



Extraordinary Audit Committee

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

Date: Tuesday 31 May 2016

Time: 0845 hours

Chairman:

Barrie Senior (BS) Non-Executive Director

Membership:

Barrie Senior (BS) Non-Executive Director
Pat Drake (PD) Deputy Trust Chairman & Non-Executive Director -
Interim Chairman of YAS
John Nutton (JN) Non-Executive Director
Erfana Mahmood (EM) Non-Executive Director
Mary Wareing (MW) Non-Executive Director

Apologies:

Pat Drake (PD) Non-Executive Director & Deputy Trust Chairman –
Interim Chairman of YAS
Ronnie Coutts (RC) Non-Executive Director (Designate) (Observer)
Claire Mellons (CM) External Audit

In Attendance:

Robert D Toole (RDT) Executive Director of Finance (Interim)
Steve Page (SP) Executive Director of Quality, Governance and Quality
Performance
Anne Allen (AA) Trust Secretary
Perry Duke (PDu) Head of Financial Services
Hassan Rohimun (HR) External Audit
Benita Jones (BJ) Internal Audit (IA)

In Attendance (Part Time):

Rod Barnes (RB) Chief Executive

Minutes produced by: (JL) Joanne Lancaster, Committee Services Manager

		Action
	The meeting commenced at 0850 hours.	
1.0	Introduction and Apologies BS welcomed everyone to the meeting and apologies were noted as above. BS stated that, in order to maximise the time available for discussion, he would work on the presumption that all papers had been read. He noted that the deadline for submission of the Annual Governance	

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	Statement and the Annual Accounts was close of play on Thursday, 2 June.	
2.0	<p>Declaration of Interests for any item on the agenda No declarations of interest were made relating to items on the agenda.</p>	
3.0	<p>Head of Internal Audit Opinion BJ presented the Head of Internal Audit (IA) Opinion Statement for 2015/16 which provided an overall opinion on work completed in the period and which informed the Trust's Annual Governance Statement.</p> <p>BJ read out the overall Internal Audit Opinion:</p> <p><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 end of shift overtime management, partnership (including clinical pathways) governance, temporary staffing and consultant recruitment processes, HR policy compliance (relocation expenses and MARS), NHS 111 recruitment and performance management, estates, cleaning and community and commercial education.'</i></p> <p>JN asked if the pieces of Internal Audit work in the 2015/16 Internal Audit Plan yet to be completed might affect the Head of Internal Audit's opinion.</p> <p>BJ responded that she would not expect it to do so, the opinion stated in the report was underpinned by recommendations, adding that the Internal Audit Plan had been substantially completed which provided a good spread across the organisation.</p> <p>BJ advised that two Internal Audits had been deferred into the 2016/17 Plan:</p> <ul style="list-style-type: none"> • Pathfinder App • Equality and Diversity <p>BS referred to page 3 of the report, offering the observation that the 'Clinical Quality and Governance' box seemed light compared to the others listed on the same page. SP observed that a number of the 'Workforce and Strategy' workstreams could be cross referenced to the 'Clinical Quality and Governance' box.</p> <p>BS also felt that the 'Finance and Performance' box gave, at first look, the impression that Internal Audit activity was heavily finance-orientated, but that this was due to the inclusion within this category</p>	

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	<p>of all ICT-related audit activity.</p> <p>BJ advised that next year's format had been changed and ICT would be included within 'Support Systems'.</p> <p>BS stated his belief that the Head of IA Opinion Statement provided a strong level of assurance from which the Audit Committee could draw assurance and see the flow through to the Annual Governance Statement.</p> <p>BS, on behalf of the Committee thanked BJ for the work that she and her team had carried out during the year.</p> <p>Approval: The Audit Committee received and accepted the Head of Internal Audit Opinion Statement for 2015/16.</p>	
<p>3.1</p>	<p>Assessment of Post Balance Sheet Events</p> <p>RDT confirmed that there were no Post Balance Sheet events for consideration that could or would result in adjustments to the Annual Disclosure Statements.</p> <p>HR confirmed there were no issues identified by the External Audit review.</p> <p>Approval: Subject to final completion of the Annual Accounts, the Audit Committee was satisfied that no adjusting events had occurred.</p>	
<p>3.2</p>	<p>Going Concern Status</p> <p>PDU presented an update to provide assurance that the Trust remained a Going Concern for the foreseeable future.</p> <p>PDU stated that, after making enquiries, External Audit (EA) believed there was a reasonable expectation that the Trust had adequate resources to continue in operational existence for the foreseeable future.</p> <p>Approval: The Audit Committee was assured that the Trust was and would remain a going concern for the foreseeable future and approved that the Accounts were prepared on this basis.</p>	
<p>3.3</p>	<p>Annual Accounts (and associated statutory returns)</p> <p>PDU presented details of the 2015/16 Annual Accounts, confirming that all statutory duties had been met for the year.</p> <p>PDU outlined the details of the amendments that had been made to the Annual Accounts since the documents had been produced for the day's meeting.</p>	

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<p>Account</p> <ul style="list-style-type: none"> • Amended note 14 to rebase NPV for Land and Buildings to reflect revaluation - adjust NBV and Depreciation • Added detail of transactions to disclosure of related parties in note 31 • Amended wording for disposals other than for sale to "disposals" <p>Annual Report</p> <ul style="list-style-type: none"> • Payments to E&Y for VAT advice changed to £30k from £23k (page 22) • Added BPPC split between NHS and Non-NHS (page 22) • Updated Remuneration and Pensions tables: to reflect changed discount of 1.2%, and to provide detail on Roberta Barker, as well as merging the entries for Chief Executive and Interim Chief Executive (RB). Also revised the previous Chief Executive, David Whiting's entry to show no pension accrual due to having left YAS and taking his NHS pension. • Added prior year comparatives for sickness leave <p>BS stated that the previous week's pre-meet with Finance and EA, during which in-depth discussions had taken place, had provided the NEDs with a good level of assurance and insight into the Annual Accounts.</p> <p>BS asked whether NED colleagues were satisfied with the wording around the disclosure. They confirmed that they were.</p> <p>MW referred to note 35 – the deferment of Capital into the current year and advised that the Finance and Investment Committee had debated this and asked if the External Auditors had been satisfied with how this had been accounted for.</p> <p>HR confirmed that External Audit was satisfied and this had been highlighted in a separate line within the Accounts.</p> <p>BS thanked all those involved in the preparation of the Annual Accounts for their hard work.</p> <p>Approval: Subject to the above amendments, the Audit Committee was sufficiently assured of the accuracy and completeness of the 2015/16 Annual Accounts to recommend that they be approved and signed by the Trust Board.</p>	
<p>3.4 Letter of Representation to External Audit</p> <p>RDT presented the Letter of Representation, to be submitted to the External Auditors with respect to the 2015/16 Annual Accounts.</p> <p>Discussion took place around who would be responsible for signing</p>	

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	<p>the letter on behalf of the Trust as the current draft indicated that it was to be signed by RDT as the Executive Director of Finance (Interim) and BS as the Chairman of the Audit Committee.</p> <p>The Audit Committee agreed that it should be signed by RDT as the Executive Director of Finance (Interim) and RB as Chief Executive and the Responsible Accountable Officer.</p> <p>Approval: Subject to the above amendments, the Audit Committee approved the content of the Letter of Representation, to be issued to the Auditors on 31 May 2016.</p>	
<p>3.5</p>	<p>Annual Governance Report to Those Charged with Governance (ISA260)</p> <p>BS introduced the Final External Audit Report to the Audit Committee on the audit for the year ended 31 March 2016. He stated that the meeting the previous week had gone through the report page by page.</p> <p>BS stated his belief that it was a clean and reassuring report and asked HR if the outstanding matters from the previous week's meeting had been resolved.</p> <p>HR responded that there were now no outstanding audit issues. PDU had reported the minor changes to the Annual Report and Annual Accounts. There were some minor points on remuneration that would be discussed later in the agenda. He stated his belief that this was a clean report.</p> <p>JN asked what the level of materiality was.</p> <p>HR responded this was set at 1% of gross expenditure.</p> <p>BS thanked HR and the team at Ernst & Young.</p> <p>HR thanked RDT, PDU and team for their cooperation during the audit.</p> <p>Approval: The Audit Committee was assured by the report and recommended that it go forward to the Trust Board for approval.</p>	
<p>3.6</p>	<p>Chief Executive's Statement on Quality (Quality Account)</p> <p>SP presented the draft 2015/16 Quality Account for review prior to it being presented for approval by the Trust Board.</p> <p>BS asked if this was the same version which had been considered at the Quality Committee on 12 May and if the Quality Committee had been satisfied with the document.</p>	

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	<p>SP responded that the version had undergone some very minor amendments since the Quality Committee but nothing significant. MW reported the Quality Committee had been satisfied with the content of the document and had been assured that the format and grammatical errors would be rectified prior to publication.</p> <p>JN referred to page 41 and remarked that it appeared that the Trust was below the national average in terms of its Red response when it was actually above the national average.</p> <p>RB responded that it needed to be updated to reflect the year-end figures.</p> <p>Action: Page 41 to be updated to reflect the year-end figures on Red response.</p> <p>SP stated that the final draft included comments and feedback from various internal and external Stakeholders.</p> <p>BS stated that he had a number of comments, the majority of which were presentational by nature and he passed his annotated copy of the document on to SP for changes to be made as appropriate.</p> <p>Approval: The Audit Committee received and accepted the final draft of the 2015/16 Quality Account for the Quality Account to be amended and progress through the Quality Assurance Process.</p>	<p>SP 2016/19</p>
<p>3.7</p>	<p>Annual Governance Statement</p> <p>BS introduced the Annual Governance Statement (AGS) for the financial year 2015/16 and invited comments from the Audit Committee.</p> <p>MW remarked that throughout the report there was reference to both the Trust Development Authority (TDA) and NHS Improvement, both may be correct and within context but she would welcome a sense check of this to ensure the correct name was used as appropriate.</p> <p>Action: To ensure the document correctly referred to either TDA or NHS Improvement depending on the timeframe and context of the sentence.</p> <p>BS stated that he had a number of comments, the majority of which were presentational by nature and passed his annotated copy of the document on to SP for changes to be made as appropriate.</p> <p>BJ referred to the Internal Audit extract on page 20 and advised that a line of clarification was required around advisory work and audit</p>	<p>SP 2016/020</p>

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<p>work. She referred to page 19 and asked if the one 'no assurance' audit required a specific reference.</p> <p>SP suggested that the paragraph at 3.11 be rephrased to expand on this.</p> <p>Action: To expand the paragraph at 3.11 to provide more prominence for the one no assurance audit.</p> <p>BS referred to page 17, paragraph 5.9 and asked that this be amended as the Audit Committee had not yet carried out its annual self-assessment as it was waiting to incorporate the findings of the well-led review.</p> <p>Action: To amend page 17, paragraph 5.9 to reflect that the Audit Committee had not yet carried out a self-assessment.</p> <p>BS stated his belief that the document was an interesting read and it served as a reminder of the strength of governance that exists within the Trust.</p> <p>RB thanked SP for co-ordinating the compilation of the document.</p> <p>Approval: Subject to the above amendments, the Audit Committee received, accepted and supported the Annual Governance Statement 2015/16, prior to its endorsement by the Trust Board.</p>	<p>SP 2016/021</p> <p>SP 2016/022</p>
<p>3.8 Annual Report 2014/15</p> <p>BS referred to the final draft of the 2015/16 Annual Report and Financial Summary circulated to the Audit Committee for comment.</p> <p>BS invited PDU to update the Committee on any final changes required to the document.</p> <ul style="list-style-type: none"> • Payments to E&Y for VAT advice changed to £30k from £23k (page 22) • Added BPPC split between NHS and Non-NHS (page 22) • Updated Remuneration and Pensions tables: to reflect changed discount of 1.2%, and to provide detail on Roberta Barker, as well as merging Rod's lines for Chief Executive and Interim Chief Executive. Also revised David Whiting to show no pension accrual as left and taking pension. • Added prior year comparatives for sickness leave <p>RB advised that work would be undertaken to reduce the overlap between the Quality Account and the Annual Report.</p> <p>SP advised that the wording around eRPF required rewording on</p>	

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<p>page 32.</p> <p>Action: To reword the paragraph relating to eRPF on page 32 of the document.</p> <p>BS stated that he had made a number of comments, the majority of which were presentational, on a hard copy of the draft, which he passed to RB for him to consider and share with the Communications team as appropriate.</p> <p>Approval: Subject to the above amendments, the Audit Committee reviewed the content and approved the final draft of the Annual Report 2015/16 to go forward to Trust Board for final approval.</p> <p>BS asked HR to accept the Audit Committee's thanks to Ernst & Young for their hard work during the preparation of the 2015/16 Annual Accounts, which had gone very smoothly and asked him to pass the thanks on to the members of his team.</p> <p>He thanked RDT, PDU and team for their efforts and hard work over the past 12 months, asking RDT to pass on the thanks to his team.</p> <p>He also thanked SP and his team for their hard work on the Quality Account, again asking SP to pass on the thanks to his team.</p> <p>BS thanked everyone for their attendance and the hard work that had gone into the production of the documents presented that day.</p> <p>The meeting closed at 0925 hours.</p>	<p>RB 2016/23</p>
<p>4</p> <p>Date and Location of Next Meeting: 7 July 2016 Kirkstall and Fountains, Springhill 1, WF2 0XQ.</p>	

CERTIFIED AS A TRUE RECORD OF PROCEEDINGS

_____ **CHAIRMAN**

_____ **DATE**