

## Covid-19 Governance Assurance for Board

### The role of the non-executive director

NHSE&I have written to NHS organisations setting out guidance to free-up management capacity and resources. This includes guidance on meetings; annual report and accounts; quality accounts; and decision-making.

As a Trust we took the decision early to cancel Board meetings and board committees. The April Board meeting was held in abbreviated form with NEDs in attendance via MS Teams and the Chair, CEO, CFO and Director of Corporate Affairs in attendance at Kings Mill Hospital.

However, it is likely the situation with regard to lockdown and social distancing will remain for some time to come, therefore the Governance processes need to accommodate these challenges.

Included in the Board papers in April was a Standard Operating Procedure for Business Continuity for Governance Forums, this report builds on that paper.

### Corporate Governance

The May and June Board meetings will go ahead, virtually and abbreviated. The work plan for the Board has been reviewed and all non-essential items have been deferred.

The agenda's will consist of all essential items, including year-end performance against access and quality standards and updates from committees. The Finance Committee will focus on financial governance and this is detailed later in this report.

On 28<sup>th</sup> March 2020 NHSi, issued guidance regarding 'Reducing burden and releasing capacity at NHS providers to manage the COVID -19 pandemic' attached at appendix 1.

This provides advice with regard to:

- Governance and meetings
- Reporting and assurance
- HR and staff-related activities

The guidance has been distributed to the executive leads.

### Governance and meetings

Guidance	SFH - Response
Board meetings should continue but with streamlined agenda's, virtually and no sanctions for quorum breaches.	April meeting abbreviated and held virtually. May and June meetings to be held in full but focus on essential items.
Quality Committees should continue, streamlined agenda's and virtually	March Quality Committee held virtually, agenda streamlined. April meeting may be cancelled as focus is on Quality Account, for which the deadline has been moved to end of June. May require an additional meeting in June to approve Quality Account for submission
Audit & Assurance Committee, streamline and delay until later in the year.	March Committee held virtually, agenda streamlined. This approach will continue for

	April, for Draft Accounts An additional meeting may be required for June to approve the submission of the Annual Report and Annual Accounts as the deadline has been extended to end of June
Finance Committee	As for Audit and Assurance Committee
People, OD and Improvement Committee	March Committee cancelled, streamlined agenda items agreed between Chair and lead Executives for future meetings
Remuneration Committee, streamline and delay until later in the year.	Committee meeting held as required, non-scheduled.
Governor meetings – all face to face meetings to be stopped. Governors to be informed of reason for stopping, Governors to be include in regular communications on response to COVID-19	All meetings CoG, Membership and Engagement Committee and MYG sessions cancelled 17th March 2020. Governors received regular updates from the Communications dept with regard to the impact and response to COVID -19. Three Governors invited to attend virtual Board in May, this will continue until meetings can be held in public
Annual Members Meeting should be deferred Membership Engagement should be limited to COVID-19 purposes	Our Annual Members meeting is scheduled for Monday 28 <sup>th</sup> September; this has not yet been deferred. Membership Engagement activities have ceased.
Annual Accounts and Audit – Deadlines have been extended	We are complying with the revised deadlines
Quality Accounts – Deadline of 30.06.20 to be deferred	There has been no confirmation of the deadline being deferred.
Quality Report – Work can be stopped	Work has ceased on the preparation of the Quality Report
Annual Report – guidance awaited	Work is progressing in line with current timelines

### Reporting and Assurance

Constitutional Standards – A & A, RTT, Cancer – reporting will continue	Reporting as Business as Usual. Q4 and year end will be reported to Board in May. A number of standards have been suspended April – June, detailed in Appendix B of the attached report
Friend and Family Test – stop reporting	Reporting ceased
Long Term Operational Plan - Paused	Paused awaiting further guidance
Long Term Plan – System by default, put on hold all national system by default development work	Paused awaiting further guidance
Long Term Plan – Cancer, NHSE/I will work with Cancer Alliances to prioritise deliver of commitments	<ul style="list-style-type: none"> <li>• Essential and urgent cancer treatments are continuing</li> <li>• Our Cancer specialists are discussing with their patients whether it is riskier for them to undergo or to delay treatment at this time.</li> <li>• 2WW appointments are continuing and being undertaken by telephone where</li> </ul>

	<p>appropriate</p> <ul style="list-style-type: none"> <li>• Some diagnostic activity is continuing where indicated by national guidance or royal college guidance</li> <li>• Use of the private sector for cancer work is available to us and we are working closely with NUH and the private providers to access capacity as we need it.</li> </ul>
NHSI Oversight Meetings – To be streamlined and held on line	Trust will be compliant with this guidance
Corporate Data Collections – Delay Forward Plan Documents, suspend agreed non-essential data collections	Trust is compliant with national guidance. A significant increase in data collections and submission in relation to COVID-19 are being received and responded to.
Use of Resources assessments - Suspended	The Trust has already received its UoR assessment
Provider Transaction Appraisals, CCG Mergers, Service Reconfigurations	N/A in the current climate
7 day Services Assurance – suspend 7 day hospital services board assurance framework self – cert statement	Deferred to August Board
Clinical Audit – Suspended	Suspended in line with guidance
Pathology Services – Support to manage pathology supplies	Adhering to national guidance

#### HR and Staff-related activities

Mandatory Training – Reduce as appropriate, refresher training for staff to enable working in ICU	Complying with national guidance
Appraisal and revalidation – Appraisals to be suspended, revalidation for Doctors deferred to September 2020, revalidation for Nurses extended by 3 months	All guidance implemented

In addition to Board and Committee meetings, fortnightly update virtual meetings with the Board of Directors will provide assurance regarding the current situation in the Trust in respect of COVID-19, noting risks and mitigations.

Any urgent decisions or approvals required outside of the Board or Committee meetings will be undertaken by:

- CEO and Chair for corporate decisions
- Chair, Members of Quality Committee, Medical Director and Chief Nurse for all patient safety decisions
- Chair, Members of Finance Committee and CFO for all financial decisions.

All decisions and approvals made in this way will be ratified at the next meeting of the Committee or Board, whichever is first in the meeting calendar.

## **Covid-19 Financial Governance Assurance for Board**

### **Schemes of delegation and standing financial instructions**

#### **1. Authorised signatories**

These have been reviewed and a change has been approved by the Board in respect of the authorisation scope of the Chief Operating Officer (COO). This is to ensure that there is resilience and to recognise the role of Emergency Planning Lead. The value of authorisation is £100k and the scope is Trust wide, in line with the Chief Executive and Chief Financial Officer, for the period of the pandemic. These arrangements will be kept under review.

Remote authorisation of requisitions and invoices is already embedded through use of the Integra GL system. In addition, email confirmation of authorisation (from authorised nhs.net email addresses) will be accepted for paper based processes.

#### **2. Banking arrangements**

Through a review of the Finance department Business Continuity Plans consideration has been given to the bank signatories, to ensure that key staff are available to ensure that payments can be made. There are currently four people within the team who can authorise payments, with arrangements in place to facilitate the addition of further authorisers as required.

Processes are already in place to minimise the need to physically go to a bank, including cash collections from Security Plus. The number of collections has been reduced to minimise risk.

#### **3. Procedure notes and operational rules**

The Finance department has a continual process for the review and update of operating procedures. The Finance Secretary sends a link to the central directory of procedures on a monthly basis. This includes a log of all procedures, including the author and the due date for review (this is usually annually). Where procedures are also important to other departments they are uploaded onto the intranet.

In addition each finance function has reviewed and updated its own Business Continuity Plans. This review has included an assessment of all key processes and Standard Operating Procedures have been updated where required.

#### **4. Business continuity plans**

As noted above Finance and procurement business continuity plans have been reviewed and revised. This has included a review of:

- Which services we need to continue at all costs, which are important if possible, and which we could potentially stop.
- The minimum workforce and equipment requirements to deliver each of these services.

- Our current workforce, categorised by risk (e.g. those with underlying conditions, caring for vulnerable or single points of failure in highest risk).
- Any cross-cover opportunities (i.e. colleagues trained in different functions so can provide cover if necessary).
- Interdependencies on other departments, to ensure that business continuity is provided across whole processes.

Through this process the functions that are critical to supporting the Trust's response to Covid-19 have been identified and prioritised. These are:

- Sourcing, ordering, receipting and distribution of equipment and supplies
- Staff payroll services
- Creditor payments
- Cash planning

In addition the preparation of Annual Accounts and the recording and reporting of Covid-19 costs will be maintained. Staff engaged in other finance related activities will be used to support these functions as necessary.

## **5. Scheme of delegation**

Changes to the Scheme of Delegation (SoD) and Standing Financial Instructions (SFIs) require Audit Committee and Board of Directors approvals. For the pandemic period it may be necessary to make direct requests to Board for changes. This will only be done following agreement with the Audit Committee Chair, or other Non Executive Director member of the audit Committee if the Chair is unavailable.

The Board approved, on 2/4/20, a change in respect of the Authorisation rights of the COO. At this point this was the only change proposed to the SFIs and SoD.

## **6. Delegated limits**

The Trust Scheme of Delegation is kept under constant review and no further changes (other than COO) are recommended at this time. Electronic authorisations help to limit the need for changes

## **7. Documenting approval**

Email confirmations of authorisation (from authorised nhs.net email addresses) will be accepted for paper based processes. Confirmations will be printed and this will be used as a substitute for hard copy signature.

## **9. Documenting decisions**

All financial approvals are taken through the relevant operational group and a summary is provided to the daily Incident Control Team (ICT). The use of Covid-19 specific capital

and revenue cost codes ensures that all expenditure is recorded and reported. Supporting documentation is maintained to support the Covid-19 expenditure submissions made to NHS England & NHS Improvement (NHSE/I).

## **Covid-19 expenditure**

The guidance issued by NHSE&I and the announcements made by government are clear that the NHS will get the resources necessary to meet the Covid-19 challenge. However, it is also clear that only costs related to Covid-19 will be reimbursed. Once the pandemic is over, the NHS will be asked to account for the resources it has used to tackle Covid-19, so it is important that decisions made in a crisis situation are documented. These include:

### **1. Covid-19 revenue expenses**

Covid-19 costs are agreed and recorded by the Incident Control Team (ICT) governance structure in place to the SFH COO. A specific Covid-19 cost centre has been established to collect and record specific transactions. Other transactions, for example payroll costs, will either be:

- Directly charged to the Covid-19 cost centre (e.g. specific pay allowances); or
- Continue to be coded to existing cost centres and then expenditure transferred to the Covid-19 cost centre following identification through ICT records.

The use of a specific cost centre allows for full documentation, recording and reporting of all Covid-19 costs.

The Trust's SFIs and SoD remain in place and are being observed. Any expenditure decision in excess of £100,000 (and up to £250,000) is authorised by Executive Team. Beyond £250,000 requires Finance Committee approval. Should this be required then email requests will be made of Committee members.

### **2. Covid-19 capital spending**

NHSE/I does not expect formal business cases to be prepared for decisions below £15m but does expect local delegated authority arrangements to continue and decision-making processes to be clearly documented.

As with revenue costs, SFH Covid-19 capital costs are agreed and recorded by the ICT and in line with SFIs and SoD and existing documented processes.

NHSE/I has confirmed that retrospective approval can be granted to any capital schemes below £250,000 through the monthly financial reporting process. However, capital schemes in excess of £250,000 require prior approval from NHSE/I. Where submissions for prior approval are made a response will be provided within 48 hours.

A report on 2019/20 Covid-19 expenditure has been presented to the Finance Committee.

## **Financial reporting 2020/21**

The suspension of 2020/21 operational plans encompasses the budget setting process. To meet basic financial governance requirements it is essential that monitoring and reporting of expenditure is maintained and therefore an interim approach will be in place.

The approach to establishing interim budgets is based upon the payment mechanisms of block contract income, other income to support business as usual expenditure and Covid-19 expenditure. This will allow monitoring and reporting of pre-Covid-19 run rates and of specific Covid-19 spend.

A report describing this approach has been presented to the Finance Committee to outline the Financial Planning & Budget Setting approach taken by the Trust for 2020/21.

### **Cashflow**

During Covid-19 cash is being made available to the NHS to ensure that staff and suppliers are paid on a timely basis.

Arrangements for cash payments have been made so that NHS providers have two months' worth of cash in bank accounts in April. CCG block payments and NHSI top up payments in respect of April were received on 1/4/20 and May payments on 15/4/20. This should ensure that SFH will not need working capital support, but the usual NHSI procedures remain in place if this is not the case.

SFH improved its creditor payment days from 45 to 30 day terms within March and has continued to expedite payments throughout April. As at 27 April 2020 the Trust payment days are down to 12-15 days for all approved invoices. We will continue to ensure that creditors are paid as quickly as possible during the interim period with the aim of making payments within seven days where possible. Areas of expenditure which are subject to slow payments have been reviewed and processes improved. Creditor payments business continuity plans have been reviewed and actions identified to ensure that the payments team are supported to maintain services.

Payroll arrangements have been maintained and weekly and monthly payment runs have been processed as normal. The Payroll team has reviewed and updated business continuity plans and additional support has been identified should it be required to support the Payroll team in maintaining services. During Covid-19 cash is being made available to the NHS to ensure that staff and suppliers

### **Inventories and stock**

Maintaining control over inventory is a priority as supply chains have come under pressure, especially in relation to personal protective equipment (PPE). Daily decisions are made at the ICT in respect of current stock levels, daily usage rates and expected deliveries. NHS Supply Chain has designated PPE as 'push' stock. This means that there is a new process of supply based upon current stock held and not on orders placed. This is leading to uncertainty on volumes and timings of deliveries. Daily monitoring is taking place and risks escalated to ICT. A mitigation is the use of 'mutual aid' to and from other organisations which SFH is actively using.

Records of all orders, receipts and mutual aid are kept to ensure they are appropriately accounted for and are not lost or wasted.

### **Fraud and irregular expenditure**

It is becoming clear that there are some people seeking to profit from the pandemic and therefore, it cannot be assumed that there is no risk of fraud or irregular expenditure. As financial controls are relaxed to ensure that finance is not a blocker to the provision of care to patients, it is important that existing controls and processes are maintained to stop or question transactions which do not feel right.

The Counter Fraud Specialist (CFS) will continue to provide quarterly updates to the Audit Committee and continues to provide fraud alerts when specific incidents come to light. Each of these alerts is reviewed by the relevant function/s and action is taken as necessary to reduce the risk. The CFS is also committed to supporting the Trust as required. This has included the sharing of government guidance in relation to suitable fraud controls in emergency management.

In addition NHSCFA has launched an expanded version of its NHS Fraud Reference Guide which provides information on different types of fraud committed against the NHS. During the current emergency management response NHS finance and procurement colleagues must remain vigilant to fraud risks, particularly those around payment, finance and procurement systems.

The current emergency management response provides the ideal distraction for malicious actors to exploit Cyber weaknesses. There have been an increased number of phishing e-mails during this period. The SOPHOS Central solution provides antivirus and anti-Malware capabilities that can trap known viruses and malicious software. There have been over 1000 threats trapped since 20th February up to 6th April. All threats have been trapped and dealt with so no harm has occurred. Advanced Threat Protection is installed on 99% of the PC's and laptops at SFH and has also seen an increase, mainly between 31st March and 9th April. The key mitigation here is to be very cautious about opening e-mails from unrecognised sources, and not clicking on links included. Regular communications have been sent out to staff to remind them to be cautious about potential phishing e-mails and to report anything they are unsure of

### **Efficiency programmes 2020/21**

It is not expected that cost improvement programmes (CIPs) and Quality, Innovation, Productivity and Prevention programmes (QIPPs) will be delivered unless they can be useful to the current situation. Therefore, plans should be reviewed to assess whether those plans can be useful or not. If not, then the programmes should cease but it will be important that the decisions/ work done so far is clearly documented so it is not wasted.

The Trust has concluded the reporting of 2019/20 Financial Improvement Programme (FIP) schemes, indicating that the £12.8m FIP target has been delivered. Although FIP planning for 2020/21 is paused, financial grip & control will be maintained through financial performance monitoring and run-rate reviews, with opportunities for financial improvement reviewed and logged.

### **Charitable funds**

No changes to processes have been made and therefore funds continue to be spent in accordance with their charitable purposes. Where requests for additional investment have been submitted an assessment on the appropriateness of utilising charitable funds forms part of the review process.