



Yorkshire Ambulance Service NHS Trust Audit Committee Annual Report 2019/20

1. Purpose of report

This report provides a summary and assurance for the Trust Board on the activities of the Audit Committee ('the Committee') during, and subsequently in respect of, the financial year 2019/20.

2. Constitution of the Committee

Membership of the Committee over the year, meetings held and attendance register are provided in Appendix B.

3. Purpose and Responsibility of the Committee

The Purpose of the Committee is set out in its Terms of Reference. Details are provided as Appendix A.

The Committee reports in an appropriate and timely manner on matters within this remit to the Trust Board.

How the Committee Discharged its Duties and Responsibilities in 2019/20

3.1 Review of the system of governance, risk management and internal control

The Committee reviewed and assessed the Trust's Board Assurance Framework at all of its meetings during the year except the May meeting (which was focused on year end reporting), ensuring that changes both in recognised key risks and in risk mitigation actions were appropriate.

The Committee received and challenged assurances provided by other Board committees, by the Internal Audit function and by executive management.

At the meeting of October 2019, the Committee agreed the Charitable Funds Annual Accounts 2018/19 for onward approval by the Charity Trustee.

In May 2019 the Committee held an additional meeting to review and agree the Trust's Annual report and Accounts for the period 2018/19.

Regular report and updates were received from:

- Risk Management Group including BAF and Corporate Risk Register Updates
- Freedom to Speak Up
- Quality Committee including Risk Assessment Report
- Finance and Investment Committee including Risk Assessment Report
- Internal Audit Update and Progress Reports

- Counter Fraud Progress including YAS Counter Fraud Annual Report, Staff Expenses, Identity and Right to Work, Lease and Poole Vehicle Reports

3.2 Ensuring effective Internal Audit function

During the year, the Committee:

- Reviewed and sought clarification on Internal Audit progress reports at each of its meetings and individual Internal Audit reports as presented
- Monitored compliance with and adoption of audit recommendations
- Reviewed, discussed, challenged, and accepted a review of internal audit effectiveness
- Engaged with 2019/20 audit planning, including oversight of the audit planning process and input into the internal audit plan.

During 2019/20 final reports were received on:

- Accounts Payable
- General Ledger
- Risk Management
- Data Quality
- Controlled Drugs
- Server Operational Management
- AD Privileged User and Group Management
- YAS Payroll
- Fire Safety and Health and Safety
- Medical Gasses

At the May 2019 meeting, the Committee received the 2018/19 Internal Audit Annual Report and Head of Internal Audit Opinion, which provided good assurance that there is a sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently.

3.3 Reviewing the work and findings of the External Auditor

During the year, the Committee:

- Received and considered the External Auditor's opinion, feedback and assurances regarding the 2018/19 Annual Report and Accounts, Annual Governance Statement and Quality Account.
- Reviewed and satisfied itself regarding the External Audit Plan for the audit of the 31 March 2020 financial statements.

3.4 Reviewing the work of other committees for relevant assurance

During the year the Committee received reports and assurances from the Quality Committee and Finance & Investment Committee relevant to the Committee's duties and concerns.

3.5 Reviewing the findings of other significant assurance functions

The Committee reviewed and considered the findings of other significant assurance functions during its regular reviews of the Board Assurance Framework.

3.6 Ensuring adequate arrangements for countering fraud

During the year the Committee:

- Received, reviewed and was assured by the Counter Fraud Annual Report.
- Reviewed and approved the Trust's Anti-Fraud, Bribery and Corruption Policy.
- Received and considered progress reports at each Committee meeting.

3.7 Monitor the integrity of the financial statements, and review the systems for financial reporting

During the year the Committee received assurances from:

- The Finance Directorate
- Internal Audit
- External Audit
- The Finance & Investment Committee

The Committee maintained regular oversight by way of reports at each meeting on:

- Losses and Special Payments and their formal registration
- Single Tender Waivers and Contract Awards over £100k value
- Board Members' Expenses were reviewed for inclusion in the Annual Accounts.

4 Trust Board Assurance

The Committee Chairman provided regular reports to the Trust Board in public, identifying significant matters arising during the year to each Trust Board on behalf of the Committee.

Approved minutes of the Committee meetings were made available to the Trust Board by the Committee Chairman, where they were formally received by the Board of Directors.

5 Terms of reference

The Committee constantly monitors its terms of reference, their continued suitability and the Committee's continuing compliance. The current Terms of Reference were confirmed at the Trust Board meeting of 19 February 2019.

The Terms of Reference were scheduled to be reviewed in March 2020, the impact of the worldwide pandemic resulted in a more focussed agenda for the Audit Committee. A review of the Terms of Reference and Self-Assessment of the Committee's effectiveness will take place in Q4 2020/21.

6 Committee Annual Report

A report detailing the activities of the Committee throughout the 2018/19 financial year was presented at the 19 July 2019 meeting.

7 Work undertaken by Internal Audit

The 2018/19 Annual Report was provided to the Committee in May 2019. For 2019/20, Internal Audit (provided by AuditOne) were scheduled to provide their Annual Report to the Audit Committee at its July 2020 meeting. However, due to extenuating circumstances relating to the pandemic, the Audit Committee meeting postponed its July meeting, and the report was not formally received at that time.

The Head of Internal Audit Option was reported to the Committee on 4 June 2020. Based upon the internal audit work performed against the 2019/20 internal audit plan and the results obtained, the Head of Internal Audit reported good assurance; that there was a sound system of internal control, designed to meet the organisation's objectives; and that controls were generally being applied consistently. No significant control weaknesses arose from the core areas audited that were recommended for specific reference in the Annual Governance Statement.

However, in view of issues raised through the external audit process after completion of the Head of Internal Audit Opinion and closure of the Annual Report, the Head of Internal Audit advised that their working assessment of the Trust control arrangements had been reviewed. An addendum to the Trust Annual Governance Statement to reflect this was published on 30 October 2020.

8 Work undertaken by External Audit

Ernst & Young was External Auditor of the Trust for the financial year ended 31 March 2020. Under the Code of Audit Practice, the appointed auditor's main responsibilities are:

- to issue an opinion on the Trust's financial statements; and
- to conclude on whether, in all significant respects, the Trust has put in place proper arrangements to secure economy, efficiency and effectiveness in the use of its resources.

The External Auditor's conclusion in respect of the 2019/20 Financial Statements was that these:

- give a true and fair view of the financial position of Yorkshire Ambulance Service NHS Trust as at 31 March 2020 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the National Health Service Act 2006 and the Accounts Directions issued thereunder.

Matters to report by exception:

The External Auditor provided a qualified opinion conclusion (Adverse) in relation to proper arrangements to secure economy, efficiency and effectiveness as detailed within the Annual Report and Accounts 2019/20 published on 30 October 2020. This matter came to light after April 2020 and was therefore not considered in the Audit Committee proceedings during 2019/20. Issues arising will be taken forward in the Committee and will be reported in the Audit Committee Annual Report for 2020/21.

Report presented by the Chair of the Audit Committee
December 2020

Annex A: Audit Committee purpose

The purpose of the Committee is set out in the Terms of Reference as follows.

1. PURPOSE

The purpose of the Audit Committee [the Committee] is to:

1. Review the establishment and maintenance of an effective system of integrated governance, risk management and internal control across the whole of the organisation's activities (both clinical and non-clinical) that supports the achievement of the organisation's objectives.
2. Ensure that there is an effective internal audit function that meets the mandatory Public Sector Internal Audit Standards and provides appropriate independent assurance to the Chief Executive, Audit Committee and Board.
3. Review the work and findings of the external auditors and consider the implications and management's responses to their work.
4. Review the work of other committees within the organisation whose work can provide relevant assurance to the Audit Committee's own scope of work. This will, in particular, include the review of assurances provided to the Committee by the Quality Committee and the Finance and Investment Committee.
5. Review the findings of other significant assurance functions, both internal and external to the organisation and consider the implications for the governance of the organisation.
6. Satisfy itself that the organisation has adequate arrangements in place for countering fraud and shall review the outcomes of counter fraud work.
7. Monitor the integrity of the financial statements of the Trust and any formal announcements relating to the Trust's financial performance.
8. Ensure that the systems for financial reporting to the Board, including those of budgetary control, are subject to review as to the completeness and accuracy of the information provided to the Board. A primary source of assurance in this regard shall be the Finance and Investment Committee.
9. Report in an appropriate and timely manner on all such matters to the Board.

Annex B: Membership and attendance

The following Non-Executive Directors were members of the Committee during the financial year 2019/20

Stan Hardy (Chair)
Anne Cooper
Tim Gilpin
John Nutton

The Committee met five times during the financial year 2019/20

	Stan Hardy	Anne Cooper	Tim Gilpin	John Nutton
11 April 2019	✓	✓	x	✓
23 May 2019	✓	✓	✓	x
11 July 2019	✓	✓	✓	✓
10 October 2019	✓	✓	x	✓
16 January 2020	✓	✓	x	✓

Meetings were also attended by The Executive Director of Quality, Governance and Performance Assurance, reporting in particular on the Corporate Risk Register and the Board Assurance Framework.

The Executive Director of Finance also attended all meetings of the Committee during the year reporting on finance and performance matters and on meetings with the Internal and External Auditors.

The Committee invited the Trust's internal and external auditors to its meetings and at least one representative of each function attended every meeting.