



## Audit Committee

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

**Date:** Thursday 7 April 2016

**Time:** 0830 hours

### Chairman:

Barrie Senior (BS) Non-Executive Director

### Attendee (Member):

Pat Drake (PD) Non-Executive Director & Deputy Chairman

Erfana Mahmood (EM) Non-Executive Director

John Nutton (JN) Non-Executive Director

### In Attendance:

Robert D Toole (RDT) Interim Executive Director of Finance & Performance

Steve Page (SP) Executive Director of Standards & Compliance

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

Benita Jones (BJ) Internal Audit (IA)

Roberta Barker (RBa) Interim Director of Workforce and Organisational  
Development (Items 1.0 – 3.1)

Shaun Fleming (SF) Counter Fraud

Anne Allen (AA) Trust Secretary (Observing)

Perry Duke (PDU) Head of Financial Services

### Apologies:

Mary Wareing (MW) Non-Executive Director

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

Ronnie Coutts (RC) Non-Executive Director (Designate) (Observing)

### Minutes produced by:

Joanne Lancaster (JL) Committee Services Manager

		Action
	The meeting commenced at 0830 hours.	
<b>1.0</b>	<b>Introduction and Apologies</b> BS welcomed everyone to the meeting and thanked them for their prompt attendance. Apologies were noted as above. Introductions were made round the table.	

		<b>Action</b>
<b>2.0</b>	<p><b>Declaration of Interests for any item on the agenda</b> No declarations of interest were made relating to agenda items.</p>	
<b>3.0</b>	<p><b>Minutes of the last meeting on 7 January 2016, including Matters Arising</b> The minutes of the meeting held on 7 January 2016 were reviewed and agreed as a true record of the meeting subject to the following amendment –</p> <p>The following sentence to be added into item 3.0 of the minutes – ‘The minutes of the meeting held on 1 October 2015 were reviewed and agreed as a true record of the meeting subject to the following amendments.’</p>	
<b>3.1</b>	<p><b>Action Log and Matters Arising</b> The action log was reviewed and updated.</p> <p><u>Action 2015/93 – Data assurance checklist</u> – SP advised that information had been cross checked with the Quality Account and all data used had been quality assured through the usual processes. Action closed.</p> <p><u>Action 2015/95 – Review of Terms of Reference</u> – AA reported that there had been detailed reports to TEG on the 13 April following meetings with individual Directors. The next stage would be for the Chair of the Audit Committee to review with the Trust Secretary prior to it being presented at the next Audit Committee and then to Trust Board. BS confirmed he was keen to make use of and build in the Well Led Review feedback. It was agreed to take discussions outside of the meeting for the information to be presented for the July meeting. Action remains open.</p> <p><u>Action 2015/96 – Outcomes of benchmarking exercise – Review of Schedules of Losses and Special Payments</u> – This was on the agenda later in the meeting. Action closed.</p> <p><u>Action 2015/105 – MARS’ documentation</u> – RBa updated the Committee that the HR function would be reviewed including processes and the new recruitment tracker tool. Internal Audit would be overseeing this. PD asked that any feedback that had ‘limited’ assurance should be detailed in RBa’s report for Quality Committee. Action remains open.</p> <p><u>Action 2015/108 – Progress on the ICT Strategy and Governance Report</u> – RDT advised that he recognised there was still more work to undertake in this regard. Action remains open.</p> <p><u>Action 2015/109 – Assurance regarding Management of Tenancies</u> – RDT advised that BJ and team were working with Estates and Fleets reviewing the Capsticks information. Every property was recorded on the Portfolio database. There would be a review of Deeds and</p>	

	<b>Action</b>
<p>Seals as per the discussion at Trust Board on 29 March 2016. EM suggested it might be worth looking at Land Registry Records. AA referred to the Lord Carter Review and the expectation that Acute Trusts would reduce Estates. PD suggested this might be discussed at Finance and Investment Committee. Action remains open.</p> <p><u>Action 2015/114 – Robust management of staff working whilst on sick leave</u> – RBa reported that robust reporting did take place but that she was unable to give assurance in this regard due to uncertainty on how the process was then followed through. SF advised that staff were aware of the need to declare if they were undertaking secondary employment. SP added that the policy was there but it was how YAS implemented it consistently across the piece. Action remains open.</p> <p><u>Action 2015/117/118 – Review of Standing Financial Instructions/Standing Order Matrix</u> – RDT advised this was an on-going piece of work. Once the portfolio review was finalised and individuals were in place then the aligning of approvals etc would be clearer. Training would be provided for managers. Action remains open.</p> <p><u>Action 2016/001 – Report on the common HR themes raised through Internal Audit report and actions to address these</u> - RBa advised that she would bring a paper back on this issue. PD advised that Kate Sims had assured Quality Committee that the relevant actions had been undertaken. Action remains open.</p> <p><u>Action 2016/003 – End of Shift Overtime</u> – BJ advised that this was on on-going piece of work and discussions had taken place with relevant people and the BI Team. There was recognition of the issue at a senior level. Further investigation was taking place at a deeper level and individual cases. Discussion took place about the organisational culture in this regard, the visibility of the investigation into the issue and how it was managed going forward. RDT referred to the GRS system which would be updated with relevant cost codes. This was on the Finance and Investment Committee agenda. Action remains open.</p> <p><u>Action 2016/004 – Job Descriptions reflect responsibility and accountability</u> – RDT reported that job descriptions were being checked in this regard. Action remains open.</p> <p><u>Action 2016/006 – Consideration of a dedicated resource for data assurance</u> – RDT advised that this related to the first action discussed 2015/93. Data was assured and there were controls in place and individuals knew their roles and responsibilities. He acknowledged that there were issues with the manual systems. SP added that a dedicated resource would be considered as part of reviewing roles. Action remains open.</p>	

		Action
4.0	<p><b>For Approval: Review of Internal Audit and Counter Fraud Plan 2016/17</b></p> <p>BJ explained the reasons for the report which was to obtain the agreement of the Audit Committee on the proposed Internal Audit and Counter Fraud Plan for 2016/17.</p> <p>BJ informed the Committee that the draft Internal Audit and Counter Fraud Plan had been through the Trust Management Group (TMG) and Trust Executive Group (TEG) and was on the day's agenda for Audit Committee agreement. She added that there had been a good level of engagement from the Trust Management Group.</p> <p>RDT added that in addition to these meetings there had also been individual meetings with the Executive Directors.</p> <p>SP advised that TMG would move to fortnightly meetings from May 2016 and at one meeting per month performance and compliance issues would be the main focus of consideration.</p> <p>BJ guided the Committee through the presentation.</p> <p>BJ advised that the Internal Audit and Counter Fraud plan had been combined to streamline the process. BJ referred to the additional handout – Internal Audit and Counter Fraud Planning Documentation – specifically at page 2 of the document and advised that the 'greyed' out boxes indicated where there were potential counter fraud elements to the audit. She added that page 5 showed NHS Protect's key areas of coverage for Counter Fraud.</p> <p>BJ explained the planning approach which also left room for spot checks and unannounced audits. She added that YAS' plan was proportionally larger than other similar Trusts.</p> <p>BJ informed the Committee that the Directorate Risk Registers had also been used to inform the Internal Audit Plan adding that the ultimate aim would to drive the Internal Audit (IA) Plan from the BAF.</p> <p>BS asked if all aspects of the BAF would be covered in the IA Plan and to what extent the Corporate Risk Register had been built in to the IA Plan.</p> <p>BJ responded that the planning approach used had been a 'top down' assessment of risk using the assurance framework which had then been applied to construct an outline Internal Audit plan which was consulted on with managers. In addition, a bottom up risk assessment had been applied which scored elements of the 'Audit Universe' (materiality, control environment, management concerns and sensitivity) which had drawn upon a range of assurance sources.</p> <p>BJ guided the Committee through the key points including that the IA Plan had flexibility through contingency which had been built into the</p>	

	<b>Action</b>
<p>Plan.</p> <p>BJ advised that the planning process had been streamlined so that the Trust could focus efforts appropriately and more effectively cover cross cutting issues.</p> <p>BS suggested that BJ guided the Committee through the Strategic Internal Audit and Counter Fraud Plan 2016/17 – 2018/19 page by page.</p> <p>BS asked how the areas chosen for audits had been identified.</p> <p>BJ referred to Appendix A of the Plan which provided an outline review scope and advised that there was greater underpinning detail. She added that, in line with the Internal Audit protocol, Executive leads would be contacted a couple of months prior to each scheduled audit to identify operational contacts and consider the scope and specification of the actual audit to take place.</p> <p>JN referred to pages 9 and 10 and asked why if ‘Workforce Capacity and Planning’ were ‘Red’ why was ‘HR Systems and Processes’ ‘Green’.</p> <p>BJ explained that this was due to the relative scope of the review. The RAG ratings provided in the plan regarding previous year coverage were only indicative and may cover more than one audit review under specific headings.</p> <p>PD enquired about temporary, agency and Bank staffing and the policies and processes which enabled the Trust to employ staff on this basis. She asked if the audit would pick up on accountability in this regard, for example, who was responsible for using resource in this way. She believed this impacted on overtime, etc.</p> <p>RDT responded that a paper was to be presented to TEG within the coming weeks on this issue.</p> <p>SP added that TEG had discussed building up an internal ‘Bank’ but more work was required on how this would be achieved and the policy and process around it. It was felt that an internal Bank would address some of the issues around the recruiting of temporary and agency staff in addition to overtime payments.</p> <p>AA referred to page 7 and stated that the Strategic Objectives had been revised to five and the Plan would need to be amended to reflect this.</p> <p>BS stated that he welcomed the thematic approach to the Plan but he asked if there would be still be sufficient focus on the following areas of business activity as he believed there should be due to the nature of their work:</p>	

	<b>Action</b>
<ul style="list-style-type: none"> <li>• A&amp;E;</li> <li>• PTS;</li> <li>• NHS 111.</li> </ul> <p>BJ responded that discussions would take place with the Executive leads in this regard once the portfolio review had been completed and individuals were in post.</p> <p><b>Action:</b>  <b>Internal Audit to ensure that, to supplement the thematic approach to Internal Audit planning, there is adequate coverage of key aspects of YAS' key activities.</b></p> <p>BS asked about the number of days allocated to the IM&amp;T Systems and Processes at Appendix A of the Plan. BJ would supply the details to BS outside of the meeting.</p> <p><b>Action :</b>  <b>BJ to supply the details of the number of days allocated to the IM&amp;T Systems and Processes outside of the meeting.</b></p> <p>BS thanked BJ for the presentation and stated his belief that this was a good Internal Audit and Counter Fraud Plan with clear interlink between audit need and assessment of risk. He welcomed the engagement with senior managers. Other Committee members expressed their satisfaction with the new Internal Audit plan and the process by which it had been developed.</p> <p><b>Approval:</b>  <b>The Audit Committee approved the Internal Audit and Counter Fraud Plan 2016/17 and gained assurance that audit planning was being managed effectively.</b></p>	<p><b>BJ</b> <b>2016/009</b></p> <p><b>BJ</b> <b>2016/010</b></p>

<p><b>4.1</b></p>	<p><b>For Assurance: Review of Internal Audit and Counter Fraud Progress Report</b></p> <p>BJ outlined the details of the report which was to update the Audit Committee on the progress of the Internal Audit and Counter Fraud Plans for 2015/16.</p> <p>BS invited colleagues to raise any key issues they had relating to the report.</p> <p><u>NHS 111 Recruitment, Retention and Performance Management</u>  PD referred to page 8 - NHS 111 Recruitment, Retention and Performance Management and stated her belief that RBa should have the opportunity to review the issues and bring forward plans to address these.</p> <p>SP responded that there had been some issues in the past but he felt assured these had now been addressed and responsibilities were</p>	
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known by the NHS 111 Service Line. He added that initial training was being improved to see if this impacted on retention of staff. There was also a homeworking pilot for Clinicians.

PD asked if the Trust had benchmarked itself against other NHS 111 services as YAS' retention issues may be similar.

BJ responded that she was not confident that other organisations would share this information but she would ask the question.

**Action -**

**To request information from other NHS 111 organisations on retention rates to enable YAS to undertake a benchmarking exercise.**

**BJ  
2016/011**

Partnership Governance

BS referred to page 10, Partnership Governance and enquired as to the rationale behind this area being subject to audit.

BJ explained that this had been on the horizon for some time and looked at mapping partnerships and the governance arrangements surrounding these, for example, information sharing agreements and exit strategies. She added this was an issue of rising importance for organisations and became a greater risk as partnership working became more commonplace.

PD welcomed the review and stated that she had mentioned this in reference to the West Yorkshire Urgent Care Vanguard Programme.

SP responded that it was linked to the Five Year Forward View work that AA had undertaken. The Business Development function would use the report going forward.

AA advised that an exercise would be undertaken to map the partnerships within the Trust. When the proposed Communications and Engagement structure was implemented this would include additional capacity to better manage partnerships within the Trust.

PD asked where the accountability for the governance of partnerships sat.

AA responded that the Director of Business Development would have responsibility in this regard and would also link in to the Gateway Process. SP added that there were a number of actions in the Five Year Forward Plan paper AA had delivered to the Trust Board and he would work with AA to ensure that the actions were picked up by the Director of Business Development.

BS commented that this was an interesting area and he welcomed the Internal Audit review to ensure that the Trust had appropriate and effective governance arrangements in this regard.

Global Rostering System

This was noted by the Committee.

IG Toolkit – Interim Review & IG Toolkit – Pre-Submission Evidence Check

BJ advised that this annual review was undertaken using sample checking and that assurance was gained on a cumulative basis.

Combined Financial Systems (Payroll, Ledger, AP and AR)

BS requested clarity on the scope of the audit.

BJ explained that the audit had looked at key controls across a number of financial systems.

Business Continuity – Gap Analysis

BJ advised that this was subject to an ISO assessment and there was considerable detail underpinning this. A similar review was in the Internal Audit Plan for the following year.

Committee Effectiveness ('Well Led' assessment and scoring methodology applied)

This would be discussed at the Board Development Meeting scheduled for 26 April. Feedback from the Trust Board in Private on the 29 March had been incorporated into the report and the detailed background information had been made available to Board Members.

Losses and Compensation Benchmark

BJ advised that a benchmarking report had been produced as an informative (rather than evaluative) exercise. BJ reported that YAS was not an outlier adding that there were a couple of 'spikes' that might need a closer look. BJ and PDU would take this forward outside of the meeting.

**Action :**

**For BJ and PDU to discuss losses and compensation benchmarks outside of the meeting, particularly in relation to the 'spikes' to ensure that YAS was not an outlier.**

**BJ  
2016/012**

EM enquired about how YAS defends itself on claims.

PDU responded that this is undertaken by the NHS Litigation Authority on behalf of YAS.

BJ referred to pages 22 and 23 of the report which detailed the follow up work undertaken since the previous Audit Committee meeting. BJ advised that the master spreadsheet was maintained by the Finance Team.

EM noted some of the terminology within the Internal Audit Progress Report and suggested that certain sentences may need re-phrasing to avoid misinterpretation.



	<p>BJ explained that the Internal Audit Annual Report would be available at the next Audit Committee meeting.</p> <p>BS thanked BJ for the update and stated his belief that the report was a good piece of work and that the Internal Audit Plan was progressing well.</p> <p><b>Approval:</b>  <b>The Audit Committee received and derived assurance from the latest Internal Audit Progress Report.</b></p>	
<p><b>5.0</b></p>	<p><b>Risk Assurance Reporting including Board Assurance Framework and Corporate Risk Register (including Datix Progress Update</b></p> <p>SP outlined the details of the report which was designed to inform the Committee on the risks recorded within the BAF and Corporate Risk Register and to provide assurance on the effective management of corporate risks.</p> <p>BS commented that this item had a high visibility throughout all the various Committee and Board meetings. He asked whether the Year End BAF had been considered by the Finance and Investment Committee and the Quality Committee.</p> <p>SP responded that due to the timings and sequence of meetings the Year End BAF had not been considered by either of the aforementioned Committees but it had been to the Trust Board. He assured the Committee that there had been inputs from all Board members.</p> <p>PD referred to hospital turnaround times which she believed over the past few weeks had become an acute situation and had been escalated as a risk. She raised concerns around the impact this had on YAS and also on the quality of patient care.</p> <p>Discussion took place around this issue and whether YAS could undertake a review on the impact this had on patients.</p> <p>SP advised that in terms of the overall BAF that risk profiling was progressing well and the new Internal Audit reports also linked into this process.</p> <p>BS thanked SP for the update and commented that the report was a rolling process and that the regular reports gave assurance that risks were being identified and managed appropriately.</p> <p><b>Approval:</b>  <b>The 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.</b></p>	

**6.0****For Assurance: Review of Draft Annual Governance Statement**

SP outlined the details of the report which provided the Committee with the first draft of the Annual Governance Statement for consideration.

SP advised this was the first draft of the Annual Governance Statement and that copies would be provided to the Auditors and to the NHS Trust Development Authority by 22 April 2016. He added that the auditors would send signed copies of the governance statement to the Department of Health as part of the accounts submission process on 2 June 2016.

SP reported that the National guidance that had been issued had not been very different from the previous year.

BS referred to paragraph 2.4, page 3 of the Statement and noted that there was a gap in HR representation as David Smithson's acting-up arrangement was not reflected.

SP would arrange to amend this.

Discussion took place around the dates allocated to the Non-Executive Directors and some of the wording at paragraph 2.4 and this would be amended to reflect discussions.

BS referred to paragraph 2.7, page 3 of the Statement and the monthly assurance that, historically, had been submitted to the TDA although this had ceased at their request in February.

RDT responded that the information that had been used to create the report for the TDA was still collated but the report was no longer produced.

Discussion took place around the wording of this paragraph in respect of the ceasing of the requirement by the TDA. It was agreed that the following sentence be inserted 'Submitted until there was no longer a requirement by the TDA'.

SP continued to guide the Committee through the Statement highlighting pertinent points.

SP advised that paragraph 3.11 of the Statement would be amended to reflect Internal Audit updates.

SP referred to paragraph 5.12 of the Statement and advised that the 'Significant Issue' would be broadened out and he would welcome the Committee's view on this.

BS suggested that Committee members submit all their comments on the Statement to SP following the meeting. SP advised the Statement would be sent on 22 April so he would need feedback in plenty of time to assimilate these into the Statement.

	<p>EM referred to the Hillsborough Inquiry and asked whether this should be factored into the Statement.</p> <p>SP agreed to insert something into the document with reference to the Hillsborough Inquiry.</p> <p>PD asked about the recent public disclosures regarding SECAMB and whether YAS had reflected on the outcome of this as she had not gained assurance from the discussion that had taken place at the Trust Board in Private the week prior.</p> <p>AA advised this was on the agenda to be discussed in detail at the Board Development Meeting scheduled for 26 April 2016.</p> <p><b>Action:</b>  <b>There were a number of small amendments to be made to the document that SP had referred to throughout the course of the discussion. SP to report back at the next meeting that these had been incorporated.</b></p> <p>BS thanked SP for the update and emphasised to the Committee that comments should be sent direct to SP at the earliest opportunity.</p> <p><b>Approval:</b>  <b>The Audit Committee reviewed and commented on the Draft Annual Governance Statement to inform development of the final version for publication.</b></p>	<p><b>SP 2016/013</b></p>
<p><b>7.0</b></p>	<p><b>For Assurance: Review of the Final Annual Accounts Timetable/Plan 2015/16</b></p> <p>PDU outlined the details of the report which was to provide the Committee with an update on the 2015/16 Annual Accounts timetable.</p> <p>PDU informed the Committee of the timetable of the key dates leading up to the submission of the Final Accounts 2015/16.</p> <p>BS asked whether the Non-Executive Directors would receive papers in advance of the NED briefing on 25 May.</p> <p>PDU responded that he would expect to be able to present papers prior to the NED briefing on 25 May but possibly a few days before and not a full week before.</p> <p>Discussion took place around the meeting with the External Auditors prior to the NED briefing and it was agreed that Jo Wilson, Executive PA would organise this.</p> <p><b>Action:</b>  <b>Jo Wilson to arrange a date with the External Auditors as per the Annual Accounts submission schedule.</b></p>	<p><b>2016/014</b></p>

	<p>AA asked that the 'purpose of the report box' on the front cover be amended to the correct date.</p> <p>BS thanked PDU for the update.</p> <p><b>Approval:</b>  <b>The Audit Committee noted the Annual Accounts submission timetable</b></p>	
<p><b>7.1</b></p>	<p><b>For Assurance: Review Final Annual Report Timetable/Plan 2015/16</b></p> <p>PDU provided a verbal update to the Committee in this regard. He advised that following a streamlining exercise by the Treasury Department that the Annual Report would be submitted on 2 June 2016.</p> <p>BS remarked that it had been discussed but not agreed for the possibility of a high level summary alongside the Annual Report.</p> <p>SP advised that the intention was to still produce a summary document and he would take this forward.</p> <p><b>Action:</b>  <b>To produce a summary document of the Annual Review.</b></p> <p>AA advised that the Trust Chairman expected the Annual Report to look different from previous years.</p> <p>SP would speak to Communications and ensure that there were appropriate links with the Quality Account and the Annual Report.</p> <p>BS thanked PDU for the update.</p> <p><b>Approval:</b>  <b>The Audit Committee noted the updated timetable for the production of the Annual Report 2015/16 and was assured of progress in delivering the required content.</b></p>	<p><b>SP</b>  <b>2016/015</b></p>
<p><b>8.0</b></p>	<p><b>For Assurance: Draft Final Quality Account 2015/16</b></p> <p>SP outlined the purpose of the report which was to present to Audit Committee the draft Quality Account for 2015/16.</p> <p>SP advised that the Trust was working to national guidance and had liaised with Stakeholders and had undergone a 30 day consultation process.</p> <p>SP informed the Committee that feedback should be provided on content adding that the format and presentation was already being reviewed and amended.</p> <p>Discussion took place around the Quality Account and whether the report was a forward or retrospective look at the Trust in regard to</p>	

	<p>the Strategic Objectives that were listed.</p> <p>BS suggested that Committee Members provide comments to SP within the next week.</p> <p>BS thanked SP for the update.</p> <p><b>Approval:</b>  <b>The Audit Committee noted the update on the draft Quality Account 2015/16 and was assured of progress in delivering the required content.</b></p>	
<p><b>9.0</b></p>	<p><b>For Approval: Annual Review of Accounting Policies</b>  PDU introduced the item which was for the Committee to approve the draft Accounting Policies of the Trust.</p> <p>PDU confirmed that there were no changes to accounting policies required or proposed.</p> <p>PDU referred to paragraph 1.7 of the Accounting Policies document and advised that 'NHS Body' would be replaced with 'The Trust'.</p> <p>PDU advised that the document was in draft format until the Audit Committee approved it.</p> <p>BS thanked PDU for the update.</p> <p><b>Approval:</b>  <b>The Audit Committee noted the update and approved the Trust's draft Accounting Policies contained at Appendix 1 of the report subject to the amendment noted above.</b></p>	
<p><b>10.0</b></p>	<p><b>For Assurance: Quality Committee Risk Assurance Report</b>  PD outlined the details of the report which was to provide assurance on the management of risks within the remit of the Quality Committee.</p> <p>PD referred to the CQC inspection and reported that the date for the re-inspection was not yet known by the Trust.</p> <p>SP added that YAS' meeting with local inspectors had been deferred adding that the national timetable may have slipped. It was still the intention to hold a mock inspection of the Trust.</p> <p>PD advised that the Quality Committee had considered a number of areas and received assurance that these were being managed effectively.</p> <p>PD advised that the Quality Committee had been presented with a service line report by the NHS 111 team where it was noted that there was continued growth in demand for the service and the challenge in meeting performance KPIs. It was further noted that</p>	

	<p>recruitment and retention remained challenging for the service.</p> <p>The Quality Committee had gained assurance on the actions being undertaken on the risk 'Adverse clinical outcomes due to failure of reusable medical devices and equipment'. It was noted that the Medical Devices Manager post had been appointed.</p> <p>PD advised that the Joint Quality Committee and Finance and Investment Committee had received assurance in respect of:</p> <ul style="list-style-type: none"> <li>• Private Providers;</li> <li>• Transformation programme;</li> <li>• Project Management Office;</li> <li>• Post implementation process from serious incidents;</li> <li>• Fleet, Estates and Procurement;</li> <li>• Board Assurance Framework and Corporate Risk Register.</li> </ul> <p>PD informed the Audit Committee that she often asked clinical questions due to the nature of her background. She also referred to the complexity of the Quality Committee remit but assured the Audit Committee that she was satisfied with the process.</p> <p>Discussion took place around the Quality Committee delegating issues down however the consensus was that the Quality Committee should retain its current portfolio of work to be able to provide the high level assurance to the Trust Board.</p> <p>BS thanked PD for the report.</p> <p><b>Approval:</b>  <b>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.</b></p>	
<p><b>11.0</b></p>	<p><b>For Assurance: Charitable Funds Committee Risk Assurance Report</b></p> <p>EM advised that a workshop had been held which had explored new streams for income and expenditure. The Charitable Committee would look at how it considered 'risks' in the context of the Charity Commission guidance in this regard.</p> <p>The Charitable Funds Annual report would be ready in May 2016.</p> <p><b>Approval:</b>  <b>The Audit Committee noted the update on Charitable Funds Committee discussions in relation to key risks and gained assurance from the update report that appropriate risks were being suitably managed.</b></p>	

<p><b>12.0</b></p>	<p><b>For Assurance: Finance and Investment Committee Risk Assurance Report</b>  BS asked that JN provide an update in the absence of MW.</p> <p>JN referred to performance targets for Red 1 and Red 2 that had not been met during the year and the financial penalties that the Trust might incur in this regard.</p> <p>JN advised that issues raised through the Finance and Investment Committee had been covered and discussed at Trust Board.</p> <p>BS thanked JN for the update and stated his belief that the Finance and Investment Committee had a good level of risk management and that the Committee was focusing on pertinent issues.</p> <p>RDT referred to the Lord Carter of Coles Report and advised that the Trust would be providing a response to Lord Carter’s report and this would be tabled at TMG to gain support for its implementation. RDT further advised that the F&amp;IC had requested a report on YAS’ position in respect of the national cap on agency costs.</p> <p>Discussion took place around the front of the report and who should be named as the ‘Author Lead’ and ‘Accountable Director’ for the various Committee reports to Audit Committee. It was agreed that the Executive Director would be the ‘Author Lead’ of the report and the F&amp;IC Chairman would be the Accountable Director.</p> <p>BS requested that future F&amp;IC risk assurance reports to the Audit Committee should contain an objective and an assurance conclusion in the style already adopted in the Quality Committee reports.</p> <p><b>Action:</b>  <b>MW to ensure that future F&amp;IC risk assurance reports to the Audit Committee contain an objective and an assurance conclusion in the style already adopted in the Quality Committee reports.</b></p> <p><b>The Audit Committee noted the update on Finance &amp; Investment Committee discussions in relation to key risks and gained appropriate assurance from the update report that risks were being suitably managed.</b></p>	<p><b>MW  2016/016</b></p>
<p><b>13.0</b></p>	<p><b>For Assurance: External Audit Update</b>  CM outlined the details of the report which was to update the Audit Committee of the work undertaken within the External Audit Plan 2015/16.</p> <p>CM expressed her thanks to PDU and team for their help with the interim testing.</p> <p>She advised that interim audit work had not resulted in any substantial findings.</p>	

	<p>CM highlighted some pertinent points from the report. She advised that some interim transaction testing had been undertaken on a sample of income and expenditure items and fixed asset additions to reduce the amount of sample testing required at the year-end. She referred to section three of the report which proposed a planning materiality level of £4.6m and proposed that individual unadjusted misstatements of over £230k identified during the course of their audit would be reported to the Audit Committee.</p> <p>BS stated that the £230k was higher than it had been in previous years and he believed that £100k would be more appropriate. JN concurred.</p> <p>CM responded that all Audit firms had their own method of calculation but there was flexibility to adjust this and she would speak with Hassan Rohimun, Executive Director, Ernst &amp; Young in this regard and report back to the Audit Committee.</p> <p><b>Action:</b>  <b>CM to report back on the calculation used for materiality.</b></p> <p>Discussion took place around the Interim Findings and the finding of an individual being able to prepare and post a journal in the Oracle general Ledger. CM advised that as auditors they were satisfied that mitigating controls were in place but they did recommend that management discuss building segregation of duties around preparing and posting journals in the general ledger.</p> <p>BS thanked CM for the update.</p> <p><b>Approval:</b>  <b>The Audit Committee received and accepted the latest External Audit Progress Report.</b></p>	<p><b>CM</b>  <b>2016/017</b></p>
<p><b>14.0</b></p>	<p><b>For Approval: Auditor Panel</b>  BS introduced the item and advised that the Trust Chairman had previously sought his agreement that the Audit Committee would act as the Trust's Auditor Panel.</p> <p>PDU advised that if the Audit Committee undertook the responsibility of an Auditor Panel then the panel would need to make recommendations to the Trust Board on the selection and appointment of external auditors for 2017/18 and beyond. This would need to be completed by 31 December 2016.</p> <p>Discussion took place around the timings for approval of the proposed Auditor Panel at Trust Board.</p> <p>PDU advised that a proper process had been undertaken and draft Terms of Reference, draft specification for Audit Services and outline recommendations in selection and appointment had been attached for reference.</p>	



	<p>BS stated his belief that the paper was a balanced proposal on how to proceed with the Auditor Panel. He expressed concerns that several of the Audit Committee Members had an association with major Accountancy Firms and whether this would be a conflict of interest.</p> <p>Discussion took place around this and the guidance surrounding this issue, it was also agreed that declarations of interest, where relevant, would also be required.</p> <p>SP referred to the Draft Terms of Reference with regard to quoracy. It was agreed that AA would consider this and advise on the wording of this paragraph.</p> <p><b>Action:</b>  <b>To consider paragraph 5 of the Draft Terms of Reference for Auditor Panel.</b></p> <p><b>Approval:</b>  <b>The Audit Committee noted the report and, subject to the amendments noted, recommended that the paper go forward to the Trust Board for approval and that the Audit Committee should take on the responsibilities of the Auditor Panel. (Subsequently confirmed by AA that Board approval had already been granted.)</b></p>	<p><b>AA 2016/018</b></p>
<p><b>15.0</b></p>	<p><b>For Assurance: Compliance with Audit Recommendations</b>  PDU introduced the item which was being presented to provide an update on the status of outstanding Audit and Counter Fraud recommendations.</p> <p>BS noted the lack of progress in responding to the audit recommendations arising from the ‘Capacity Building and Management – Succession Planning’ audit. He went on to state his belief that further work by executive management on succession and contingency planning would perhaps be beneficial.</p> <p>RBa responded that she would be pushing through PDRs as a precursor to succession planning.</p> <p>The number of recommendations that had been responded to was noted.</p> <p>The Committee noted the further improvement in the follow-up of audit recommendations.</p> <p>RDT expressed his thanks to the Finance Team and the Internal Audit Team.</p> <p><b>Approval:</b>  <b>The Audit Committee noted the update and was assured by the current status of outstanding audit recommendations.</b></p>	

<b>16.0</b>	<p><b>For Assurance: SFI Waivers and Contract Award Activity over £100,000</b></p> <p>RDT introduced the item which provided the Audit Committee with assurance on the contracts that have been let and purchase orders raised for goods and services above £100,000 and Single Tender Waivers (STW) signed since the last Audit Committee.</p> <p>BS asked whether these had all been seen by the Finance and Investment Committee.</p> <p>RDT responded that some would have been seen by Finance and Investment Committee but those within the limits of the Executive Director of Finance and Chief Executive would be presented straight to the Audit Committee.</p> <p>BS asked whether the date relating to [REDACTED] dated 5 October was correct.</p> <p>RDT agreed to check this outside of the meeting.</p> <p>BS stated his belief that the Committee was seeing more Single Tender Waivers than previously and he asked whether the Trust was doing all it could to limit such occurrences.</p> <p>RDT responded that going forward these issues would be addressed through a strengthened Procurement Team.</p> <p>BS referred to PTS and the significant spend in this area and often within short timescales.</p> <p>RDT explained that the issues surrounding this which were to do with workforce movement to provide flexibility and also a poor response to the recent tender exercise which had now been re-written and had gone back out to receive bids.</p> <p>RDT acknowledged there were a number of weaknesses with the system but he assured the Committee that work was on-going to improve effectiveness and efficiency.</p> <p>PD stated her belief that this was a transition period and she would hope that there would be an improved picture the following year.</p> <p>BS thanked RDT for the update.</p> <p>RDT advised that the contract referred to earlier in the item for [REDACTED] had had a Framework of Competition completed and had not been missed.</p> <p><b>Approval:</b> <b>The Audit Committee noted the update and was assured on the</b></p>	
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	<b>contracts let and purchase orders raised for goods and services above £100,000 and Single Tender Waivers (STW) subject to RDT clarifying the position on the PTS STW.</b>	
<b>16.1</b>	<p><b>For Assurance: Review of Suspension of Standing Orders</b> AA confirmed that there had been no suspension of Standing Orders since the Audit Committee meeting on 7 January 2016.</p> <p><b>Approval:</b> <b>The Audit Committee noted the update.</b></p>	
<b>17.0</b>	<p><b>For Assurance: Review of Schedules of Losses and Special Payments</b> BS advised this had been discussed briefly at the beginning of the meeting.</p> <p>PD asked whether there had been an improvement in ‘moving and handling’ claims.</p> <p>SP responded that ‘blue bag’ claims appeared to have tapered out, there remained claims on tail-lifts but the new fleet would resolve this as they had ramps rather than tail-lifts.</p> <p>SP referred to Bariatric equipment for the fleet including PTS which would further reduce the risk around moving and handling and was a positive piece of work.</p> <p><b>Approval:</b> <b>The Audit Committee noted the reported incidence of Losses and Special Payments made up to February 2016 and noted the signs of improvement.</b></p>	
<b>18.0</b>	<p><b>For Approval: Review of Audit Committee Workplan 2016/17</b> BS referred to the workplan with particular reference to the Self-Assessment which the Committee would undertake at an appropriate time. The Audit Panel, subject to Board approval, would meet on 7 July. He noted that dates required changing to 2016.</p> <p><b>Approval:</b> <b>Subject to the agreed changes, the Audit Committee approved the workplan.</b></p>	
<b>19.0</b>	<p><b>For Assurance: Assurance regarding Raising Concerns at Work Arrangements</b> BS advised that up until the day prior to the meeting one concern had been raised.</p> <p>BS advised that MW, as the nominated NED, was involved in pursuing this and would report to the Audit Committee as appropriate.</p> <p>SP added that the issue raised would be investigated appropriately.</p>	

	<p><b>Approval:</b> The Audit Committee noted the update.</p>	
<p><b>20.0</b></p>	<p><b>For Assurance: Review of Meeting Actions and Quality Review of Papers</b></p> <p>BS offered his apologies for bringing the meeting half an hour forward as it had been a full agenda and he had expected that the extra time would have been required.</p> <p>JN commented that he found the documents placed in the Reading Room useful and he stated his belief that this worked well.</p> <p>BS thanked those present for attending the Audit Committee meeting and for their contributions to and during the meeting.</p> <p>The meeting closed at 1150 hours.</p>	
<p><b>21.0</b></p>	<p><b>Date and Location of Next Meeting:</b> 31 May 2016 – Timing TBC, Venue – Kirkstall and Fountains, Springhill 1</p>	

**CERTIFIED AS A TRUE RECORD OF PROCEEDINGS**

\_\_\_\_\_ **CHAIRMAN**

\_\_\_\_\_ **DATE**