



Audit Committee

Venue: Kirkstall/Fountains, Springhill 1, Wakefield, WF2 0XQ

Date: Thursday 2 April 2015

Time: 0900 hours

Chairman:

Barrie Senior (BS) Non-Executive Director

Attendee (Member):

Elaine Bond (EB) Non-Executive Director
 Pat Drake (PD) Non-Executive Director & Deputy Chairman
 Erfana Mahmood (EM) Non-Executive Director
 Mary Wareing (MW) Non-Executive Director

In Attendance:

Alex Crickmar (AC) Interim Executive Director of Finance & Performance
 John Nutton (JN) Non-Executive Director (Designate) (*Observing*)
 Paul Thomson (PT) External Audit
 Alistair Ross (AR) External Audit
 Benita Jones (BJ) Internal Audit
 Paul Webster (PW) Internal Audit
 Shaun Fleming (SF) Counter Fraud
 Rebecca Monaghan (RM) Associate Director of Risk & Safety
 (*For Item 5.0 and Observing*)
 Neil Cook (NC) Interim Associate Director of Finance (*Observing*)
 Lorna Thornley (LT) Associate Director of Corporate Communications
 (*For Item 11.2*)

Apologies:

Steve Page (SP) Executive Director of Standards & Compliance
 Anne Allen (AA) Trust Secretary

Minutes produced by:

Mel Gatecliff (MG) Committee Services Manager

		Action
	The meeting commenced at 0900 hours.	
1.0	Introduction and Apologies BS welcomed everyone to the meeting and thanked them for their prompt attendance. Apologies were noted as above.	

		Action
	<p>BS introduced Neil Cook (NC), the new Interim Associate Director of Finance and introductions were made round the table.</p> <p>BS stated that, in order to maximise the time available for discussion, he would work on the presumption that all papers had been read.</p>	
2.0	<p>Declaration of Interests for any item on the agenda No declarations of interest were made relating to agenda items.</p>	
3.0	<p>Minutes of the last meetings on 8 January 2015 and 5 March 2015, including Matters Arising The minutes of the meetings held on 8 January 2015 and 5 March 2015 were reviewed and agreed as a true record of each meeting.</p> <p>Matters Arising There were no matters arising.</p>	
4.0	<p>Action Log and Matters Arising The action log was reviewed and updated.</p> <p>2014/3 – Audit Committee Terms of Reference BS stated he had received a paper from AA following her discussions with AC and SP about the best approach to take. Following his consideration of the document, BS would share it with the Chairs of the Quality and F&I Committees before bringing it to the July Audit Committee meeting for consideration. Action remains open.</p> <p>2014/59 – Internal Audit Update – PALS, complaints and Patient Experience PW stated he had contacted IA's strategic partners, Mersey Internal Audit and spoken to the PALS representative at NWAS. It had been agreed that the limited benchmarking carried out by the national network would be shared. Action closed.</p> <p>2014/94 – Internal Audit Update – Service Transformation Work BJ confirmed that a liaison meeting and workshop had taken place.</p> <p>BS asked how outcomes would be fed back to the Board.</p> <p>BJ replied she was currently discussing the contents of the report with Associate Director of Service Transformation Nigel Hopps. The report would then go to TEG and, once actions had been agreed, to Audit Committee and then Board if appropriate. Action closed.</p> <p>2014/95 – Anti-Fraud Progress Report (Previously closed action) SF reported that, during his recent meeting with IB, IB had confirmed that YAS was considering issuing an annual reminder to all staff about the secondary employment policy.</p>	

	Action
<p>In terms of people working for other organisations whilst they were off sick, he stated that, as only a small monetary amount was involved, it was not in the public interest to take the majority of cases to court. A more likely outcome was the dismissal of the employee.</p> <p>2015/03 – Risk Assurance Reporting Including BAF and CRR BM confirmed that the information would be incorporated into the new BAF for 2015/16. Action closed.</p> <p>2015/04 - Risk Assurance Reporting Including BAF and CRR BS confirmed that MG and he were due to meet that day. MG would report back any views on the format of papers to relevant authors who would be tasked with reformatting their papers. Action closed.</p> <p>2015/05 - Risk Assurance Reporting Including BAF and CRR BM confirmed that the information would be incorporated into the new BAF for 2015/16. Action closed.</p> <p>2015/06 – Internal Audit Update BJ confirmed that information was included in the latest IA progress report which contained highly summarised themes. Action closed.</p> <p>2015/08 – Internal Audit Update – Adastra General Controls Follow Up BJ noted that AC had raised some issues at the last meeting. These issues had been picked up with Associate Director of IM&T, Ola Zahran (OZ) and an update sent to IA. All recommendations, other than those superseded by new actions, were now either completed or in the course of being implemented. BJ would review and update these as part of the follow up process. Action remains open.</p> <p>2015/09 – Internal Audit Report PD confirmed that the action had been completed. Action closed.</p> <p>2015/10 – Internal Audit Report BJ stated that IA would cover the ICT reviews as part of the normal follow up process. Action closed.</p> <p>A long discussion took place about the current three-year IA IT Plan, which had commenced the previous year, and its potential impact on service transformation.</p> <p>BS asked whether an overall health check had been planned, as it was his belief that a gap analysis around the whole ICT area might be required. It was agreed that BJ would pick up the item with AC outside the meeting and report back at a future meeting.</p> <p>Action: BJ to discuss with AC the contents of the current three-year IA ICT Plan and agree the best way in which to take it forward.</p>	<p>BJ 2015/35</p>

	Action
<p>2015/11 – Risk Maturity Report BJ stated there was peer organisation in terms of NHS IA functions sharing benchmark data, although this was something that might be considered in the future. However, there might be other areas in which IA could get some comparators regarding risk maturity/management.</p> <p>BJ acknowledged the need to keep trying to compile benchmark data and would ask the Executive Directors if there was any particular information they would find useful. For example, it might be useful to know if a similar review was taking place at a similar time in NWS and YAS. Action closed.</p> <p>2015/13 – Anti-Fraud Progress Report SF confirmed he had discussed with IB the Committee’s concerns about employees working elsewhere whilst off sick. Action closed.</p> <p>A long discussion took place about the increasing number of examples of the above. BS asked whether it was feasible for the Trust to introduce triggers which could lead to criminal investigations. It was agreed that the organisation needed to continue to increase awareness by reminding staff of their responsibilities.</p> <p>2015/14 – External Audit Update As no update was received, the action was carried forward. Action remains open.</p> <p>2015/18 – Review of Meeting Actions / Quality Review of Papers See contents of action 2015/04 above. Action closed.</p> <p>2015/19 - Review of 2015/16 Internal Audit and Counter Fraud Plan BJ confirmed that a meeting had been scheduled with AC for the following week to discuss the scope of IA work. Action closed.</p> <p>2015/22 – Review of 2015/16 Internal Audit and Counter Fraud Plan PD stated she had had seen the papers and would provide BS with her comments that day. Action closed.</p> <p>2015/25 – Review of 2015/16 Internal Audit and Counter Fraud Plan BS stated that the Terms of Reference, etc of the ICT Strategy Board were still being developed and the suggestion would be borne in mind as things progressed. Action closed.</p> <p>2015/26 & 2015/27 - Review of 2015/16 Internal Audit and Counter Fraud Plan Items covered in the IA update. Actions closed.</p>	

	Action
<p>2015/28 - Review of 2015/16 Internal Audit and Counter Fraud Plan Item covered in the Counter Fraud Plan. Action closed.</p> <p>2015/32 – Internal Audit Progress Report SP confirmed that the wording had been amended and would be included in the new 2015/16 BAF. Action closed.</p> <p>2015/34 – Internal Audit Progress Report Estimated closure date extended to September 2015 due to current IT issues in relation to BoardPad. Action remains open.</p>	
<p>5.0 Risk Assurance Reporting including Board Assurance Framework (BAF) and Corporate Risk Register (including Datix Progress Update) BM presented an update about the risks recorded in the Board Assurance Framework (BAF) and Corporate Risk Register (CRR) to provide assurance on the effective management of corporate risks.</p> <p>BS confirmed that the two documents had been considered during the March Board meeting.</p> <p>He stated that the red comments in the record of changes made since the last iteration of the report made reference to dates in the past, etc, adding it would be useful if going forward the Committee could receive assurance that the actions had been completed.</p> <p>BM stated that the record of changes on pages 4 and 5 of the BAF provided the necessary audit trail. In each iteration of the BAF the red comments would be removed if the action had been completed or updated if it had altered with the previous comment saying 'updated', 'replaced', etc.</p> <p>BM stated that the Annual Governance Statement (AGS) had not yet gone to Board but if the Committee was happy to accept that day's proposal, the final version would come back to the June meeting. As the AGS was due to go to the TDA and Internal Audit in draft form on 23 April, the Committee would therefore need to look at it virtually.</p> <p>PD asked when and by whom the BAF was assessed.</p> <p>BS stated that, following review of the BAF by the F&I and Quality Committees in terms of assigned risks assurance, it then went to Audit Committee and through to Board.</p> <p>PD asked how TEG managed the process, as there regularly seemed to be delays.</p> <p>BM replied that this was due to the fact that some meetings took place on a monthly basis whilst others did not. However, the BAF went through a dynamic review process on a monthly basis.</p>	

	Action
<p>She held monthly update meetings with Executive Directors and risk owners which produced an audited updated version. A quarterly update then went to Committees.</p> <p>BS stated his belief that perfect sequencing would never exist. It was both his and the Trust Chairman's view that if anything serious came to light in relation to risk management the review process could be altered to ensure consideration took place at an appropriate time.</p> <p>In relation to the CRR, BS noted that page 12, risk 588 'Insufficient funding for LCD 2015/16 stated that controls were 'inadequate'. He asked what actions were in place to address the 'inadequate' grading of the adequacy of controls.</p> <p>BM stated that YAS operated in a changing Commissioner environment within which it was unable to control everything and this was reflected in the BAF. For example, there was a plan in place round contract negotiations.</p> <p>Action: SP to provide update on adequacy of controls relating to LCD 2015/16 funding at the July Audit Committee meeting.</p> <p>BS asked whether the target risk of 'high' relating to red CQUINs on page 24 was appropriate.</p> <p>AC replied that it was a high risk as YAS was being penalised for the current year. However, the risk had been mitigated for the following year as the Trust would not have the same CQUINs.</p> <p>Approval: The Audit Committee noted the key risks and developments as outlined in the report and was assured with regard to the effective management of risks.</p>	<p>SP 2015/36</p>
<p>6.0 Quality Committee Risk Assurance Report PD presented an update to provide assurance on the management of risks within the remit of the Quality Committee.</p> <p>She stated that issues arising from the BAF and IPR had been discussed at Board and a report including an update on the investigation into matters relating to Jimmy Savile had also been presented.</p> <p>An update was provided on the immediate actions taken to address issues in relation to consumables at the HART base and the inappropriate access to a station in one locality identified by the CQC following their inspection and the positive follow up visits that had taken place.</p>	

	Action
<p>PD stated that discussions continued in relation to the Clinical Supervisor role in light of the new Paramedic roles, etc. She added that, as the Workforce plan issues had not yet been fully addressed, they remained as a risk.</p> <p>An update had been received on the implementation of CQUIN schemes with mitigations currently under review in relation to the Paramedic pathfinder CQUIN and the national issue of recruitment, particularly to Paramedic roles, was another area of risk.</p> <p>AA confirmed that the April BDM would include a development session on the Workforce Plan and associated issues.</p> <p>PD stated her belief that the Trust needed to be more explicit about the reasons for moving from the previous workforce model to the new one.</p> <p>BS thanked PD for her update.</p> <p>Approval: The Audit Committee noted the update on Quality Committee discussions in relation to key risks and gained assurance from the update report that appropriate risks were being suitably managed.</p>	
<p>7.0 Charitable Funds Committee Risk Assurance Report</p> <p>EM provided a short verbal update to provide assurance on the management of risks within the remit of the Charitable Funds Committee.</p> <p>BS asked whether any risks had been identified in relation to the auditing of the Charitable Funds accounts.</p> <p>EM replied that an internal assessment had taken place in terms of the accounts and no major issues had been identified. There was nothing new to report in terms of risks with the Fund having undertaken a lot of smaller projects during 2014/15.</p> <p>In terms of new projects, the Committee was looking to support the 'Restart a Heart' event in October 2015 although funding for the purchase of a third CMU had currently been refused.</p> <p>EM confirmed that a Benevolent Fund had been launched in terms of supporting staff wellbeing and one application, which required funds for some building work to facilitate a handicap adaptation, was currently going through the approval process.</p> <p>AC confirmed that the Charitable Fund's 2014/15 accounts would be audited by Deloitte later in the summer. They would be prepared after the main accounts and an independent examination would take place although he was not envisaging any problems.</p>	

	Action
<p>BS thanked EM for her update.</p> <p>Approval: The Audit Committee noted the update on Charitable Funds Committee discussions in relation to key risks and gained assurance from the update report.</p>	
<p>8.0 Finance and Investment Committee Risk Assurance Report AC presented an update to provide assurance to the Audit Committee on the effectiveness of the Finance and Investment Committee in assessing its plans, processes and controls pertaining to financial risk for the organisation.</p> <p>AC stated that the Board had been provided with an update on the risk around performance penalties. In order to close the performance gap and preserve the current year's surplus, it had been agreed with Commissioners that the Trust would invest £1m of performance penalties from 2014/15 on urgent tier vehicle capital expenditure to support improved red performance of 1% in 2015/16. He confirmed that External Audit had been informed.</p> <p>EB congratulated AC on a successful outcome and asked when the first iteration of the 2015/16 BAF was due.</p> <p>BM replied that it was due in June 2015.</p> <p>BS stated that the first iteration of the 2015/16 BAF would be considered by the F&I and Quality Committees at their July meetings which, unfortunately, took place after the July Audit Committee meeting.</p> <p>PD asked whether any further update was available about the possible funding of the Hillsborough Inquests.</p> <p>AC confirmed that the Trust had officially been informed that it would receive funding for the cost of the Inquests. A schedule of costs and invoices for 2014/15, which would be in the region of £800k, had been sent to the TDA who would, in turn, forward them to the DH. The costs for 2015/16 would be dealt with the following year.</p> <p>BS thanked AC for his update.</p> <p>Approval: The Audit Committee noted the update on Finance & Investment Committee discussions in relation to key risks and gained appropriate assurance from the report.</p>	
<p>9.0 Compliance with Audit Recommendations AC updated the Audit Committee on the status of outstanding Audit and Counter Fraud recommendations.</p>	

	Action
<p>He stated that the implementation of audit recommendations was generally moving in the right direction. The AD of Corporate Communications, Lorna Thornley, was due to attend the meeting later to give an update on progress in relation to one particular outstanding recommendation.</p> <p>In terms of the outstanding items, BS stated that he was unsure that there was sufficient justification for the delays in some of the actions.</p> <p>PD asked if there was any correlation between outstanding actions and limited assurance reports where there was an urgent need for completion of actions.</p> <p>BS questioned whether, within current management procedures, there was sufficient challenge to prevent actions from over running for too long.</p> <p>AC replied that efforts were being made to ensure that actions were completed as quickly as possible. However, it should be understood that there were sometimes genuine reasons why actions over ran.</p> <p>EB stated that the PTS response seemed a bit weak to her.</p> <p>BS questioned whether progress was chased up as effectively as it could be. He suggested that when an action reached a certain number of days overdue it should trigger a higher level of scrutiny and challenge and asked whether, at the end of the process, there was a requirement or opportunity for IA to confirm that the action had been completed.</p> <p>PW confirmed that updates were provided during follow up work, etc and actions closed off when appropriate.</p> <p>BJ stated that the move from two separate systems to one combined system for tracking actions relating to audit recommendations had helped. However, although the new system was slowly embedding there was still some information outstanding. She suggested that it might be appropriate for IA to attend a TMG meeting to provide an overview of progress during 2014/15 progress and a reminder of respective responsibilities.</p> <p>BJ further suggested that, in terms of triggers, as the number of grade 2 recommendations had increased compared to the previous year, it might be appropriate to consider incorporating the grade of a recommendation as part of the trigger for review.</p> <p>BS stated that the fact that this related to a relatively few number of items was good news. However, an enhanced level of challenge was still needed.</p>	

		Action
	<p>EM asked whether it was appropriate to introduce a process of exception reporting to TEG.</p> <p>AC agreed that although things had improved further progress was still required and suggested that NC and he should consider the suggestion in more depth and propose a process whereby overdue actions would, after a defined number of days, be triggered for detailed review at TMG followed by escalation to TEG if necessary.</p> <p>Action: AC, NC and BJ to work together to define an escalation process for overdue actions via TMG and TEG including triggers in terms of days overdue and/or grade of recommendations.</p> <p>Approval: The Audit Committee noted the current status of outstanding audit recommendations.</p>	<p>AC/NC/BJ 2015/37</p>
<p>10.0</p>	<p>Internal Audit Progress Report</p> <p>BJ and PW provided a progress update against the agreed Internal Audit (IA) plan along with outcomes of reviews undertaken.</p> <p>BJ confirmed that, with 96% of it already completed, the IA Plan was in a much better position at the end of 2014/15 than it had been at the end of 2013/14.</p> <p>She stated that 3 reviews had been finalised since the last progress report. These were:</p> <ul style="list-style-type: none"> • ECS General Controls (significant assurance); • IG Toolkit – Pre-Submission (significant assurance); • Business Continuity Planning (significant assurance). <p>Five reviews were currently at draft report stage (all significant assurance) and a further three discussion draft reports had been issued with the draft relating to the Probationary Policy review issued as a limited assurance report.</p> <p>BS asked whether the audit related to the application of the policy.</p> <p>BJ replied that the policy was in place but was not being delivered, the review had therefore related to its implementation.</p> <p>BS suggested it would be useful if IA could clarify in the title of each piece of work, whether it was a review of the actual policy/strategy in question or its implementation or development.</p> <p>BJ stated that all outstanding work would be completed by June 2015, adding that the three pieces of IT work that remained on-going had specifically been requested to take place in Quarter 4. In addition, the Opinion statement was due in mid-April with the majority of detail in the statement relating to the limited assurance reports.</p>	

	Action
<p>BJ stated that the 4 reviews which would not be attracting an assurance opinion were:</p> <ul style="list-style-type: none"> • Employee and Industrial Relations Governance; • Clinical Leadership and Management Processes Follow Up; • Service Transformation Programme; • Clinical Quality Strategy. <p>With the exception of the Clinical Quality Strategy review, which had been deferred to April 2015 at the request of management, these reviews were either complete or drawing to a close.</p> <p>BJ tabled copies of a validated Industrial and Employee Relations matrix, the content of which had been developed using the Good Governance Institute maturity matrix format. The matrix, which provided a high level overview of IA's view of the Trust's current position in terms of Industrial Relations, identified areas for potential IA work during the following year.</p> <p>BJ stated that a Service Transformation Programme workshop had taken place on 18 March 2015 and follow up activity planned. The workshop was the result of a previous lessons learned report about the pace of change and effectiveness of approach.</p> <p>MW stated she was keen that any remaining gaps were identified quickly with the Trust being very clear on the actions required to close those gaps. This would enable YAS to have a truly effective programme management mechanism in place.</p> <p>BJ stated that IA's overall Opinion as of 24 March 2015 was: <i>'Significant Assurance can be given that there is a generally sound system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weaknesses in the design or inconsistent application of controls put the achievement of particular objectives at risk most notably in the areas of Contract/SLA management, IT system implementation, Estates Management (tenancies/ facilities /R&M), vehicle safety and cleaning, PTS criteria application and recruitment effectiveness.'</i></p> <p>BS stated that he had found the table summarising IA coverage in 2014/15 by Directorate on page 7 of the report very interesting given the impression presented as to the relative levels of IA activity. For example, comparing the work undertaken in Finance with that in Clinical Quality and Governance, suggested that there remained an emphasis towards IA work on Finance. He wondered whether the organisation had the right allocation and balance of audit across its audit universe.</p> <p>BJ replied that this had been the subject of earlier discussions. However, the Operational strand across other Directorates was not made clear in the table which</p>	

	Action
<p>The table merely showed where the lead for each audit was based.</p> <p>EB suggested that a bar chart showing the number of days spent on each Directorate's work might help.</p> <p>BJ agreed to do this.</p> <p>Action: BJ to produce and share a bar chart of the number of days spent on each Directorate's work.</p> <p>BS asked BJ to clarify the messages presented in table 4 on page 8 of the report.</p> <p>BJ replied that the table should be used as a reference in relation to key findings arising from the IA limited assurance reviews.</p> <p>EB stated that Review Objective column seemed to be very wide ranging, whereas the Key Improvement Areas were wholly specific in a number of areas such as PTS. As a result, therefore, she was unclear about which areas had failed to improve.</p> <p>BJ replied that IA had tried to provide an overview in the table and asked what further analysis the Committee would value.</p> <p>BS suggested that a 'progress' column, which built in the follow up work would be useful with EB adding that a percentage of actions completed would also help.</p> <p>BJ agreed to take the suggestions forward and revise the table.</p> <p>Action: BJ to amend Table 4 taking into account the suggestions arising as part of the minuted discussion.</p>	<p>BJ 2015/38</p> <p>BJ 2015/39</p>
<p>ECS General Controls (Significant Assurance)</p> <p>BS expressed concern at the number of findings in the report and questioned the 'significant' assurance level.</p> <p>BJ stated that IA's IT specialist was from a partner organisation which had a slightly different style of reporting. Although the number of grade 2 recommendations had increased, the nature of IT reviews made it difficult to bring them together to moderate all of the findings from YAS' point of view.</p> <p>Following detailed consideration of the scope, BS stated his belief that the review was another instance of an audit identifying issues about which management teams should have already been aware.</p> <p>MW agreed, adding her belief that the design criteria should have been signed off for all of the items in the scope of the review.</p>	

	Action
<p>BS suggested that the ICT management team should have postponed the system going live until such time as all of the issues had been dealt with, adding that a trend could be seen in terms of ICT management of there not being enough challenges and controls in place.</p> <p>A long discussion took place about ICT general controls, etc.</p> <p>BS stated he would find it useful to receive a retrospective report from ICT explaining why it had gone live whilst the issues remained.</p> <p>PD expressed concern about potentially serious patient safety issues should the whole system go down, stressing the importance of clear business continuity arrangements being in place should this happen.</p> <p>AC agreed to liaise with Ola Zahran (OZ), the Associate Director of IM&T about the issues and report back to the Committee.</p> <p>Action: AC to liaise with OZ re the challenges and controls in place in relation to new ICT systems with a report to come back to the Audit Committee.</p> <p>IG Toolkit – Pre-Submission (Significant Assurance) BJ stated that a lot of cumulative assurance had been gathered during the course of several annual reviews and YAS’ submission was of a good standard, adding that the actions and recommendations made by IA had needed to be completed prior to the date of submission in order to be fully effective.</p> <p>BM confirmed that all of the actions and recommendations had been completed immediately due to the close proximity of the deadline date for submission.</p> <p>Business Continuity GAP Analysis (Significant Assurance) BJ stated that the assessment undertaken to review compliance with each of the requirements of International Standard BS ISO 22301 was summarised in the table in the report. A detailed analysis of the evidence supplied to support the assessments made had been provided to the Business Continuity Manager as a separate document.</p> <p>A number of gaps in control had been highlighted in relation to specific standards which were outlined in the main body of the report as areas for potential improvement. Key areas identified related to risk assessment and management of business continuity risks, as well as departmental business continuity activity planning and monitoring.</p> <p>EB stated she did not like some of the lead’s responses, adding her belief that no specific actions seemed to have been agreed.</p>	<p>AC 2015/40</p>

	Action
<p>BS expressed surprise at the ‘significant assurance’ outcome as some of the items assessed as amber seemed to be fairly fundamental in his opinion.</p> <p>BJ replied that the fact that departments were assessed as being Level 2 for 14 of the 22 standard requirements and Level 1 for the remaining 8 had led to the significant assurance assessment.</p> <p>JN stated it would be useful to know which weaknesses related to critical and which to non-critical areas.</p> <p>BJ replied that there was very detailed evidence underpinning the report. However, she would take the Committee’s comments back to the auditor and provide further feedback outside the meeting.</p> <p>Action: BJ to liaise with auditor in relation to the outcome of the Business Continuity GAP Analysis and provide feedback to Committee members outside the meeting.</p> <p>BJ stated that the enlarged audit plan had been explained at the previous week’s TMG meeting. She suggested that there was also a need to reaffirm to managers the necessity to tighten up on their responses to audit reports, etc.</p> <p>AC stated he would discuss this suggestion further with BJ outside the meeting.</p> <p>Action: AC to discuss with BJ ways of tightening up management responses to audit reports outside the meeting</p> <p>BS thanked BJ and PW for their progress report.</p> <p>Approval: The Audit Committee received and accepted the latest Internal Audit Progress Report</p>	<p>BJ 2015/41</p> <p>AC 2015/42</p>
<p>10.1</p> <p>Review Internal Audit & Counter Fraud Plan 2015/16</p> <p>BJ provided the Audit Committee with information around the Internal Audit and Counter Fraud planning process for 2015/16 and invited feedback. It was noted that the Plan had been considered in depth at the March meeting when the Committee had gone through it page by page.</p> <p>BJ confirmed that the revised Plan reflected the comments made by the Audit Committee at its meeting on 5 March. These comments were in red for ease of reference and the details provided in the IT verbal update at the same meeting had also been added.</p>	

	Action
<p>PD stated that, in spite of the fact that there had been an increase in medicines management incidents during the current year over the previous year, no audit work around medicines management and security (of opiates, etc) had been carried out and asked whether anything could be done in that respect.</p> <p>EM asked why 15 days had been allocated to the overseas recruitment checks, etc work whilst EB stated her belief that all checks now had to go to the Department of Health.</p> <p>BJ replied that this had been a specific request from IB.</p> <p>AC stated that IB had wanted to make sure that the Trust was complying with the need for a standard approach across the whole of the organisation.</p> <p>A discussion took place about the scoping of audits with BJ and the potential involvement of the Audit Committee.</p> <p>BS stated that he needed further assurance that the currently 'unaudited' areas were the correct areas.</p> <p>PW stated that the reasons for choosing specific audits were specified in both the brief and executive summary.</p> <p>It was agreed that, when the current BoardPad issues were solved, MG should set up a reading room in which specifications, full reports, etc could be stored.</p> <p>Action: MG to set up an Internal Audit reading room on BoardPad.</p> <p>EB asked whether the 35 days listed as a contingency for additional operational coverage were ring-fenced.</p> <p>BJ confirmed that this was the case, adding that she had already been in discussions with the Interim Executive Director of Operations about priority areas for review.</p> <p>The meeting moved on to consider the map of Internal Audit actual and planned activity against the original Audit Universe from 3 years previously.</p> <p>BS stated his view that some fairly substantial areas had not yet been subject to internal audit</p> <p>BJ replied that the outstanding topics would need to be looked at in the context of other work that had been carried out.</p>	<p>MG 2015/43</p>

	Action
<p>After further discussion it was agreed that the Executive Directors should be asked to consider the work being proposed in each of their areas and confirm what was required and what was no longer necessary. BJ would then provide an update at the July meeting and the Audit Universe and Plan could be refined as appropriate.</p> <p>Action: BJ to liaise with Executive Directors re proposed work for 2015/16 and report back refinements as appropriate.</p> <p>BS requested clarification of the thought process followed in terms of repeat audit and asked whether the organisation was receiving repeat assurance in as many areas as it should.</p> <p>BJ agreed that although there was an expectation that IA would review some areas on an annual basis it was always worthwhile stepping back to reconsider these decisions periodically.</p> <p>BS suggested that a scoring mechanism could be used. This could include: the importance of the area of business; known problems; previous audit reports; known risks; changes since the last audit, etc. The scoring mechanism could then be used to consider and provoke discussion with management about the potential need for repeat audits.</p> <p>BJ undertook to consider this in further detail, in consultation with management and report back to the July Audit Committee meeting.</p>	<p>BJ 2015/44</p>
<p>Action: BJ to consider the introduction of a scoring mechanism to be used in terms of assessing the potential need for repeat audits to report back to the July Audit Committee meeting.</p> <p>The meeting moved on to consider the proposed Counter Fraud coverage for 2015/16.</p> <p>SF stated that the anti-fraud plan provided a strategic approach to fraud coverage in line with recognised risk and within the organisation's resource constraint (100 proactive days) in order to support the development of a strong anti-fraud culture.</p> <p>EB asked why, when the organisation's resource constraint was 100 days, the progress report stated that the Fraud Plan control schedule had used 138 days.</p> <p>SF replied that the difference related to investigations.</p> <p>He further stated that there was an element of planning within the 100 proactive days, which were used for budgeted work under the four headings of:</p> <ul style="list-style-type: none"> • Strategic Governance; 	<p>BJ 2015/45</p>

	Action
<ul style="list-style-type: none"> • Inform and Involve; • Prevent and Deter; • Hold to Account. <p>Investigations were not planned for in advance as spare days in the plans were used in that respect.</p> <p>EB asked whether there were enough spare days to use for investigations.</p> <p>BJ replied that IA also had the capacity to put in place extra measures if necessary to use in investigations, adding that IA was reducing the number of extra days used year on year as the way in which investigations were carried out was rationalised.</p> <p>BS asked whether the Trust was doing what it should over and above the basic Counter Fraud Plan to fully understand current issues, concerns, etc.</p> <p>BJ replied that Counter Fraud risks were built into audit specifications when appropriate to ensure that the IA and Counter Fraud work was linked.</p> <p>Approval: Following appropriate comments/observations/challenges, the Audit Committee approved the 2015/16 Internal Audit and Counter Fraud Plan</p>	
<p>10.2</p> <p>Anti-Fraud Progress Report</p> <p>SF stated that the Local Counter Fraud Specialist was accountable to the Executive Director of Finance and Performance and was responsible for providing regular updates to the Audit Committee of work undertaken against the Fraud Plan and NHS Protect Standards.</p> <p>EM stated that there seemed to be an increased number of investigations in the current report, most of which related to staff working whilst on sick leave. She suggested that the Trust should take a stronger stance about what staff could and could not do in that respect, for example during inductions.</p> <p>EM added her belief that the Trust choosing to take no action when a member of staff resigned following investigation was the wrong stance to take.</p> <p>SF stated it was very difficult to prosecute in these cases and how far the Trust could publicise such outcomes was a major problem as in the current environment of litigation the organisation had to be careful about the information it shared publicly about its staff.</p> <p>SF stated, although he would be happy to publicise the outcomes of such investigations, this was a matter for IB and HR to follow up.</p>	

		Action								
	<p>Following further discussion it was agreed that SF, IB and EM should meet to consider what information should be shared about staff who left the organisation following investigations.</p> <p>Action: Meeting to be set up between IB, EM and SF to consider the information shared about staff leaving following investigations.</p> <p>Approval: The Audit Committee received the latest Anti-Fraud Progress Report for information and discussion.</p>	<p>JW 2015/46</p>								
<p>10.3</p>	<p>Anti-Fraud Annual Report 2014/15 SF stated that all providers were required to complete an Organisation Crime Profile within one month of signing the NHS Standard Contract 2014/15.</p> <p>Organisations who were assigned to a category 1 or 2 following completion of the profile were required to comply with NHS Protect's Standards for Providers: Fraud, Bribery and Corruption. This included the provision of an annual report (standard 1.5). YAS was assigned a category 1 and hence an annual report had been completed as required.</p> <p>The annual report provided a brief description of the anti-fraud, bribery and corruption activities undertaken during the financial year 2014/15. In compliance with NHS Protect Standards the following items of information were also included:</p> <ul style="list-style-type: none"> • A signed declaration using wording specified by NHS Protect; • Days used to deliver anti-fraud, bribery and corruption work; • Cost of the work conducted during the year. <p>SF stated that the annual report was completed in sufficient detail to enable NHS Protect to derive a clear picture of the work conducted and to assist the responsible officers within the organisation in supporting, managing and directing current and future anti-fraud, bribery and corruption work. The annual report might be requested by NHS Protect as part of the annual Quality Assurance process following the end of each financial year (standard 1.6) and the submission date for 2014/15 QA self-assessment documentation was 31 May 2015.</p> <p>SF outlined the details contained in the Executive Summary of Organisational Compliance and the work conducted against each of the four Standards. He stated that the summary of risk against the contract and standards at the end of March 2015 was as follows:</p> <table border="0" data-bbox="252 1921 1098 2065"> <thead> <tr> <th>Area of Activity</th> <th>Red/ Amber/Green level</th> </tr> </thead> <tbody> <tr> <td>Strategic Governance</td> <td>Green</td> </tr> <tr> <td>Inform and Involve</td> <td>Amber</td> </tr> <tr> <td>Prevent and Deter</td> <td>Amber</td> </tr> </tbody> </table>	Area of Activity	Red/ Amber/Green level	Strategic Governance	Green	Inform and Involve	Amber	Prevent and Deter	Amber	
Area of Activity	Red/ Amber/Green level									
Strategic Governance	Green									
Inform and Involve	Amber									
Prevent and Deter	Amber									

		Action
	<p>Hold to Account Overall Level</p> <p style="text-align: center;">Green Amber</p> <p>BS asked what the implications were of being amber as opposed to green.</p> <p>SF replied that NHS Protect were less likely to revisit trusts who were rated amber overall.</p> <p>BS asked what assurance was required from an Audit Committee perspective before the declaration was signed.</p> <p>SF replied that the combination of the work carried out during the course of the year in a mixture of internal audit areas would ensure there was nothing that caused concern from a fraud perspective.</p> <p>Approval: The Audit Committee received and noted the document.</p>	
11.0	<p>Review of Annual Accounts Timetable Plan 2014/15</p> <p>AC provided an update on the 2014/15 Annual Accounts timetable.</p> <p>He stated that updates in terms of the year-end process since the last meeting were included for information. The Finance team were under a lot of pressure as the financial plans were due at the same time as year-end. However, following a detailed meeting with External Audit he felt relatively comfortable with the process.</p> <p>AC confirmed that the appointment of NC as Interim Associate Director of Finance had been a positive move.</p> <p>BS noted that several apologies had been received from NEDs for the Accounts briefing planned for 29 May. Those NEDs unable to attend the briefing would therefore need to bring their comments to the Audit Committee meeting on 2 June.</p> <p>BS further stated that, following the briefing meeting, he would share any pertinent points of interest with NED colleagues by email.</p> <p>It was noted that the Annual Accounts documents would go onto BoardPad as soon as they were available.</p> <p>Approval: The Audit Committee noted the Annual Accounts timetable.</p>	
11.1	<p>Annual Review of Accounting Policies</p> <p>AC stated that the purpose of the paper, which had been written by the new Interim Financial Controller, Paul Shrubsole (PS), was to approve the draft Accounting Policies of the Trust.</p> <p>BS welcomed PS to the meeting and introductions were made round the table.</p>	

	Action
<p>BS asked whether there had been any changes to the Trust's accounting policies.</p> <p>PS replied that the only minor change made to the accounting policies included in the 2013-14 final accounts was that the note on PFI (1.16) had been removed, as this was not relevant to the Trust.</p> <p>AC confirmed that there was nothing to raise from his perspective.</p> <p>PT confirmed that EA were also basically happy with the situation although the Accounting Policies might be subject to further change. Any subsequent changes would be highlighted at the NED briefing and June Audit Committee meeting as part of the approval of 2014/15 accounts.</p> <p>Approval: The Audit Committee approved the Accounting Policies for the 2014/15 Annual Accounts.</p>	
<p>11.2 Review final Annual Report Timetable/Plan 2014/15</p> <p>LT entered the meeting to update the Audit Committee on the timetable for the production of the Annual Report 2014/15.</p> <p>BS welcomed LT to the meeting and introductions were made round the table.</p> <p>BS stated that there did not seem to be an opportunity in the timetable for the Audit Committee or Board to review and/or approve the full Report and requested clarification of the process.</p> <p>LT replied that the timetable followed the same format as that used in previous years.</p> <p>BS asked whether the Board received the entire document in draft.</p> <p>EB stated that there had been debate about whether the full report, which contained the Annual Accounts, Quality Account and the Annual Governance Statement, should go to Board for sign off.</p> <p>LT stated she would confirm what had happened the previous year and feed back to the Committee to clarify its and the Board's input into the process.</p> <p>Action: LT to provide clarification to the Audit Committee of its input (and that of the Board) into the process for the final sign off of the full Annual Report.</p> <p>LT confirmed that, Head of Corporate Communications, Elaine Gibson, had met with the Trust Chairman the previous day to agree the format of report so the first two actions were complete.</p>	<p>LT 2015/47</p>

	Action
<p>Approval: The Audit Committee noted the updated timetable for the production of the Annual Report 2014/15 and was assured of progress in delivering the required content.</p> <p>BS raised the issue of the outstanding red RAG rated IA recommendation in relation to the Report on Reputational Risk Management: 'Conclude review of the possible requirement for a specific reputational risk management policy', which had been flagged up to the Committee as it was now 59 days overdue.</p> <p>He asked LT why the recommendation was still outstanding.</p> <p>LT replied that she had only recently been made aware of the recommendation, adding that she would now pick up the work which would either form part of the new Corporate Communications Strategy or a brand new document.</p> <p>Action: LT to provide Audit Committee with an update on the overdue implementation of the IA recommendation in relation to the Report on Reputational Risk Management at the July meeting.</p> <p>It was noted that Reputational Risk Management would be subject to an IA follow up check at an appropriate time.</p>	<p>LT 2015/48</p>
<p>12.0 External Audit Update PT presented an update on the proposed External Audit Plan of 2014/15 Audit activity.</p> <p>In relation to the materiality issue raised at the last meeting, PT confirmed that Deloitte as a firm had a relatively lower level of materiality than several other firms whilst stressing that the organisation did not regard YAS as a high risk organisation.</p> <p>AC stated that he was happy to remain at 2%.</p> <p>AC confirmed that Ernst and Young had been appointed by the Audit Commission as YAS' External Auditors for 2015/16 and 2016/17.</p> <p>Depending on progress made in relation to the Trust's Foundation Trust path, the organisation might have the flexibility to go out to tender for its External Auditors for 2017/18.</p> <p>BS stated that advice had been taken and it had been confirmed that no dispensation would be forthcoming to enable the Trust to continue using Deloitte as its auditors rather than incur the time cost of a change of external auditor perhaps soon to be followed by a further change once a competitive tendering exercise is undertaken.</p>	

	Action
<p>PT stated that the nature of Deloitte’s planned procedures were similar to those set out in their audit plan for the year ended 31 March 2014. Deloitte would perform their audit in accordance with the Audit Commission Code of Audit Practice and would inform the Audit Committee of any additional risks identified as they completed their audit planning.</p> <p>BS stated his belief that the comment under ‘Revenue Recognition’ would need to be amended to take into account confirmation that the Trust was due to receive funding to cover the cost of its involvement in the Hillsborough Inquiries.</p> <p>PT replied that he would need to see proof before he could alter the statement.</p> <p>JN stated that, taking into account fixed costs, remuneration, etc subjective audit areas were very limited in the organisation. He stressed the consistency of application of judgmental areas.</p> <p>PT stated that Deloitte had no significant Value for Money risks of which to inform the Committee, adding that the 2014 audit identified no material misstatements or disclosure deficiencies. In addition, Deloitte had previously communicated their fees which were in line with the scale fees set by the Audit Commission.</p> <p>AR stated that members of Deloitte’s Global Employer Services team were in discussion with the Trust around the provision of tax advice in respect of services provided to employees, although no work had yet been undertaken in that area. If the piece of work gained approval, Deloitte would inform the Committee and the total level of non-audit fees would be included in their final report to the Committee.</p> <p>PT stated that Deloitte had examined the design and implementation of controls ‘relevant to the audit’, adding that a substantive rather than controls approach would be taken.</p> <p>He further stated that Revenue Recognition was a presumed risk under Auditing Standards which had been assessed to relate specifically to income from contracts for the A&E, PTS and NHS 111 services.</p> <p>In terms of the management override of controls, Deloitte would focus on the testing of journals, significant accounting estimates and any unusual transactions in the year.</p> <p>EM requested clarification of the financial threshold for the consolidation of the accounts for YAS’ Charitable Funds.</p> <p>AC stated that the intention was currently not to consolidate, although a test would be carried out at the end of the year.</p>	

	Action
<p>The judgement was made against materiality and although there was a reasonably sizable legacy, this was not a significant enough component to consider consolidation of accounts.</p> <p>There were no other comments or questions.</p> <p>Approval: The Audit Committee noted and agreed the contents of the proposed External Audit Plan 2014/15</p>	
<p>13.0 Review Audit Committee Annual Workplan The Committee considered the proposed changes to the Audit Committee Workplan to ensure that all statutory and necessary work was planned for 2015/16.</p> <p>BS stated that, with the assistance of AC and Jo Wilson, he had considered the contents of the Annual Workplan. The basic content of the Workplan had been carried forward although, for improved clarity, the June ‘accounts’ meeting was now presented in a standalone format.</p> <p>AC agreed that there were no significant changes, adding that there was flexibility within the Workplan to make alterations during the course of the year if required.</p> <p>BJ stated that she could not see an entry for consideration of the Annual Internal Audit Report.</p> <p>BS replied that this would be covered during the June meeting.</p> <p>Approval: The Audit Committee reviewed, discussed and approved the changes to the Audit Committee Workplan.</p>	
<p>14.1 SFI Waivers and Contract Award Activity over £100,000 AC provided assurance on the contracts that had been let and purchase orders raised for goods and services above £100,000 and Single Tender Waivers (STW) signed since the last Audit Committee. AC stated that most of the contracts had been to Trust Board and F&IC and no Single Tender Waivers over £100k had been approved.</p> <p>BS invited questions from those present.</p> <p>EB challenged the wording of the Systemwash Single Tender Waiver.</p> <p>JN asked whether there were any contractual implications of the current agreement.</p> <p>AC confirmed that there were no contractual implications.</p>	

	Action
<p>However, he would take the document back to Mike Fairbotham and his team and ask them to provide more thorough justification outside the meeting.</p> <p>BS requested the background to the Guardian Electrical Solutions Single Tender Waiver.</p> <p>AC stated he was unaware why the Trust had not known about the situation previously. However, it had been spotted by Estates and progressed as soon as possible so that there was no risk to the organisation. He stressed that use of the company should be by exception only.</p> <p>BS stated his belief that not planning properly was not appropriate justification for the use of Single Tender Waiver and asked AC to feed back to his team on that.</p> <p>Approval: The Audit Committee accepted the report as a true representation of high value contracts and STW activity.</p>	
<p>14.2 Assurance regarding on-going compliance with SFI's & SO's Progress Report</p> <p>AC provided an update on the process of providing assurance of compliance with SFIs. He stated that the Trust was in the process of developing a matrix which highlighted assurance against the SFIs.</p> <p>This was a very complex piece of work with 200 subject headings and additional sub-headings which would continue to change constantly. However, it would provide a flavour of what the Trust was doing, whether it was moving in the right direction, etc.</p> <p>BS stated that the Assurance Matrix exercise would need to include both SFIs and SOs.</p> <p>AC agreed with BS, adding that NC was due to take the work forward.</p> <p>BJ stated that IA might already possess much of the information required. It was agreed that NC should liaise with BJ, particularly as IA could provide useful and independent assurance to the Committee.</p> <p>Action: NC to liaise with BJ re further development of SFI/SO Assurance Matrix.</p> <p>BS acknowledged the size of the task whilst stating his belief that it was essential for the Trust to be able to demonstrate reasonable assurance that it was complying with its SFIs/SOs. He thanked everyone involved for the good progress that was being made.</p>	<p>NC 2015/49</p>

		Action
	<p>Approval: The Audit Committee noted the progress made so far and accept the concept of an evidence log and assurance matrix for demonstrating compliance with SFI's.</p>	
14.3	<p>Review of Suspension of Standing Orders BS stated that he had not received the usual confirmation that there had been no suspension of Standing Orders and asked MG to follow this up with AA.</p> <p>Action: MG to ask AA to email the usual assurance to Committee Members on her return to the office.</p>	<p>MG 2015/50</p>
15.0	<p>Review of Schedules of Losses and Special Payments AC presented the regular quarterly update about the incidence of Losses and Special Payments for the eleven months to February 2015.</p> <p>JN asked whether there was any evidence that the level of claims was diminishing.</p> <p>AC replied that increased awareness of what could and could not be claimed meant that the number of claims had increased over recent years, adding that a 'lessons learned' process was now in place.</p> <p>EM asked whether YAS' number and value of claims were in line with those of other ambulance services.</p> <p>BJ suggested that the NHS LA might be able to help with this information and offered to liaise with them in this respect.</p> <p>Action: BJ to liaise with NHS LA re number/value of claims at other ambulance services.</p> <p>EM asked whether the information would include data about any fraudulent claims.</p> <p>BJ replied that this was unlikely as a claim would tend to be closed off and not taken any further rather than being determined as fraud.</p> <p>EB suggested that a section about trends and benchmarking could be included as part of the claims report at the next Joint Quality and F&I Committee meeting.</p> <p>Action: SP to provide claims update report including a section about trends at the July Joint Quality and F&I Committee meeting</p>	<p>BJ 2015/51</p> <p>SP 2015/52</p>

		Action
	<p>PD asked what were the riskiest activities in which YAS's staff were involved other than manual handling and whether the use of the new 'green bag' was making any difference to the number of claims.</p> <p>AC replied that he would speak to SP and ask him to include a section about staff claims in the claims update report at the July Joint Quality and F&I Committee meeting.</p> <p>Action: SP to provide an update on the main areas of staff claims in the claims update report at the July Joint Quality and F&I Committee meeting.</p> <p>Approval: The Audit Committee noted the incidence of Losses and Special Payments made to the end of February 2015.</p>	<p>SP 2015/53</p>
<p>16.0</p>	<p>Review of Register of Members' Interests</p> <p>AC presented an update to provide assurance that the record attached to the report was a true representation of the Register of Members Interests up to and including 2 April 2015.</p> <p>BS stated that the record, which had gone to Board at the end of March, was now coming to the Audit Committee for assurance.</p> <p>AC requested information about Directors' shareholdings limit.</p> <p>EB replied that a holding of more than 5% of a company's turnover was the limit.</p> <p>BS stated that the Trust Chairman had asked AA to clarify whether, in their roles as Interim Executive Directors, AC and DM would become trustees of YAS' Charity.</p> <p>It was noted that AA would provide a response in due course.</p> <p>Action: AA to clarify whether interim Executive Directors would become trustees of YAS' Charity.</p> <p>Approval: The Audit Committee was assured that the record, at Appendix A, was a true representation of the Register of Members Interests up to and including 2 April 2015.</p>	<p>AA 2015/54</p>

		Action
17.0	<p>Assurance regarding Raising Concerns at Work Arrangements & Update BS stated that he had received feedback from MW as the allocated NED, Cath Cox, Head of HR Business Partners, and Gareth Flanders, Head of Quality, that no concerns had been logged since the last meeting of the Audit Committee.</p>	
18.0	<p>Review of Meeting Actions & Quality Review of Papers BS thanked everyone for their time and contributions and invited comments from those present.</p> <p>PD stated that the papers had been of a good quality although the format of some papers on BoardPad remained an issue.</p> <p>BS stated that, as agreed earlier, MG and he would be meeting up to agree which papers would need to be reformatted going forward.</p> <p>EB stated her belief that the format of the BAF was acceptable but the Corporate Risk Register would need to be reformatted for BoardPad.</p> <p>MW stated that some of the page numbers of documents on BoardPad were different to the hard copies and wondered whether it would be possible to solve this issue.</p> <p>EB stated that if reference was made to paragraph numbers rather than page numbers, this would overcome the problem. She stated that it had been a good meeting which had been well-chaired.</p> <p>BS thanked everyone for their attendance and the meeting closed at 1240 hours.</p>	
	<p>Date and Location of Next Meetings: 2 June 2015 – Timing to be confirmed – Kirkstall & Fountains 2 July 2015 – 0900-1300 – Kirkstall & Fountains</p>	

CERTIFIED AS A TRUE RECORD OF PROCEEDINGS

_____ **CHAIRMAN**

_____ **DATE**