



Audit Committee

Venue: Roche, YAS, Wakefield, WF2 0XQ

Date: Monday 6 November 2017

Time: 0900 hours

Chairman:

Barrie Senior (BS) Non-Executive Director

Membership

Barrie Senior (BS) Non-Executive Director

Erfana Mahmood (EM) Non-Executive Director

Ronnie Coutts (RC) Non-Executive Director

Apologies:

Ronnie Coutts (RC) Non-Executive Director

Terry Smith (TS) Head of Counter Fraud

Pat Drake (PD) Non-Executive Director, Deputy Chairman and Chairman of Quality Committee

Anne Allen (AA) Trust Secretary

Mark Bradley (MB) Executive Director of Finance

Claire Mellons (CM) Senior Manager, Ernst & Young (External Audit)

In Attendance:

John Nutton (JN) Non-Executive Director & Chairman of Finance & Investment Committee

Steve Page (SP) Executive Director of Quality, Governance and Performance

Perry Duke (PDu) Head of Financial Services (on behalf of MB)

Rachel Monaghan (RM) Associate Director of Performance Assurance and Risk

Hassan Rohimun (HRo) Executive Director, Ernst & Young (External Audit)

Sue Kendall (SK) Interim Head of Audit, Audit One

Suzanne Hartshorne (SH) Deputy Director of HR and Organisational Development (Item 3.2)

Matt Sandford (MS) Associate Director of Planning and Development (Item 11.0)

Mike Fairbotham (MF) Associate Director of Procurement and Logistics (Item 13)

Minutes produced by:

Joanne Lancaster (JL) Committee Services Manager

		Action
	The meeting commenced at 0910 hours.	
1.0	Introduction and Apologies BS welcomed everyone to the Audit Committee meeting and apologised for the postponement of the meeting originally	

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	<p>scheduled for 12 October 2017. Apologies for absence were noted as above.</p> <p>BS remarked that there were a number of inconsistencies on the front sheets of submitted reports and asked that in future the report author ensured that front sheets were completed appropriately.</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 Audit Committee meeting on 13 July 2017, including Matters Arising The minutes of the Audit Committee meeting held on 13 July 2017 were reviewed and agreed as a true record of the meeting.</p> <p>There were no matters arising that were not already included on the day's agenda.</p>	
3.1	<p>Action Log and Matters Arising The action log was reviewed and updated.</p> <p>Action 2016/037 – HR Internal Audit recommendations – Covered under item 3.2. Action closed.</p> <p>Action 2017/012 – Finance data to be included in the Chief Executive's update – Included in the Chief Executive's update. Action closed.</p> <p>Action 2017/015 – Entity Wide Control's – HRo would pass this to BS this week. Action remains open.</p> <p>Action 2017/027 – Progress against Internal Audit recommendations HR action plan – Covered at Item 3.2 of the agenda. Action closed.</p> <p>Action 2017/031 – Governance Arrangements with STPs – Covered under Item 11. Action closed.</p> <p>Action 2017/034 – Data Analytics for gender pay gap – HRo explained that he had met with MB in this regard and would now meet with the HR team to progress. Action closed.</p> <p>Action 2017/035 – Report on Gender Pay Gap to TEG – SP updated that the first draft had been considered by TEG and this would return to TEG later in November to be approved. Action closed.</p> <p>Action 2017/038 – Audit One Counter Fraud to review the NHS Protect Self Review self-assessment disclosure – SK reported that the self-assessment would be presented at the 11 January 2018 Audit Committee meeting. BS remarked that he was keen to get a refreshed view in terms of prevention and detection of fraud. Action closed.</p>	

		Action
	Action 2017/042 – Partnership Checklist – On the agenda at Item 11. Action closed.	
3.3	<p>For Assurance: Update on IR35 Issues and Actions (Action Log 2017/033)</p> <p>The paper provided an update on issues arising from and action taken in respect of the recent changes to IR35 legislation.</p> <p>It was noted the Trust had identified and mitigated the risks from changes to IR35 legislation to ensure that all new appointees were subject to review and approval before commencement so that these would be treated appropriately for tax and national insurance processes. Whilst the risk of error could not be wholly eliminated, for example, managers may not follow required processes, process was now ‘business as usual’.</p> <p>It was confirmed that, before April 2017, the legislation did not apply. He remarked that in his opinion the Trust had taken, and could demonstrate that it had taken, all reasonable actions in respect of compliance with the new IR35 legislation and therefore had considerably reduced the risk of financial penalty for non-compliance. For example, one of the key controls in the process was the Trust’s Vacancy Panel.</p> <p>Approval: The Audit Committee noted and gained assurance that the actions taken in respect of changes to IR35 and that the processes to ensure that the Trust remained compliant with relevant legislation now formed part of ‘business as usual’.</p>	
4.0	<p>For Approval: YAS Charitable Fund Annual Accounts</p> <p>The paper presented the independently examined 2016/17 Annual Report and Accounts for YAS Charitable Fund to note and forward to the Board for approval.</p> <p>BS remarked that as a stand-alone document the report did not provide the required assurance although he was confident that there would be a raft of information which sat underneath the report that would provide the requisite assurance.</p> <p>PDU noted that the report header should have indicated that the Annual Report and Accounts had been considered by the Charitable Funds Committee on the 11 August 2017 and there had been some minor amendments following that meeting. It had been the intention to attach the view of External Audit with the submitted report to Audit Committee to provide further assurance and he apologised that this had not been done.</p> <p>HRo confirmed that External Audit had completed their review of the YAS Charitable Fund Annual Report and Accounts and there were no issues to be resolved. There had been one minor issue in</p>	

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	<p>respect of brought-forward amounts which had now been resolved.</p> <p>The brought-forward issue related to unrepresented financial cheques amounting to £287 in total and had been corrected in the final version of the Accounts presented today.</p> <p>It was noted that at page 8 of the report the year should read 2016/17.</p> <p>Action: To amend page 8 of the YAS Charitable Fund Annual Report to read 2016/17.</p> <p>BS thanked PDU for the update and confirmed that the required assurance had been provided.</p> <p>Approval: The Audit Committee was assured by the 2016/17 Charitable Fund Annual Report and Accounts and would recommend them to Board for acceptance and signature subject to the slight amendment noted above.</p>	<p>PDU 2017/044</p>
<p>4.1</p>	<p>For Assurance: YAS Charitable Fund Committee Risk Assurance Report</p> <p>The Committee noted that the Board had had an in-depth discussion in relation to the Charitable Fund where it had been highlighted without a sustainable fundraising plan that there was a risk it would run out of funds in two to three years' time despite the current healthy financial balance. The Board and Trustees had discussed earlier that, should funds reduce, then activities could be paused or stopped until such a time that funds were available.</p> <p>A fundraising strategy was in place and staff resources to enable the strategy. It was proposed that the Charitable Fund Risk Register be considered by the Audit Committee on a bi-annual basis.</p> <p>After discussion it was agreed it was important that there was clarity in relation to what the Trust should provide and what the Charitable Fund could provide.</p> <p>Approval: The Audit Committee noted the update on Charitable Fund Committee discussions in relation to key risks and gained adequate assurance from the update report that appropriate risks were being suitably managed.</p>	
<p>5.0</p>	<p>For Assurance: Risk Management Reporting including Board Assurance Framework (BAF) and Corporate Risk Register (CRR)(including Datix Progress Update)</p> <p>The paper provided an update on quarterly projections on the BAF</p>	

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2017/18 in Q2 and detailed changes to the CRR since the last Audit Committee. The paper highlighted new 'Red' risks on the CRR and provided an update on action and reflected upon findings on the internal audit of risk culture and maturity and outlined plans to progress the Trust's risk culture.

It was confirmed the Quality and Finance and Investment Committees had each considered the relevant risks in relation to the BAF and CRR.

Two significant issues were highlighted one was staffing in A&E operations and the other was external system changes, particularly with relation to the Calderdale and Huddersfield NHS Trust reconfiguration.

'Risk 989 – Vehicle Availability for A&E' was advised to be an issue at present due to a number of reasons:

- Vehicles being off-road;
- Rota changes and additional shifts being added into the system;
- Vehicles not being in the right place at the right time;
- Ambulance Response Programme (ARP);
- Winter period.

All of these factors were having an impact on the issue and it was not solely down to the shift from RRVs to DCAs. TEG had received a paper proposing a pilot on using PTS transport for low acuity patients with EMT resource as appropriate. The pilot, should it be successful, would help with vehicle availability and performance improvement.

It was noted there was a lot of collaboration between the NAA but this had not extended to using other Trust's vehicles at present mainly due to the fact that the other two ambulance services were experiencing their own demands with vehicles. There was a tender for a Fleet Management System that was being developed as a NAA initiative.

Risk 1020 'Big Word Information Governance' which, should 'Big Word' translation service subcontract outside of the UK to a company who were not accredited to the EU/US Privacy Shield, then the Trust would not have adequate assurance resulting in lack of adequate privacy protection.

It was confirmed that a completeness check matrix designed to demonstrate that the Quality Committee and Finance & Investment Committee had each considered and received assurance regarding adequate management of relevant BAF and CRR>=12 risks with appropriate frequency would be developed and be ready to present by the next cycle of assurance meetings.

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<p>The completeness check matrix to be presented to Audit Committee in January 2018.</p> <p>It was queried, whether the North West calls that the EOC were taking were detrimental to YAS' performance and noted that it formed part of YAS' mutual strategic resilience and, as such, was appropriate.</p> <p>Action: Future report headers to include which assurance cycle the report had been through and which Committee meetings it had been presented at.</p> <p>It was noted that the BAF presented on this occasion to the Audit Committee had not yet received scrutiny for the Quality and Finance & Investment Committees.</p> <p>BS remarked that he believed that the BAF was a good source of assurance and he was confident that it was a 'live' document that reflected where the Trust was with risks. He suspected that the all risks on the BAF and all >=12 risks on the CRR were being picked up, where relevant, in the Quality Committee and the Finance and Investment Committee meetings, but the new completeness matrix would prove/disprove this.</p> <p>Approval: Audit Committee noted the key risks and developments as outlined in the report and continued to be assured with regard to the effective management of risks and noted the continued improvement of risk management within the Trust.</p>	<p>SP/RM 2017045</p> <p>All 2017/046</p>
<p>6.0 For Assurance: Quality Committee Risk Assurance Report</p> <p>The report provided assurance on the management of risks within the remit of the Quality Committee including:</p> <ul style="list-style-type: none"> • A&E Service line assurance; • A request for Divisional Commanders to be available to attend the next Quality Committee to provide an update of their localities; • A positive pre-presentation had been received on Facilities, Estates and Fleet; • Relevant risks had been pulled out through the BAF/CRR. <p>BS asked how particular concerns from the Committee were flagged to TEG or/and the Board.</p> <p>It was noted that the lead Director highlighted relevant issues to TEG and that minutes of both the Quality Committee and Finance and Investment Committee were provided to Board for assurance and any specific concerns were reported at that time.</p> <p>Approval:</p>	

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	<p>The Audit Committee noted the update on Quality Committee discussions in relation to key risks and gained adequate assurance from the update report that appropriate risks were being suitably managed.</p>	
<p>3.2</p>	<p>For Assurance: Workforce Update on Outstanding Actions (Action Log 2017/027) This item was taken out of order of the agenda.</p> <p>It was noted good progress had been made against the action log and that Quality Committee continued to keep a focus in this regard. JN referred to the lack of pace of producing certain developments, in particular he referenced the Succession Planning Report which had been in draft format at the beginning of October 2017 but would not be signed off at Board until April 2018.</p> <p>SH explained that a draft report had been presented to TEG however it had been requested by TEG that the report be split between a Talent Management Strategy and a Succession Planning Strategy. This was being progressed and would be taken to TEG in due course prior to going through the relevant assurance process for approval.</p> <p>It was noted the completion date of the Electronic Staff Record system upgrade was a national project and was not within the Trust's gift to bring forward.</p> <p>Discussion took place in relation to value for money (VfM) and benchmarking of back-office functions against other ambulance sector providers. It was acknowledged that comparison could not be made with the commercial sector as the Trust was a publicly funded body and therefore subject to different governance rules and public accountability.</p> <p>A brief summary of progress against the action log confirmed that work had progressed on the gender pay gap analysis and the Trust had secured a university professor to analyse the data later this month at neutral cost to the Trust. The data had to be published in March 2018.</p> <p>Approval: The Audit Committee noted the update and gained assurance that the action log in relation to the recommendations by Internal Audit for Human Resources was being managed and progressed appropriately.</p>	
<p>7.0</p>	<p>For Assurance: Finance & Investment Committee Risk Assurance Report The paper provided assurance on the management of risks within the remit of the Finance and Investment Committee (F&IC) including:</p>	

	Action
<ul style="list-style-type: none"> • The PTS tender for North Yorkshire; • Concerns with relation to the non-recurrent nature of some of the CIP schemes which would likely create financial issues in subsequent years; • Slippage in the PTS Transformation Programme delivery; it had been noted that the new management structure was now in place and the Transformation Programme should now gain traction; • The Vanguard project had some carried forward funding which would be ring-fenced for appropriate projects; • Hub and Spoke had been approved at the Board meeting of the 26 September; there was a recurrent cost pressure of £350k attached to this but the cost of the 'do-nothing' option outweighed this. • The Financial Plan had been presented where it was noted that the Trust aimed for a £1.9m surplus (excluding STF) in line with the Control Total for this year; it was noted that the Trust would need to develop and deliver further CIPs; • Current financial performance was ahead of plan for month 5 and this was largely due to the underspend against overtime within A&E Operations. <p>HRo remarked that the number of non-recurrent CIP schemes was of concern.</p> <p>SP advised that the Trust was looking at developing recurrent CIP schemes.</p> <p>Approval: The Audit Committee noted the update on Finance & Investment Committee discussions in relation to key risks and gained appropriate assurance that risks were being suitably managed.</p>	
<p>8.0</p> <p>For Assurance: External Audit Update The paper was provided for information and questions from those present were invited.</p> <p>It was noted that members of the ICT team had been on the national cyber security training.</p> <p>SP referred to page 10 of the report and the reference to the Care Quality Commission (CQC) comprehensive inspections of independent ambulance services and the concerns that had been highlighted through these; 25 different independent ambulance service providers had been issued 'requirement notices' ordering them to improve. It may be that some providers would not be able to make the required improvements. If this was the case the CQC would withdraw their licences to provide services. The Trust would urgently review all its third party provision in light of this.</p>	

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	<p>Approval: The Audit Committee noted the update.</p>	
9.0	<p>For Assurance: YAS Internal Audit Update The paper provided an update on the management of risk associated with outstanding Internal Audit actions.</p> <p>The paper was noted and Audit Committee members welcomed the new format in which it was presented.</p> <p>Approval: The Audit Committee received and accepted the latest Compliance with Audit Recommendations Report.</p>	
10.0	<p>For Assurance: Internal Audit and Counter-Fraud Progress Report The paper provided an update on progress with, and outcomes from, Internal Audit and Anti-Crime (Counter Fraud and Security Management) activity including the Internal Audit Charter. The Public Sector Internal Audit Standards (PSIAS) required internal audit providers to have a charter with their clients which outlined the role and duty of internal audit and the standards to be applied to the work undertaken. SK would discuss this further with SP and RM.</p> <p>Discussion took place in relation to whether there had been a previous Internal Audit Charter, SK would investigate. On that basis the Audit Committee would note the draft Internal Audit Charter at appendix 4 of the report and formally approve at the January 2018 Audit Committee meeting.</p> <p>Action: To investigate whether there had been a previous Internal Audit Charter and inform Audit Committee of the outcome at the next meeting in January 2018.</p> <p>SK informed the Audit Committee that the Acting Associate Director of ICT had asked Internal Audit to undertake an audit of the PTS system and this would replace the audit of YAS TV. This had been approved by TMG and she now asked that Audit Committee formally approve the change to the plan. This was agreed.</p> <p>BS asked that for future meetings the detailed papers be placed in the Reading Room.</p> <p>Action: For future meetings the detailed papers be placed in the Reading Room</p> <p>It was noted there were a couple of planned audits in the 17/18 Internal Audit Plan that had not commenced according to schedule</p>	<p>SK 2017/047</p> <p>Jo Wilson /JL 2017/048</p>

	Action
<p>but that she was confident that the Plan would be completed by the end of the financial year.</p> <p>EM asked whether the Internal Audit rating for Complaints, Claims and Incident Management reflected the actual position considering the turnaround times in relation to responding to complaints.</p> <p>SK explained that the report had been produced using the old methodology and that she would match this against the new regime to assess whether the same outcome was ascertained.</p> <p>Action: To review the outcome of the Complaints, Claims and Incident Management Internal Audit under the new audit regime methodology.</p> <p>SP added that there would be some cases, due to their very nature, that would take a long time to respond to. He emphasised that overall response times to complaints were reducing and very few Ombudsman complaints were upheld which was a positive indicator that the Trust was responding appropriately to complaints.</p> <p>SP remarked that Freedom of Information request response times were outside what was expected at the moment and work was being progressed to reduce the response time. This included reviewing the Trust's Publication scheme and streamlining the internal process.</p> <p>BS asked in terms of Internal Audits with limited assurance how these were escalated to the relevant Executive Director.</p> <p>RM responded that the team considered all limited assurance reports in addition to looking at 'good' assurance where there might be a high-risk action. These would be escalated to the relevant Executive Director for information and overview and learning noted at TEG.</p> <p>Discussion took place in relation to a 'no assurance' category and whether there should be one.</p> <p>SK explained that limited assurance reflected that fundamental actions were required. She assured the Committee that she would report any internal audits that came back as 'no assurance'.</p> <p>Approval: The Audit Committee received and accepted the latest Internal Audit Progress Report.</p>	<p>SK 2017/049</p>
<p>12.0</p>	<p>For Assurance: Review of Schedule of Losses and Special Payments</p>

	Action
<p>This item was taken out of order of the agenda.</p> <p>The paper advised the incidence of Losses and Special Payments for the first six month of 2017/18.</p> <p>The Trust was seeing the last of the Blue Bag claims and Tail-lift claims having worked their way through the claims system.</p> <p>SP added that the Trust was undertaking work to reduce the number of claims through training in moving and handling and the use of equipment.</p> <p>SP confirmed the claims report was considered by the Quality Committee.</p> <p>The Audit Committee noted the reduced number of claims compared to the previous year.</p> <p>Approval: The Audit Committee noted the reported incidence of Losses and Special Payments for the first six months of 2017/18.</p>	
<p>13.0 For Assurance: SFI Waivers and Contract Award Activity over £100,000</p> <p>The paper provided assurance on the approved contracts that had been awarded for goods and services above £100k and Single Tender Waivers (STW) signed since the previous Audit Committee.</p> <p>There had been 26 STWs signed since the last Audit Committee meeting but this was not unusually high and that historically there is always an increase in the latter part of the Financial Year. Should the amount of STW's increase to beyond 30 in the next quarter, it would be flagged appropriately; an industry standard for non-competitive procurement was around 5% of the total value of procured goods and services, and YAS currently stood just below that figure.</p> <p>BS asked that future reports included access to the full STW forms uploaded onto the Reading Room in BoardPad.</p> <p>Action: To upload the full STWs forms onto the Reading Room in BoardPad for future meetings.</p> <p>It was noted that there were a couple of retrospective STWs.</p> <p>MF explained the reasons for the two which were retrospective which had been due to administrative reasons which had now been resolved.</p> <p>Approval:</p>	<p>MF/ Jo Wilson 2017/050</p>

	Action
<p>The Audit Committee noted the update and was assured on the contracts let and purchase orders raised for goods and services above £100,000 and Single Tender Waivers (STW).</p>	
<p>11.0 For Assurance: Development of a Partnership Checklist The paper provided a further update on the progress of the development of the Collaborative Working Checklist and related actions.</p> <p>The Planning and Development Team had co-ordinated and updated the wide ranging action plan with input from a number of teams across the organisation. There was on-going development of a central register for which the Integrated Business Planning Group (IBPG) would hold responsibility of maintenance and review.</p> <p>The IBPG had recently reviewed and updated the group's Terms of Reference to incorporate the role of receiving, reviewing and forming a recommendation for TMG on whether to proceed and support an informal partnership. The partnership checklist was central to this decision making to ensure all required elements had been considered and aligned to the Trust's business plan and through which all proposed partnerships, contractual or otherwise, were put.</p> <p>The Head of Legal Services would undertake a robust due diligence on the informal partnerships currently identified within the central register from November 2017. These would be reviewed on an ongoing basis by the IBPG.</p> <p>There were challenges around the different aspects of all the partnerships the Trust had such as legal/non-legal etc. It was acknowledged that all partnerships carried some risk, if not financial, then reputational.</p> <p>Discussion took place in relation to where the known risks were and whether these were more prominent in the non-contractual relationships such as the NAA, STPs etc.</p> <p>SP advised that a number of the non-contractual partnership agreements were held by the Information Governance Team; the next phase would be to ensure that these were held on the central register. He emphasised that the Trust did have a robust process going forward.</p> <p>HRO remarked that he had not seen this in other organisations and stated it was a positive for the Trust. The non-contractual element of partnership working was where there may be possibly the most risks for the Trust.</p> <p>BS welcomed the clarity of the action plan and stated his belief that it was a good checklist. He suggested that as an issue of completeness that a reminder was sent to colleagues across the</p>	

		Action
	<p>organisation for the requirement to complete the partnership checklist.</p> <p>Approval: The Audit Committee noted the progress made of the Partnership Checklist and gained assurance that appropriate actions were in place to manage the process.</p>	
13.1	<p>For Assurance: Review of Suspension of Standing Orders This item was taken out of order of the agenda.</p> <p>It was confirmed that there had been no suspension of Standing Orders since the Audit Committee meeting on 13 July 2017.</p> <p>Approval: The Audit Committee noted the update.</p>	
14.0	<p>For Assurance: Freedom to Speak Up It was reported that 21 issues had been raised since the last meeting.</p> <p>A common theme appeared to be in relation to management style and behaviours.</p> <p>There had been a one year review undertaken on the Freedom to Speak Up initiative within YAS and the headlines from this had been reported to the Quality Committee on 14 September. The detailed information had been received by TEG and TMG. Consideration was being given to how to use the learning from this and feed it in to other organisational culture workstreams such as Diversity and Inclusion and the Values and Behavioural Framework.</p> <p>SP confirmed that the Trust was progressing the organisational culture workstreams and it was believed these would address some of the issues that were being raised.</p> <p>Concerns and issues raised through Freedom to Speak Up were confidentially logged and general themes were reported to the Clinical Governance Group.</p> <p>Approval: The Audit Committee noted the update.</p>	
15.0	<p>For Assurance: Review of Meeting Actions and Quality Review of Papers BS referred to the discussions which had taken place on key issues and he welcomed the quality of the papers which had been presented. It was noted that the Audit Committee would undertake its Annual Self-Assessment at the 11 January 2018 meeting. Rather than use the HFMA checklist, he asked EA and IA whether they could suggest any alternative framework/technique.</p>	

	Action
<p>Action: The Audit Committee to undertake annual self-assessment at the 11 January 2018 meeting using an appropriate framework/technique as advised by External Audit and Internal Audit.</p> <p>He thanked those present for their attendance and contributions to the meeting.</p> <p>The meeting finished at 1545 hours.</p>	<p>MB 2017/051</p>
<p>16.0</p> <p>Date and Location of Next Meeting: 11 January 2017, 0900 – 1300 hours, YAS HQ</p>	

CERTIFIED AS A TRUE RECORD OF PROCEEDINGS

_____ **CHAIRMAN**

_____ **DATE**