' in both the group and Trust disclosure included £473k of provisions relating to a HMRC VAT review. The nature of this provision is such that it arises under statute rather than contract, and as such does not represent a financial liability. In the final draft of the financial statements, this has been removed resulting in a reduction in the carrying value disclosed. There is no impact on the Statement of Financial Position.</p>	✓
<p><u>Related parties – Note 27 (group and Trust – first draft); Note 26 (group and Trust – final draft)</u></p> <p>The draft related parties disclosure note required amendment to reflect the subsidiaries as related parties from the Trust only perspective, and the removal of quantified transactions and balances with DHSC group entities, as required by the Group Accounting Manual.</p> <p>Management have agreed to update this disclosure note in the final draft of the financial statements.</p>	✓
<p><u>Remuneration report</u></p> <p>In review of the salary and pensions disclosures included in the remuneration report, a number of amendments were made from the first to final drafts. These included:</p> <ul style="list-style-type: none"> • Additional narrative around reasons for the year-on-year change in the fair pay multiple, and revision of the multiple disclosed as a result of incorrect underlying data having been used initially. • Addition of the disclosure of staff costs, corresponding to the relevant disclosure made in the financial statements. • Amendment to the format of the disclosure of exit packages paid and accrued during the year • Various individually immaterial presentational amendments to the disclosures of pay and pensions elements for individual senior managers. We are satisfied that all individual amendments fall below the threshold for trivial adjustments using the separate materiality levels determined for these disclosures. <p>A number of other minor presentational, classification and disclosure amendments were made between the draft and final versions of the financial statements, to ensure that disclosure notes and accounting policies were consistent with the Group Accounting Manual and relevant to the Trust and group.</p>	✓

C. Audit Adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2020/21 audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Statement of Comprehensive Income £'000	Statement of Financial Position £'000	Impact on adjusted net surplus/ (deficit) £'000	Reason for not adjusting
<p>Holiday pay accrual (group and Trust)</p> <p>Through auditor testing of the expenditure accrual recognised in respect of untaken annual leave, we identified that, due to estimation procedures used in the closedown process, incorrect untaken hours had been used in the calculation for 642 employees. Additional audit procedures were undertaken and management have determined that the maximum possible impact of this issue is an overstatement of £3,467k in expenditure accruals, with a corresponding overstatement of employee benefits expenditure. A control recommendation has been raised at Appendix A in respect of the deficiency identified in management's process for calculating this estimate.</p>	(3,467)	3,467	(3,467)	<p>The figure disclosed represents the maximum possible impact of the deficiency in closedown procedures, and is not a factual error which could be amended for.</p> <p>Extensive further analysis would be required by management to determine the exact impact. Given that this error has not given rise to a material misstatement of the financial statements, no amendment has been made.</p> <p>In 2020/21, given that funding was allocated by NHSI to NHS providers to compensate them for increases in annual leave accruals incurred as a result of the impacts of Covid-19, it is likely that had management formed a closer estimate and adjusted the financial statements, the impact detailed in the table would have been offset by a corresponding reduction in funding, in the final settlement which is due in August 2021.</p>
<p>Patient care income recorded relating to the prior year (group and Trust)</p> <p>We identified in our testing of patient care income, that net credits of £3,904k had been recognised in 2020/21, which related to settlements from 2019/20. This has the impact of overstatement of patient care income in the Statement of Comprehensive Income in the current year, and a corresponding understatement of patient care income in the prior year.</p>	3,904 (2020/21) (3,904) (2019/20)	0	3,904 (2020/21) (3,904) (2019/20)	<p>This income was not recognised in the 2019/20 financial statements, therefore has been recognised by management in the first period in which the error was identified. This is appropriate under applicable financial reporting standards.</p> <p>This represents an immaterial difference in the outcome of an estimate which was made as at 31 March 2020 and therefore does not represent an 'error' in accordance with IAS 8.</p>

C. Audit Adjustments

Impact of unadjusted misstatements (continued)

Detail	Statement of Comprehensive Income £'000	Statement of Financial Position £'000	Impact on adjusted net surplus/ (deficit) £'000	Reason for not adjusting
<p>Patient care income which has not materialised (group and Trust)</p> <p>In audit testing of patient care income, the audit team identified two sample items whereby income had been accrued for the month of March 2021 but was subsequently reversed as it became apparent that the Trust would not receive this income. The factual misstatement identified was £26k. The table shows the extrapolated impact across the patient care income which was subject to this sample test. This represents a potential overstatement of patient care income in the Statement of Comprehensive Income and a corresponding overstatement of trade receivables in the Statement of Financial Position.</p>	1,118	(1,118)	1,118	This is an extrapolated estimated misstatement and does not represent a factual error. Therefore, it would not be appropriate for management to adjust the financial statements.
<p>Discrepancy in floor areas used in property valuations (group and Trust)</p> <p>During our testing of property valuations, we identified that for one revalued property, the Trust's external valuation specialist had used a floor area for a site which did not correspond to that held within the Trust's internal estates records.</p> <p>Upon further investigation, it was identified that was due to the Trust not informing the valuer that the floor area for the relevant building had been updated. A control recommendation has been raised in this regard in the Action Plan at Appendix A.</p> <p>The error has led to an approximate overstatement of the valuation of buildings and a corresponding overstatement in the revaluation reserve.</p>	0	(1,691) (PPE) 1,691 (Revaluation Reserve)	0	<p>The value in the table is an approximation based on calculations undertaken by the audit team. In order to enable the Trust to adjust the financial statements, this calculation would need to be verified by an independent valuation specialist.</p> <p>Given that the value is not material to the financial statements, management have chosen not to undertake additional valuations in 2020/21. This will be rectified through the valuation process undertaken to support the 2021/22 financial statements.</p>
Overall impact	(1,555) (2020/21) (3,904) (2019/20)	2,349	(1,555) (2020/21) (3,904) (2019/20)	

C. Audit Adjustments



Impact of prior year unadjusted misstatements - Trust

The table below provides details of adjustments identified by the outgoing auditors during the prior year audit which had not been made within the final set of 2019/20 financial statements. Management elected not to adjust the financial statements in respect of these items as they did not consider them to be material.

Detail	Statement of Comprehensive Net Income £'000	Statement of Financial Position £' 000	Impact on adjusted net surplus/ (deficit) £'000
Incorrect share of jointly controlled asset	3,000	(3,000)	3,000
Invalid entries in GRNI account	(100)-(600)	100-600	(100)-(600)
Reclassification of non-current assets	0	0	0
Reclassification of debit balances in trade payables	0	0	0
Reclassification of amounts due to subsidiaries (Trust-only)	0	0	0
Errors in cut-off on liabilities and stock (identified in 2018/19)	(2,400)	2,400	(2,400)
Recording of finance lease transactions (Identified in 2018/19)	(800)	800	(800)
Overall impact (Group)	0 - 500	0-(500)	0 - 500
Overall impact (Trust)	2,200	(2,200)	2,200

D. Fees

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

Audit fees	Proposed fee	Final fee
Trust and Group Audit	176,000	TBC
Audit of subsidiary company KCH Interventional Facilities Management LLP	47,000	TBC
Audit of subsidiary company KCH Commercial Services Limited	12,000	TBC
Audit of subsidiary company KCH Management Limited	12,000	TBC
Total audit fees (excluding VAT)	£247,000	TBC

The budgeted fees reconcile to the financial statements.

No non-audit or audited related services have been undertaken for the group.

E. Audit opinion

For the audit of the financial statements for the year ended 31 March 2021 the National Audit Office (NAO) have confirmed we are not required to produce an Enhanced Audit Report. Our audit opinion is included below.

We anticipate we will provide the group with the following audit report.

Independent auditor's report to the Council of Governors of King's College Hospital NHS Foundation Trust

Report on the Audit of the Financial Statements

Qualified opinion on the financial statements

We have audited the financial statements of King's College Hospital NHS Foundation Trust (the 'Trust') and its subsidiaries (the 'group') for the year ended 31 March 2021, which comprise the Consolidated Statement of Comprehensive Income, the Statements of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 7 of the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021.

In our opinion, except for the possible effects on the corresponding figures of the group of the matter described in the Basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the financial position of the group and of the Trust as at 31 March 2021 and of the group's expenditure and income and the Trust's expenditure and income for the year then ended;
- have been properly prepared in accordance with international accounting standards, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for qualified opinion

Due to the operational reasons arising from the Trust's response to the Covid-19 pandemic in March 2020 it was not practicable for management to perform physical counting of inventories and as a result the predecessor auditor was not able to observe the counting of physical inventories held at 31 March 2020 or satisfy themselves by using other audit procedures concerning the inventory quantities held at that date, which had a carrying amount in the Statement of Financial Position of the group of £20 million. Consequently, the predecessor auditor was unable to determine whether any adjustment to this amount

at 31 March 2020 was necessary and the predecessor auditor's opinion on the financial statements for the year ended 31 March 2020 was modified accordingly. Since opening inventories affect the determination of the surplus or deficit for the year and the income and expenditure reserve balance, our opinion on the financial statements of the group for the year ended 31 March 2021 is also modified because we were unable to determine the possible effect of this matter on the comparability of the current year's figures and the corresponding figures. In addition, were any adjustments to the group opening inventory balance to be required, the Performance Report would also need to be amended.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Accounting Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the Trust to cease to continue as a going concern.

In our evaluation of the Accounting Officer's conclusions, and in accordance with the expectation set out within the Department of Health and Social Care Group Accounting Manual 2020 to 2021 that the group and Trust's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and Trust. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and Trust and the group and Trust's disclosures over the going concern period.

E. Audit opinion (continued)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Accounting Officer with respect to going concern are described in the 'Responsibilities of the Accounting Officer and Those Charged with Governance for the financial statements' section of this report.

Other information

The Accounting Officer is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

As described in the basis for qualified opinion section of our report, the predecessor auditor was unable to satisfy themselves concerning the inventory quantities of £20 million held by the group as at 31 March 2020. Since opening inventories affect the determination of the surplus or deficit for the year and the income and expenditure reserve balance we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the disclosure requirements set out in the NHS foundation trust annual reporting manual 2020/21 or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit:

- the parts of the Remuneration Report and the Staff Report to be audited have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 7 of the National Health Service Act 2006; and
- based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust, the other information published together with the financial statements in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under Schedule 10 (3) of the National Health Service Act 2006 in the course of, or at the conclusion of the audit; or
- we refer a matter to the regulator under Schedule 10 (6) of the National Health Service Act 2006 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the incurring of unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.

We have nothing to report in respect of the above matters.

Responsibilities of the Accounting Officer and Those Charged with Governance for the financial statements

As explained more fully in the Statement of the Chief Executive's responsibilities as the accounting officer, the Chief Executive, as Accounting Officer, **set out on page x**, is responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions included in the NHS foundation trust annual reporting manual 2020/21, for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the group's and the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer has been informed by the relevant national body of the intention to dissolve the Trust and the group without the transfer of the services to another public sector entity.

The Audit Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the group and Trust's financial reporting process.

E. Audit opinion (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Trust and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (international accounting standards and the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021).
 - We enquired of management and the Audit Committee, concerning the group and Trust's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
 - We enquired of management, internal audit and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the group and Trust's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and fraudulent income and expenditure recognition. We determined that the principal risks were in relation to:
 - journal entries posted which met a range of criteria determined during the course of the audit, in particular those posted around the reporting date which had an impact on the Consolidated Statement of Comprehensive Income
 - accounting estimates made in respect of accruals of expenditure and deferral of income around the reporting date.
 - Our audit procedures involved:
 - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
 - journal entry testing, with a focus on entries meeting the criteria determined by the engagement team;
 - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings valuations and accruals of income and expenditure;
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
 - These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
 - The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land and buildings valuations and accruals of income and expenditure.
 - Assessment of the appropriateness of the collective competence and capabilities of the group and Trust's engagement team and component auditors included consideration of the engagement team's and component auditor's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the health sector and economy in which the group and Trust operates

E. Audit opinion (continued)

- understanding of the legal and regulatory requirements specific to the group and Trust including:
 - the provisions of the applicable legislation
 - NHS Improvement's rules and related guidance
 - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the group and Trust's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, financial statement consolidation processes, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the group and Trust's control environment, including the policies and procedures implemented by the group and Trust to ensure compliance with the requirements of the financial reporting framework.
- For components at which audit procedures were performed, we requested component auditors to report to us instances of non-compliance with laws and regulations that gave rise to a risk of material misstatement of the group financial statements. No such matters were identified by the component auditors.

Report on other legal and regulatory requirements – the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

Our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Trust's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in our Audit Completion Certificate. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2021.

Responsibilities of the Accounting Officer

The Chief Executive, as Accounting Officer, is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

Auditor's responsibilities for the review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under paragraph 1 of Schedule 10 of the National Health Service Act 2006 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Trust plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Trust ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Trust uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Trust has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for King's College Hospital NHS Foundation Trust for the year ended 31 March 2021 in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice until we have completed our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources.

E. Audit opinion (continued)

Use of our report

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Trust's Council of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Council of Governors, as a body, for our audit work, for this report, or for the opinions we have formed.

Signature:

Paul Dossett, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

London

29 June 2021

F. Management Letter of Representation

We have requested the following letter of representation from management:

Grant Thornton UK LLP
110 Bishopsgate
London
EC2N 4AY

29 June 2021

Dear Sirs

King's College Hospital NHS Foundation Trust
Financial Statements for the year ended 31 March 2021

This representation letter is provided in connection with the audit of the financial statements of King's College Hospital NHS Foundation Trust and its subsidiary undertakings, KCH Commercial Services Ltd, KCH Management Ltd and KCH Interventional Facilities Management LLP for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the group and Trust financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards, the NHS Foundation Trust Annual Reporting Manual and the Department of Health and Social Care Group Accounting Manual 2020/21 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the group and Trust's financial statements in accordance with International Financial Reporting Standards, the NHS Foundation Trust Annual Reporting Manual and the Department of Health and Social Care Group Accounting Manual 2020/21 ("the GAM"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the group and Trust and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Trust has complied with all aspects of contractual agreements that could have a material effect on the group and Trust financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of land and buildings, impairments, accruals of income and expenditure, valuation of PFI liabilities and expected credit loss allowances. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the GAM and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the GAM and adequately disclosed in the financial statements.
- vi. We are satisfied that the value of the impairment of the Trust's Critical Care Unit recognised in the financial statements has been calculated using appropriate methods, data and significant assumptions to achieve recognition, measurement and disclosure that is reasonable in accordance with the GAM.
- vii. In calculating the amount of income to be recognised in the financial statements from other NHS organisations we have applied judgement, where appropriate, to reflect the appropriate amount of income expected to be derived by the group and Trust in accordance with the International Financial Reporting Standards and the GAM. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with International Financial Reporting Standards and the GAM, and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.
- viii. We acknowledge our responsibility to participate in the Department of Health and Social Care's agreement of balances exercise and have followed the requisite guidance and directions to do so. We are satisfied that the balances calculated for the Trust ensure the financial statements and consolidation schedules are free from material misstatement, including the impact of any disagreements.
- ix. Except as disclosed in the group and Trust financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the [group and] Trust has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

F. Management Letter of Representation

- x. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the GAM.
- xi. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the GAM require adjustment or disclosure have been adjusted or disclosed.
- xii. We have only accrued for items received before the year-end.
- xiii. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The group and Trust financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xiv. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Trust and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- xv. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xvi. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xvii. We have updated our going concern assessment. We continue to believe that the group and Trust's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:
- the nature of the group and Trust means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
 - the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
 - the group and Trust's system of internal control has not identified any events or conditions relevant to going concern.
- xviii. We are satisfied that all income received during the year ended 31 March 2021 has been recognised in the financial statements, except where the group and Trust had an explicit mandate to defer the income into 2021/22.
- xix. We are satisfied that all accruals of expenditure recognised in the 2020/21 financial statements relate to expenditure in respect of goods or services which occurred during the year ended 31 March 2021.
- Information Provided**
- xx. We have provided you with:
- access to all information of which we are aware that is relevant to the preparation of the group and Trust's financial statements such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of your audit; and
 - access to persons within the Trust via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic, from whom you determined it necessary to obtain audit evidence.
- xxi. We have communicated to you all deficiencies in internal control of which management is aware.
- xxii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xxiii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xxiv. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group and Trust, and involves:
- management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.

F. Management Letter of Representation

- xxv. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxvi. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxvii. We have disclosed to you the identity of the group and Trust's related parties and all the related party relationships and transactions of which we are aware.
- xxviii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxix. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Trust's risk assurance and governance framework, and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Annual Report

- xxx. The disclosures within the Annual Report fairly reflect our understanding of the group and Trust's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Trust Board at its meeting on 29 June 2021.

Yours faithfully

G. Audit letter in respect of delayed VFM work



For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours faithfully

Paul Dossett
Partner

Our ref:
Your ref:

Akhter Mateen
King's College Hospital NHS Foundation Trust
King's College Hospital
Denmark Hill
London
SE5 9RS

Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG
T +44 (0)20 7383 5100
F +44 (0)20 7184 4301

22 June 2021

Dear Akhter

Under the 2020 Code of Audit Practice, at local NHS bodies we are required to issue our Auditor's Annual Report at the same time as our opinion on the financial statements or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation.

As a result, we have therefore not yet issued our Auditor's Annual Report, including our commentary on arrangements to secure value for money. We now expect to publish our report no later than 20 September 2021.

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Council of Governors

Report to:	The Council of Governors
Date of meeting:	9 th September 2021
Presented by:	Sir Hugh Taylor, Chairman
Prepared by:	Siobhan Coldwell, Trust Secretary
Subject:	Revisions to the Constitution
Action Required:	For discussion and decision

5

Summary

It is good practice for Foundation Trusts to review and update their constitutions on a regular basis. The Council of Governors established a small working group to undertake this review. Following discussions with the working group a number of revisions are being proposed. The key changes can be summarised as follows (n.b. paragraph numbering refers to the paragraphs in the constitution):

1. The language of the constitution has been gender neutralised in line with current legal practice.
2. The Governor positions allocated to partnership organisations has been updated to reflect the current partnership landscape. (para 12.19)
3. The section on the lead governor has been expanded (para 14.2) and now outlines the process for appointing a lead governor as well as the responsibilities of the role.
4. The term of office for NEDs has been clarified (para 18.6).
5. The definition of a 'significant transaction' has been expanded (para 28.2), in line with the model constitution.
6. The public constituencies have been updated and expanded (Annex 1).

Decisions for the Council of Governors

The Council of Governors is asked to approve the proposed revisions to the constitution including:

- endorsing the updates to language (pt 1 above) and the expanded definition of 'significant transaction' (pt 5 above),
- agreeing the allocation of seats to partnership allocations (pt 2 above),
- approving on the new section on the appointment and role of the Lead Governor (pt 3 above),
- confirming that the Trust continues to offer its NEDs a term of 4 years, with the option of two terms of 4 years (pt 4 above),
- changing the Lewisham seat to a South East London seat, to recognise changes to pathways within the local system. (pt 6 above), and
- creating a new London constituency which means the addition of 1 public governor (offset by the loss of a CCG governor) (pt 6 above).

Detailed Report

The Governor's working group have considered the current constitution and are recommending a number of revisions to the Council of Governors. A full revised document can be made available to Governors on request. The key changes can be found at appendix 1 below.

Significant Transaction

The current version of the constitution requires to the Board of Directors to seek approval from the Council of Governors before entering into any 'significant transactions', but does not define 'significant transaction'. In order to provide clarification, the constitution has been expanded to include the definition that is widely used by Foundation Trusts (as per the model constitution).

Lead Governor

The Constitution allows for the appointment of a lead governor, but provides no guidance as to appointment process, tenure and role description. This has now been rectified.

NED Tenure

In relation to the NED term of office, the revisions reflect the Trust's current practice. A review of the appointments of longer standing NEDs on the Board indicates that this has been in place for some time. It is also in line with the constitution of Guy's and St Thomas' NHS Foundation Trust, a key partner.

It is worth noting that the NHS Code of Governance recommends that NEDs should be appointed for 3 year terms (maximum 2 terms). It states that:

Any term beyond six years (e.g., two three-year terms) for a non-executive director should be subject to particularly rigorous review, and should take into account the need for progressive refreshing of the board. Non-executive directors may, in exceptional circumstances, serve longer than six years (e.g., two three-year terms following authorisation of the NHS foundation trust) but this should be subject to annual re-appointment. Serving more than six years could be relevant to the determination of a non-executive's independence.

The Code of Practice is based on the principle of 'comply or explain', in other words compliance is not mandatory. However, the Trust should have a rationale for continuing to deviate from the norm and should be ready to disclose this in its annual report.

King's is a large and challenged organisation that operates in a complex and ever-changing partnership landscape. It continues to face financial and operational performance challenges. Leadership stability will be increasingly important as the Board works to deliver sustained improvement on behalf of patients and staff **and it is therefore recommended that the Trust continues to offer its NEDs a term of 4 years, with the option of two terms of 4 years.**

Constituencies

The description of the public constituencies is outlined in Annex 1 of the Constitution. Governors will be aware that the geographical constituencies, whilst generally reflective of patient flows, were formulated before the creation of the Integrated Care System for South East London, and are felt to be too tightly drawn when considering NED recruitment. Recent recruitment exercises have confirmed that without significantly affecting the balance of the Council of Governors itself, the Trust would benefit from the creation of a wider public constituency, to strengthen the depth of our field for NED roles, in a way that is commensurate with the scale and ambition of the Trust and brings it into line with other tertiary Trusts in London.

The Trust is limited in its options with regards these changes, due to the NHS Act 2006 which places the following limitations:

- *Paragraph 16(4) of Schedule 7 to the NHS Act 2006 provides that a person may only be appointed as a NED if:*
 - (a) *He is a member of a public constituency or the patients' constituency; or*
 - (b) *Where any of the corporation's hospitals includes a medical or dental school provided by a university, he exercises functions for the purposes of that university.*

Paragraph 7 of Schedule 7 to the NHS Act 2006 provides that members of a constituency (or classes within a constituency) may elect any of their number to be a member of the Council of Governors.

The Constitution has been updated as follows:

- **The Lewisham constituency has been widened to cover the remain boroughs in the SEL System – LB Bexley and LB Greenwich**
- **An additional public constituency has been added to cover the rest of London.**

Appendix 1: Summary of Changes

The following paragraphs are extracted from the proposed revised Constitution. The sections highlighted in red are the proposed additions.

MERGERS AND SIGNIFICANT TRANSACTIONS

- 28.1 The Trust may only apply for a merger, acquisition, separation or dissolution with the approval of more than half of the members of the Council of Governors.
- 28.2 The Trust may enter into a Significant Transaction only if more than half of the members of the Council of Governors voting approve entering into the transaction.

"Significant Transaction" means:

- 28.2.1 the acquisition of, or an agreement to acquire, whether contingent or not, assets the value of which is more than 25% of the value of the Trust's gross assets before the acquisition; or
- 28.2.2 the disposition of, or an agreement to dispose of, whether contingent or not, assets of the Trust the value of which is more than 25% of the value of the Trust's gross assets before the disposition; or
- 28.2.3 a transaction that has or is likely to have the effect of the Trust acquiring rights or interests or incurring obligations or liabilities, including contingent liabilities, the value of which is more than 25% of the value of the Trust's gross assets before the transaction.
- 28.3 For the purpose of this paragraph 28.2:
- 28.3.1 "gross assets" means the total of fixed assets and current assets;
- 28.3.2 in assessing the value of any contingent liability for the purposes of sub-paragraph 28.2.3, the Directors:
- 28.4 The views of the Council of Governors will be taken into account before the Trust enters into any proposed transaction which would exceed a threshold of 10% for any of the criteria set out in paragraph 28.2 (a "Material Transaction").

LEAD GOVERNOR

14.2 The Council of Governors may elect a lead governor.

14.2.1 When a vacancy occurs, an appointment meeting of the Council of Governors shall be called.

14.2.2 Any Governor with at least one year of their term remaining, may nominate themselves for the office of Lead Governor by giving notice to the Chair at least ten clear days before the Appointment Meeting.

14.2.3 As long as at least one nomination has been received in accordance with paragraph 14.2.1, the Council of Governors shall appoint the Lead Governor at the Appointment Meeting.

14.3 If:

- one nomination has been received, the nominated Governor shall be appointed Lead Governor at the Appointment Meeting;
- more than one nomination has been received, the Council of Governors shall choose the Lead Governor by paper ballot at the Appointment Meeting, and if there is an equality of votes, the tied nominees shall draw lots to decide which of them shall be chosen;
- no nomination has been received, the office shall lie vacant until the next Appointment Meeting.

14.4 The Lead Governor may resign from the office at any time by giving written notice to the Chair, and shall cease to hold the office immediately if they cease to be a Governor.

14.5 If a Lead Governor ceases to hold office during their term, the second- placed nominee in the last ballot for the office shall be offered the opportunity to assume the vacant office for the unexpired balance of the retiring Lead Governor's term. If that candidate does not agree to fill the vacancy it will then be offered to the third-placed nominee and so on until the vacancy is filled. If no candidate is available or willing to fill the vacancy, the office shall remain vacant until the next Appointment Meeting.

14.6 The Lead Governor's duties shall be as follows:

- facilitating communication between Governors and members of the Board of Directors;
- assisting the Chair in settling the agenda for meetings of the Council of Governors and other meetings involving Governors;
- chairing the Council of Governors when required to do so by the Standing Orders attached at Annex 2;
- contributing to the appraisal of the Chair in such manner and to such extent as the person conducting the appraisal may see fit;
- initiating proceedings to remove a Governor where circumstances set out in this Constitution for removal have arisen (without prejudice to the right of any other Governor to initiate such proceedings);
- liaising, as appropriate, with councils of governors for other NHS Foundation Trusts, and
- such other duties, consistent with the 2006 Act and this Constitution, as may be approved by the Governors.

Terms of Office

18.6 The non-executive Directors (including the Chair) shall be eligible for appointment for two four year terms of office, and in exceptional circumstances a further term of two years. No non-executive Director (including the Chair) shall be appointed to that office for a total period which exceeds ten years in aggregate.

Partnership Constituencies

12.9 The South East London Clinical Commissioning Group shall be entitled to appoint two System Governors in accordance with a process of appointment agreed with the Secretary. The absence of any such agreed process shall not preclude the organisation from appointing its System Governors.

**Geographical Constituencies:
 (Annex 1 in the Constitution)**

<i>Previously just Lewisham</i> SEL System constituency	All of the electoral wards in the London Boroughs of Bexley, Greenwich and Lewisham	20	1
<i>New</i> Public Constituency– the rest of England and Wales	All other electoral wards and boroughs in England and Wales not included above	20	1

QPPC 29.07.2021

Notes from Hilary Entwistle Governor Observer

Working hard to mitigate the 3 near misses in patients taking their own lives

Colposcopy harm review

- Discussions of risks of staff working from home and mitigation

Adult safeguarding

- A relatively new area growing fast. A stable team despite Covid with Learning Disability (LD) service becoming closer. Aided by moving to the Hambleden Wing where it is more accessible and sitting with Children’s safeguarding
- Plan
 - Easy read material for making complaints
 - Work to electronically flag LD patients to be able to monitor waiting lists and restraints. (not available at present)
 - Put effort into building a relationship with Healthwatch

Infection Prevention Control

- Increased rates of Klebsiella and VRE infections – linked to more patients in ICU/multiple IV lines and beds closer together
- C diff increase (higher than GSTT and LGT) but met the trajectory of 5% reduction
- Highest use of the antibiotic meropenem in London.
 - Need work on antibiotic stewardship
 - Need peer review culture
- Some infections e.g. flu have reduced with improved hand hygiene and PPE during covid
- Estates fabric causes risks e.g. water and ventilation system – planned programme
- ***KCH is the only teaching hospital in London without an infectious disease consultant/team***

Complaints

- New Patient Experience Lead “a breath of fresh air”. Now felt to have a good team
- Main theme of complaints is communication with patients and relatives
- Educational plan to address this, particularly with staff whose first language is not English
- Action plan to improve complaints performance – 38% increase in complaints in last year – average 85 complaints/month – only 33% responded to in timeframe (target 100%). (DGH average 45 complaints/month)
- Old complaints – meet in person to apologise and learn
- New complaints – deal with now

PALS – not collected data about what people have been saying – frustration about not being able to contact people

- Care groups – encouraged to send earlier letters to patients re incidents/apologies
- Informal complaints - ? tracked but not captured

- Outcomes of complaints – not reported - Opportunity for richer analysis – by department/demographics etc.
- Need to use patient stories more for learning
- NHS framework – where complaints are upheld/not upheld creates a defensive culture.

Possibility of using governors to look at how we might look at qualitative info from complaints. Looking at quality and outcomes rather than quantities

Safety alerts – Roisin Mulvaney

- Opportunity for learning from elsewhere. New policy to refine responses
- Steroid emergency card – overdue – on risk register – process in place to identify whose task it is to provide them
- Annual audit plan on closed events – re continued implementation (may be the cause of never events)

DATIX cloud IQ implementation

- Safety alert module going live next month – less typing for staff
- Neonatal death @ PRUH birthing unit – changes being looked at

CQC surprise visit on 26.7.21 – picked up on the clutter in the waiting areas – ED team were confident and articulate – CQC surprised by how busy the dept was and the volume of people using it as a way to be seen

COVID admissions

- Average age 40 – average stay 3 days – patients presenting earlier in the disease
- 68% unvaccinated – 24% critical care admissions – only 1 in critical care unvaccinated
- Lambeth and Southwark have low vaccine rates

Workforce

- Vacancy rate just over the trust target of 10% - slight increase in turnover – younger people moving away
- Sickness absence increased but now coming down
- Appraisal – below target – extended window – better recording – ensure health and wellbeing are recorded
- Medical appraisal and job planning below target but improving with much effort
- NHS people plan – central London document – 6 chapters with useful specific actions – link in to Kings plans

Integrated performance report

- Increase of 50 people/day at PRUH – put down to difficulty with GP access
- Central Govt talking about military assistance to ambulance service
- Cancer exceeding pre-covid levels -reduction in longest waiting patients
- Emergency care pressures risk affecting elective recovery
- Making contact with people on the waiting list (**as a result of governor input**) is working well
- Some (not much) swapping of patients across provider collaborative. PRUH received imports from LGT. EPIC will make sharing patients on waiting lists easier

Notes of Finance and Commercial Committee

Time of meeting: 9.00-11.00am

Date of meeting: 22 July 2021

Governor Observers: David Tyler (Patient), Akash Deep (Staff)

This was the first FCC meeting attended by the new Governor Observers taking over from Carole Olding and Paul Cosh. Lorcan Woods CFO helpfully offered an induction session to be arranged in order to provide an introduction to NHS financing.

Points of note were:

- **IN YEAR FINANCIAL REPORTING 2021**

For June 2021 (M3) the Trust had reported a £0.2m deficit resulting in a YTD deficit of £1.9m pre-ERF (Elective Recovery Fund) income driven by incremental spend on reset and recovery activity. An indicative ERF figure of £12.1m has been calculated for months 1-3, which would lead to a YTD surplus of £10.2m. The Trust has signed off on a control total of £7.1m surplus for the first 6 months of this year reflecting plans submitted to NHSI.

The Trust exited 2020/21 with a pay bill of £813m (approx. half of total expense) resulting in a monthly average of £67.7m. The pay run-rate is consistent over Q1 of this year. When comparing to previous months, substantive recruitment has increased and this is being offset by reducing temporary staffing spend. The current year average is £67.8m but is expected to increase in line with increasing reset & recovery activity.

With respect to capital at M3 the trust is forecasting annual expenditure of £54.1m which results in an adverse variance of £3.4m against plan.

FCC was asked to note the programmes of work and expenditure forecasted for this financial year and recognise the constrained capital position. The Trust's key strategic projects have financial commitments over a number of years. This also needs to be factored when planning for future programmes

- **SUBSIDIARIES**

Reports were provided by King's Facilities Management and King's Commercial Services.

- **SUSTAINABILITY**

In October 2020 NHSEI published its report 'Delivering a Net Zero National Health Service' and outlined its intention to deliver net zero carbon by 2040 for the emissions within their direct control (NHS Carbon Footprint), and 2045 for those emissions which they can influence through supply chain (NHS Carbon Footprint Plus).

Following this, the Trust's carbon footprint baseline has been calculated and a Green Plan developed, to set out the strategy for achieving net zero carbon by 2040. The Green Plan breaks down the components of the Trust's carbon footprint, measures and benchmarks the Trust's current energy and carbon performance, sets key interim targets and lists the steps required to achieve those targets.

The FCC was asked to review and approve the Green Plan to signal the Trust's commitment to lead the way among other NHS Trusts in this agenda.

DT

Patient Experience & Safety Governor Committee

Minutes of the **Patient Experience & Safety Committee (PESC) meeting**

Thursday 6th May 2021 at 16:00 – 18:00hrs

MS Teams – Video Conference

Present:

Victoria Silvester	Public Southwark Governor (Chair)
Jane Allberry	Lead Governor/Public Southwark Governor
Hilary Entwistle	Public Southwark Governor
Billie McPartlan	Patient Governor
Kirsty Alexander	Patient Governor
Tony McPartlan	Public Bromley Governor
Jane Clark	Public Bromley Governor
Barbara Goodhew	Public Lambeth Governor
Carole Olding	Staff Governor, Nurses and Midwives
Claire Wilson	Staff Governor, Allied Health Professionals, Scientific and Technical
Nicholas Campbell-Watts	Non-Executive Director
Professor Jonathan Cohen	Non-Executive Director

In attendance:

Samantha Gradwell	Head of Patient Safety
Joanna Haworth	Deputy Chief Nurse
Jonathan Lofthouse	Site Chief Executive, PRUH & South Sites
Emma Symes	Associate Director of Nursing
Ian Taylor	Head of Security
Siobhan Coldwell	Trust Secretary and Head of Governance
Tara Knight	Corporate Governance Officer (Minutes)

Apologies:

Jessica Bush	Head of Engagement and Patient Experience
Ashley Parrott	Director of Quality Governance
Stephanie Harris	Public Southwark Governor
Phidelda Lisowska	Nominated Governor, Joint Staff Committee

Item	Subject	Action
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21/15 Welcome, Introductions and Apologies

Apologies for absence were noted for:

- Jessica Bush - Head of Engagement and Patient Experience
- Ashley Parrott - Director of Quality Governance
- Stephanie Harris - Public Southwark Governor
- Phidelda Lisowska - Nominated Governor, Joint Staff Committee

21/16 Declarations of Interest

No interests were declared.

Item	Subject	Action
21/17	<p>Minutes of the Previous Meeting – 11.02.2021</p> <p>The minutes of the previous meeting held on 11th February 2021 were accepted as an accurate record of the meeting.</p>	
21/18	<p>Matters Arising/Action Tracker</p> <p>The Committee reviewed the action tracker. The following updates were noted:</p> <ul style="list-style-type: none"> <p>Action 20/10: CQC Mock Inspections The Chair requested that the action remains open until restrictions ease and Governors can be invited to take part.</p> <p>Action 20/53-1: Quality Priorities - Reducing Harm to Deteriorating Patients The original query related to whether the tablets to record observations would be assigned to each bed or if there would be one tablet per ward. The Trust Secretary will report back on this at the next meeting. A broader discussion around deteriorating patients was had at the last Quality, People and Performance Committee.</p> <p>Action 21/03-1: Patient information on Admission and Discharge Comments from Governors were fed back to the team. However, no changes will be made to the current version of leaflets as printing and roll out has already commenced. Governors should be involved before leaflets are published in order to make their involvement meaningful. An email will be circulated to Governors to request involvement in the workstream groups dealing with this type of improvement work.</p> <p>Action 21/05-2: Patient Experience Report – Quarter 3 An analysis of inpatient comments on the theme “Comfort” was circulated to the Committee. The committee to be informed about whether the report has been circulated to the relevant departments.</p> <p>Action 20/54-1: Disability & Accessibility Update There will be a session on the subject at the Council of Governors meeting.</p> 	<p>S Coldwell</p> <p>S Coldwell</p> <p>J Bush</p>

The Committee were informed that a significant Business Case has been signed off for a new brand of patient entertainment system, which will roll out in August.

PATIENT SAFETY & RISK MANAGEMENT

21/19 Patient Safety Report – Quarter 4

The Committee received the Patient Safety Report for quarter 4 and noted the following:

- The Trust has seen a reduction of incidents being reported in both the first and second wave of the COVID pandemic. The first wave of COVID had a greater reduction in reported incidents.
- Security have reported the highest number of incidents.

Item	Subject	Action
	<ul style="list-style-type: none"> • The number of Serious Incidents have increased over the last 3 months, particularly in A&E. • The serious incident backlog is being addressed, although the second wave of COVID has caused a further backlog. • In April, 22 Serious Incidents from the backlog were closed, although 55 cases are now sitting with the CCG awaiting sign off. • It has been agreed that reports will be shared with families who are significantly distressed, prior to CCG sign off. A clear explanation will be given that the reports are draft and may change. • The Amber reports continue to increase. There remains a significant backlog of amber reports that are overdue. Any reports that required immediate action have been addressed and learning implemented. Training for staff on how to complete reports is required to improve quality. • The Harm Free Care programme has commenced to look at falls and pressure ulcers and gather data to identify root causes and themes. • Two never events were reported in quarter 4. There have been two reported never events in Ophthalmology this year. The Corporate Medical Director has planned a risk summit and observation studies will be carried out by the Patient Safety Manager. 	

Inpatient Falls Prevention

Emma Symes, Associate Director of Nursing, presented the Inpatient Falls Prevention paper to the Committee. The following points were highlighted to the Committee:

- The Trust aims to reduce the number of inpatient falls by 10% (based on the average from the last 3 years of data).
- Falls have decreased between Mar 20-Mar 21 and the level of harm remains below the national average.
- Peaks in the number of falls and number of injuries were noted during Wave 1 and Wave 2 of COVID-19.
- Several contributory factors causing these peaks include:
 - Short staffing/increased staff sickness
 - Increased acuity and dependency of patients
 - Decreased nurse to patient ratios
 - Redeployed staff working in unfamiliar environments
 - Patients at high risk of falls undesirably transferred to side rooms due to testing positive for COVID-19.
- Due to the predominantly older population at the PRUH and South Sites, there is a consistently higher number of falls on these sites.
- Monthly Harm Free Care Forum reviews all moderate and severe harms caused by falls.
- Various training and refresher courses available for staff.
- Additional bed and chair sensors procured centrally and distributed by the Falls team to hot spot areas.
- Oversight with the Trust's Serious Incident Committee and Patient Safety Committee.

The Committee were informed that outpatient falls are also monitored and harm levels reviewed.

Item	Subject	Action
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Pressure Ulcers Prevention

The Committee received the Pressure Ulcer Prevention paper and the following was noted:

- The Trust aims to reduce the number of hospital acquired pressure ulcers by 10% (based on the average from the last 2 years of data).
- There were peaks in hospital acquired pressure damage during Wave 1 and Wave 2 of COVID-19.
- The contributory factors to these peaks are similar to those outlined above for the increase in inpatient falls. Additionally, there was an increase in critical care occupancy with patients requiring multiple organ failure support and proning alongside decreased nurse to patient ratios.
- Due to the predominantly older population at the PRUH and South Sites, there is a consistently higher number of pressure ulcer injuries on these sites.
- Training available to staff to promote awareness of skin damage and how they can aid prevention and management.
- Pressure relieving equipment available for staff to use when required. The Trust will shortly be trialling pressure relieving mattresses.
- Reporting of pressure ulcer data will be presented at the Nursing and Midwifery Board on a monthly basis for review and discussion.
- The monthly Harm Free Care forum will have oversight of the tracker, which will be presented for assurance at the Trust's Serious Incident Committee and Patient Safety Committee.
- There is currently very little benchmarking data available for hospital acquired pressure ulcer injuries. The Committee felt that it would make an excellent project to establish some baseline parameters.

21/20 King's Security Service

The Head of Security gave an overview of the Security Service at King's and the Committee noted the following:

- King's College Hospital is one of the UK's largest and busiest teaching Hospitals and has one of the busiest Emergency Departments.
- KCH sees the largest number of Mental Health patient attendances in the UK.
- The hospital reports between 3 and 4 thousand security incidents every year.
- The Security Teams consists of around 40 team members, including 24 Security Officers and 4 Helideck Security Officers. The hospital employs around 13.500 staff.
- The hospital is located in Lambeth, which is where 25% of all London gangs operate. Lambeth also has the highest number of shootings in London.
- Security concerns range from assaults and violent behaviour towards staff to parking issues. The majority of assaults are quite minor in nature.
- The Security department offers training in Conflict Resolution and Breakaway and works closely with local police services and Safer Neighbourhood Teams.
- The Security Department are responsible for alarms, CCTV (over 1000 cameras) and access control.

Item	Subject	Action
	<ul style="list-style-type: none"> The PRUH currently has contracted security, which the Trust is in the process of bringing in-house. 	
	PATIENT EXPERIENCE	
21/21	Nutrition and Hydration Delivery Group Update	
	<p>The Deputy Chief Nurse presented an update on the Nutrition and Hydration Improvement Programme, which was established at the beginning of March. The Committee noted the following:</p> <ul style="list-style-type: none"> National and local data on patient feedback evidence that nutrition and hydration for patients requires vast improvement. The programme includes a multi-disciplinary approach that involves dietitians, speech and language therapists, patients, governors and colleagues from the Equality, Diversity and Inclusion team. The programme has six workstreams which all have patient involvement. In addition, a patient reference group is being established that can give feedback on areas of work. Patient engagement is key as well as involvement from front line staff – hostesses and catering managers. Newly refreshed patient menus will be rolled out across the organisation from next week. Governors were invited to contact the Deputy Chief Nurse if they are interested in joining any of the workstream groups. <p>The Committee highlighted that there have been concerns about the quality of food provided for patients. The Committee were informed that there are NHS Food Standards, which have recently been revised, that the Trust adheres to. Governors were invited to give specific feedback on issues with food quality directly to the Deputy Chief Nurse.</p> <p>The Committee highlighted that there had been concerns raised in the past regarding the lack of on call/duty dietitians at the weekend for patients with cystic fibrosis who require specific diets that can only be signed off by a dietician. The Deputy Chief Nurse will inquire about this with the team.</p>	J Haworth
21/22	Draft Quality Account – 2020/2021	
	<p>The draft Quality Account was not discussed at the meeting. A separate meeting will be arranged within the next two weeks and guidance on what governors should be commenting on will be provided. Governors were invited to send in questions and/or comments before the meeting.</p> <p>The Deputy Chief Nurse informed the Committee that the Consultant that oversees the work for South East London on improving outcomes for people with 'Long COVID', would be happy to attend a PESC meeting and present on the subject.</p>	S Coldwell
21/23	Digital Outpatients Presentation	
	<p>The Site Chief Executive for PRUH and South Sites presented an update on Outpatient Transformation, and the Committee noted the following:</p>	

Item	Subject	Action
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- The first phase of the 18 month transformation journey has been rolled out at the PRUH and South Sites over the last six months. Roll out at Denmark Hill started last month.
- The Trust sees around 1.6m outpatients every year and carries out around 31 thousand operations. The Digital Outpatients programme seeks to enhance the quality and choices of interaction for patients and provide a more responsive and flexible service.
- Video consultation clinics were launched in March at the PRUH and will be rolled out in the next 8 – 10 weeks at Denmark Hill. Remote pre-operative assessments have commenced across a number of areas at the PRUH.
- Clinical leads will make the decision on whether a face to face consultation is the best option in each case.
- Correspondence via email, two way text messaging and bot-chat via the website have been implemented, as well as interactive Kiosks with video links.
- The Trust offers multiple layers of communication preferences to ensure accessibility, including written letters and leaflets available in 99 different languages, mobile/media communications and audio format, which is available in 15 spoken languages.
- Initial feedback indicates that 70% of patients are happy to interact with the Trust using a digital platform.
- Tools within the system allow for real-time feedback from patients in many of the services.
- Due to the pandemic, the Trust now has very long waiting patient lists. The portal allows for rapid validation and risk review for very long waiting patients.
- Equality Impact and Information Governance reviews took place before the roll out of the new model. In terms of resilience and robustness, the portal tool provider is a brand leading private provider used by the UK Government.
- Across South East London, 25% of outpatient activity must move to a virtual format. The Trust will face contractual penalties if this is not complied with.

GOVERNOR FEEDBACK

21/24 Feedback from Governors on Patient Safety and Experience Activities, 11.02.2021 – 06.05.2021

Kirsty Alexander – Patient Governor

- **22.03.2021** - SLaM recovery college "Understanding Epilepsy"
- **24.03.2021** - End of Life Care Group
- **25.03.2021** - SLaM recovery college "Understanding Epilepsy"
- **13.04.2021** - Neurosciences Patient Advisory Group
- **15.04.2021** – Quality, People and Performance Committee

Jane Allberry – Lead Governor, Southwark

- Jo Haworth's sessions on assessing King's in terms of patient experience policy and practice
- A number of SEL wide and King's meetings on cancer patient experience
- **23.02.2021 - The neuroscience PPV Group NOT Bold please**
- **13.04.2021** - Neuroscience PPV Group

Item	Subject	Action
	Stephanie Harris – Public Governor, Southwark <ul style="list-style-type: none"> <li data-bbox="375 409 1263 493">• 08.03.2021, 28.04.2021 - Meetings with Lucy Hamer, KCH Patient Engagement and Experience Manager to discuss better representation of patients' views on mind and body care <li data-bbox="375 499 1170 527">• 14.04.2021 - King's College Hospital Mental Health Delivery Group <li data-bbox="375 533 1235 560">• 20.04.2021 - Kings' Health Partners Mind & Body Expert Advisory Group 	
	Tony McPartlan – Public Governor, Bromley <ul style="list-style-type: none"> <li data-bbox="375 646 1110 674">• 11.02.2021 - Patient Experience & Safety Committee Meeting 	
	Victoria Silvester – Public Governor, Southwark <ul style="list-style-type: none"> <li data-bbox="375 764 1008 791">• 10.03.2021 - Nutrition and Hydration Delivery Group <li data-bbox="375 798 927 825">• 08.04.2021 - PESC agenda planning meeting <li data-bbox="375 831 846 858">• 15.04.2021 - Observer QPPC meeting <li data-bbox="375 865 1003 892">• 29.04.2021 - Nutrition and Hydration Delivery Group 	
21/25	Quality, People & Performance Committee (QPPC) meeting - Governor Observer Summary	
	<p>The Committee received and noted the observer summary from the QPPC meeting held on 15th April.</p>	
21/26	Feedback on Areas of Concern	
	<p>No areas of concern were raised.</p>	
21/27	ANY OTHER BUSINESS	
	<p>The Committee recognised that this was the last PESC meeting that Victoria Silvester would chair and gratitude was communicated for her service to the Committee.</p>	
	<p>The Committee was informed that Billie and Tony McPartlan would take over the role from September. The Chair thanked the NEDs for their collaborative work with the Committee.</p>	
	DATE OF NEXT MEETING	
	<p>Thursday 2nd September 2021 12:00 – 14:00hrs Venue TBC</p>	

Governors' Strategy Committee Minutes

Minutes of the Meeting of the Governors' Strategy Committee held on Thursday 29th April 2021, 13.00-15.00 via MS Teams.

Members Present:

Devendra Singh Banker	Bromley Public Governor (Chair)
Tony McPartlan	Bromley Public Governor
Jane Clark	Bromley Public Governor
Jane Allberry	Southwark Public Governor
Hilary Entwistle	Southwark Public Governor
Marcus Ward	Lambeth Public Governor
Mike Dowling	Staff Governor – Nurses and Midwives
Carole Olding	Staff Governor – Nurses and Midwives
Claire Wilson	Staff Governor – Allied Health Professionals
Kirsty Alexander	Patient Governor
Billie McPartlan	Patient Governor
Phidelma Lisowska	Nominated Governor – Joint Staff Office
Cllr Dora Dixon-Fyle	Nominated Governor – Southwark Council
Dianne Aitken	Nominated Governor – Lambeth CCG

In Attendance:

Akhter Mateen	Non-Executive Director
Roxanne Smith	Deputy Director of Strategy
Emily Newton	Senior Strategy Advisor
Adam Creeggan	Director of Performance and Planning
Rachael Trustwell	Head of Stakeholder Relations
Siobhan Coldwell	Trust Secretary

Apologies:

David Jefferys	Bromley Public Governor
Ian Rothwell	Nominated Governor – South London and Maudsley NHS Foundation Trust
Victoria Silvester	Southwark Public Governor
Stephanie Harris Plender	Southwark Public Governor

Item	Subject	Action
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21/01 STANDING ITEMS

Welcome and Apologies

Welcome and apologies were noted.

Minutes of Previous Meeting on 12/11/20

The minutes of the previous meeting were approved as an accurate record of the meeting.

Matters Arising/Action Tracker

There were no matter arising.

Item	Subject	Action
21/02	TRUST STRATEGIC FOCUS	

New Trust Clinical Strategy

A new 5-year Trust strategy was to be published by July 2021. The strategy outlines how the Trust would work within the Integrated Care System (ICS), regionally and nationally, enhancing research and innovation and developing world-class local services for the local communities.

The strategy would embed the Trust's commitment to be clinical-led to improve patient experience, population health and social responsibility and would build on previous input into the strategy. The internal engagement process had commenced with staff engaged for content development to shape the vision and priorities for the strategy. External engagement activities would take place post-purdah.

The recurring themes included the importance of delivering high quality compassionate care, playing a greater role in the community, focusing on teaching and research and articulating the King's identity, celebrating King's history and reputation.

The Committee discussed the following areas of focus in the strategy:

1. Resource allocation and funding in a number of inadequately resourced services. Engagement is ongoing with care groups to understand baseline information about their services and determine their strategic positioning.
2. World class services and highly specialist pathways need to work collectively from a patient's perspective. This needs to be part of the clinical strategy.
3. The strategy was being co-created, working extensively with colleagues (Clinical Management sub-group) and groups across the organisation as a collaborative piece to help shape and to ensure embedment across the Trust.
4. Key opportunities for Kings refers to Kings becoming a better provider of local and specialist services, e.g. boosting research infrastructure to deliver better patient care. This would have patient benefit in terms of meeting the needs of the community/populations, ensuring services are sustainable, equitable access, improving patient outcomes and tackling any inequalities.
5. Advancement of research. The current research strategy was delivering well against its metric. This area was being discussed with the corporate medical director and research colleagues.
6. Strategy for patient care and reducing waiting lists with the three Acute Provider Collaborative (APC) working together to manage backlogs for elective waiting list by order of priority. These efforts have made a significant difference in reducing backlogs.
7. Improving patient experience whilst waiting including better communication, support with mental health and virtual options. A pilot scheme was being developed for the use of a digital platform (Portal Light) to contact patients. It will provide a dynamic understanding of patient well-being and potential clinical harms/risks to waiting patients for elective care. Also, better use of the sites, in terms of theatre capacity and theatre productivity.

The Committee was invited to contact the Strategy team to follow up on discussions or for further information.

Item	Subject	Action
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APC/ICS Update (Whitepaper)

The Senior Strategy Adviser outlined the NHS landscape the Kings is operating in. This includes looking at the development of the ICSs and Clinical Commissioning Group (CCG) mergers into the ICS. There has been greater integration across the SEL footprint, through the APC (joint working with GSTT and LGT) and the ICS (working with local partners). In addition, tackling the health inequalities and looking at new way of working such as embedding the use of digital and remote working for clinical and non-clinical.

The Health and Social Care White Paper marks a switch in ways of working from competition a new model of collaboration, partnership and integration. The proposals in the paper are expected to be effective from 1 April, the four key themes were highlighted.

The paper formalises the way systems are already functioning but creates a degree of uncertainty as it creates structures however neglects to articulate how these would working together in practice. A number of challenges are also not addressed including how to tackle the health inequalities, workforce shortages and a plan for social care.

The Committed noted the key partnerships and how King's collaborates with borough partners and the ICS to improve health outcome for local populations. Collaboration with clinical partners across SEL and APCs including GSTT and LGT. Kings was also looking at ways of working with local authorities and academic and research partners (KHP and KCL).

In terms of the design principles and structure of the ICSs, these would be statutory bodies, hold power locally in terms of financial commissioning power and setting overall system strategies and priorities. This would have potential financial implication for the Trust due to the changes in the clinical commissioning structure and the way the Trust commissions services locally. Capital funding is at an ICS level which gets distributed so in a larger ICS it may become challenging. The White paper also sets out how provider collaboratives are seen as mechanisms for joint decision making. There are three proposed models for how these collaborative will work and further guidance was expected for clarification.

Action: New guidance on the ICS governance structure was expected to be published in the summer, the Senior Strategy Advisor would update the committee on how these formal relationship would work.

EN

There was concern regarding the absence of an overall IT strategy in the Whitepaper. A range of groups were looking at how to bring systems together as the ICS was being established

The Committee discussed the need for engagement with Southwark/Lambeth Councils as part of the Trust strategy to address equitable patient access to different sites as a result of the restriction at the Dulwich Village Road. The role of the private sector in providing services for ICSs and APC was currently not a prevalent part of the discussions. The Committee would be informed of any further developments in this regard.

Action: Further information on the wider engagement in the development of the strategy and the role of governors in the ISC development

7.1

Item	Subject	Action
	was requested. The Deputy Strategy Director and the Senior Strategy Adviser would provide an update on the engagement model at the next meeting.	RS & EN

21/03 OPERATIONAL PLANNING PROGRESS UPDATE

The Director of Planning and Performance provided an update on the progress of the operational plan. On 26th March Planning Guidance was issued by NHSI with a requirement that the Trust operational plan be submitted to the ICS on 16th April. A two-week turn around time for the full operational plan cycle and the pandemic had vastly limited the opportunity for meaningful clinical engagement.

The committee noted the requirement set out in the planning guidance. For the first time, ICSs are required to submit a plan and not individual provider Trusts. It was hoped that the output from the ICS would be a combination of plans from each Provider Trust with some changes.

Activity planning at Kings involved considering a number of change factors including the following:

- The historical relationship between population and activity to calculate demographic growth.
- Seasonality adjustment
- Service developments and activity that will stimulate new demands which would be a service-based growth.
- Any activities which have started/ceased during the baseline period.

The secondary piece considers how the Trust creates the impact on trajectory in terms of demand vs supply. Looking at demand in terms of baseline activities including activity in the independent sector and insourcing, layering in growth and other demand adjusting activities and unmet demands, i.e. backlog waiting lists. In order to create equilibrium, activity which would need to stand above the current level would be considered. In developing the underpinning action plan and the trajectories, there was a need to ensure that capacity is right sized for the current issues and not be based on historic norms.

In terms of the activity submission, for inpatients this included DH CDU reconfiguration, increased endoscopies, and the new infection control protocols which reduced the throughput of theatres. Despite the activity change being at 0.1%, the Trust was doing more due to the enforced productivity loss. For outpatients, there was 6.4% more activity including requirements to conduct more face-to-face activity which has a productivity gain. The Ophthalmology clinic rooms at QMS generate a significant amount of activity. The 18.4% increase in critical care units reflects the increase in beds.

The expected activity impact of revised theatre schedules across PRUH and DH would be a shift in the completed number of cases in those specialities. The calculations activity impacts of proposed new theatre schedules were underpinned by the plans developed by each speciality. Following engagement, analysis identified what operational changes would be made, what the additional activity would be brought online and how this would impact on waiting lists. There was a process of critically evaluating the longer term impacts and addressing those over the course of the year. With regard to the workforce submission, the Trust would require 190.57 FTE equivalence.

Item	Subject	Action
	<p>The Committee noted that the draft activity and performance plan would be submitted to the ICS on 22nd April and the final plan was to be submitted by the ICS to NHEI on 3rd June.</p> <p>The Committee was informed that the Elective Recovery Fund (ERF) Gateway criteria seeks to incentivise health economies to undertake increased elective activity to stimulate recovery. The complication is that all calculations are based on financial value so the Trust has to achieve percentages of previous baseline financial values. The requirement that 25% of outpatient clinics are to be non-face-to-face is also challenging.</p> <p>The sharing and transfer of patients across SEL was taking place and there was good work around creating elective hubs. However, the difficulty was that all were concurrently experiencing the same level of pressures so there was a limited cohort of specialities that could meaningfully assist each other. NHSEI There is currently no requirement from NHSEI with regard to meeting RTT standards. The Committee discussed ethnicity based inequalities and deprivation based inequalities. Kings had moved some of its paediatric services to the PRUH and the impact of this in terms of ethnicity and deprivation had identified that there were extensive waiting lists for certain ethnic groups in orthopaedic and some ophthalmic services. However this looked to be representative of deprivation as opposed to ethnic group. There was a need for the system to analyse these issues regularly.</p> <p>It was noted that there was a significant issue with bariatrics capacity in the system, bariatrics service capacity had not expanded to manage demand. Services were being driven by clinical need or long wait need where there is capacity. There was a need to maximise the efficiency of each part of the whole system.</p>	
21/04	<p>NED COMMITTEE UPDATES</p> <p>EHR Programme Apollo Update</p> <p>An update was provided on the joint implementation of the electronic health record with GSTT, project Apollo. The full business case was approved in October with a go live target of October 2023 and GSTT would go live 6 months earlier. The qualifier for the business case was to source funding for this, which would need to be provided by the system as it is a considerable amount. Discussions were being held with NHSEI to determine how to fund the project.</p> <p>The Board had approved funding in the interim for a design team to be put in place alongside the GSTT design team, to allow for early input into the system design. Workshops are taking place and progressing is being made. It was anticipated that a decision on the financial aspect of the project would be made by September 2021. There was engagement across the Trust to ensure the project is clinically led, show and tells were being planned to demonstrate system functionality to show how to work in a collaborative manner.</p> <p>Audit Committee Meeting Update – 29 April 2021</p> <p>The following points from discussions at the Audit Committee meeting were highlighted:</p> <ul style="list-style-type: none"> In the draft annual accounts, the Trust would show a minor surplus on the control total of just under £1m in 2021. This would indicate that the trust would have met or slightly exceeded its control total two years in a row. 	

Item	Subject	Action
	<p>However, further work was taking place in terms of extra funding received and top ups during the Covid-19 period. There is still an underlying deficit in terms of operational performance which needs consideration.</p> <ul style="list-style-type: none"> • The external auditors were not expressing any concerns on any issues so there appears to be good progression. • The aim is to complete the accounts by June. The challenge was to understand how the Trust can move out of special measures. • On the internal audit front there are partial assurances with some improvements required. The trajectory is positive and by 2021-22 there would be a more positive report, provided the Trust continues to implement the risk management framework that is expected to be embedded in the organisation. The Good Governance institute has been engaged to ensure this. • The Trust was in a good position however further work was still required to build on Trust annual performance. A positive was that £95m in capital was spent in 2021 to restore the estates and investments in a number of other areas. <p>The Committee expressed confidence in the improvements made. The new external auditors were making good progress.</p>	
21/05	WORK PLANNING	
	<p>The Committee noted the 2020-21 work plan and agreed that the following documents would be put forward at the next meeting for discussion and the actions plans flowing from these in terms of trust activity:</p> <ul style="list-style-type: none"> • Trust Strategy • The People and Culture Strategy • The Digital Strategy 	
21/06	ANY OTHER BUSINESS	
	<p>The Committee discussed the Dulwich road restrictions impacting on disabled patient and staff access to the Denmark Hill site. In Southwark, blue badge holders would be able to go through some of the traffic calming barriers which was helpful but measures needed to be more extensive than this. It was imperative to have discussions with Southwark Council, as part of the strategy for access to the site.</p>	
21/07	DATE OF NEXT MEETING	
	<p>Thursday 1st July 2021, 13.00-15.00</p>	