



## Audit Committee

**Venue:** Kirkstall & Fountains, Springhill 1

**Date:** Wednesday 21 November 2012

**Time:** 1000-1300

### Chairman:

Barrie Senior (BS) Non-Executive Director

### Attendees (members):

Elaine Bond (EB) Non-Executive Director

Erfana Mahmood (EM) Non-Executive Director

### In Attendance:

Rod Barnes (RB) Executive Director of Finance & Performance

Richard Ford (RF) Financial Controller

Anna Rispin (AR) Associate Director of Finance

Steve Page (SP) Executive Director of Standards & Compliance

Matt Smith (HW) External Audit (EA)

Paul Thomson (PT) External Audit (EA)

Benita Jones (BJ) Internal Audit (IA)

Robert Bassham (RBa) Internal Audit (IA)

### In Attendance part time:

Paul Birkett-Wendes (PB-W) Executive Director of Operations (For Item 13)

### Apologies:

Mary Wareing (MW) Non-Executive Director

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

Shaun Fleming (SF) Counter Fraud

**Minutes produced by:** (JW) Jo Wilson – Executive PA

The meeting commenced at 10.05am.

		Action
1.	<b>Introduction &amp; Apologies</b> Apologies were noted as above.  BS welcomed everyone to his first meeting as Chairman of the Audit Committee. He advised that he assumed that everyone had read the papers so there was no need for presenters to talk through any details and the best use of the committee's time would be for discussion, debate, challenge and agreement of actions going forward.	

		<b>Action</b>
2.	<p><b>Declaration of Interests</b> No declarations were made relating to items on the agenda.</p>	
3.	<p><b>Minutes of the last meeting</b> The minutes of the last meeting were reviewed and matters arising discussed:</p> <p>It was agreed that actions on the action log should stay open on the action log until the Committee has been assured as to the actions taken and has agreed that the item can be closed.</p> <p>Action 2012/6 Item 3 Raising Concerns at Work Policy Following the departure of Roger Holmes, it was confirmed that the two NEDs (Non-Executive Directors) responsible for overseeing this role will be EB and another NED to be appointed in agreement with the Chairman. This item will stay on the action log until this appointment is confirmed.</p> <p>Action 2012/27 Health &amp; Safety Management Flowchart This action will be followed up outside of the meeting by BS and SP.</p> <p>Page 4, paragraph 8 Typo - Principle risk should read principal risk.</p> <p>Page 5, paragraph 5 Typo - Workshop Manger should read Manager.</p> <p>Page 7, paragraph 1 Typo – unmanaged risked should read risks.</p> <p>Page 7 - Data Management The minute regarding discharge responsibility had been lost in translation. SP confirmed that the issue regarding whether comparison data would be available from the old and new systems should be available shortly.</p> <hr/> <p><b>Action</b> BS advised that he was due to meet with EB, Chair of Finance &amp; Investment Committee (F&amp;IC) and PD, Chair of Quality Committee (QC) to review respective terms of reference and ensure optimal reporting from the F&amp;IC and QC respectively to the Audit Committee.</p> <hr/> <p>Page 8 – Purchase of Springhill PT asked for further clarity in the minutes of the retrospective look taken with regard to the Trust’s business case process. In his view it would be Internal Audit who would generally review the process and External Audit would look at any material transactions. These reviews should be built into the business case process.</p> <p>Page 9 – Workforce and Strategy Committee Assurance RB confirmed that the costings for the A&amp;E model had been</p>	<p><b>BS/SP 2012/27</b></p> <p><b>BS/EB/PD 2012/37</b></p>

	<b>Action</b>
<p>dovetailed with CIPs.</p> <p>Page 13 – Internal Audit</p> <p><b>Action</b> The contractor arrangements follow-up audit is being undertaken at the moment and once concluded this will be presented at the next meeting.</p> <p>Page 14 – Internal Audit Survey and Charter RBa advised that he had agreed a framework for the survey with RB. A list of staff to receive this survey has been confirmed and this will be circulated within the next month.</p> <p><b>Action</b> The survey results and an update of the Internal Audit Charter will be brought back to the next meeting for information.</p> <p>Page 15 – Date and Time of Next Meeting</p> <p><b>Action</b> Due to the re-scheduled date of today’s meeting, this date needs to be reflected in the minutes.</p> <p>Pending the above amendments, the Committee agreed these minutes as an accurate record of the meeting.</p>	<p><b>IA</b> <b>2012/38</b></p> <p><b>IA</b> <b>2012/39</b></p> <p><b>JW</b> <b>2012/40</b></p>
<p>4. <b>Action Log and Matters Arising</b> The action log was reviewed and updated.</p> <p><u>Action 2012/6</u> This was discussed in the review of the minutes above.</p> <p><u>Action 2012/12</u> Members expenses is to be discussed at Item 7.</p> <p><u>Action 2012/31</u> The Bribery Act Compliance Report now sits within the directorate of Anne Allen, Company Secretary and Director of Corporate Affairs.</p> <p><u>Action 2012/33</u> The Audit Committee Terms of Reference will be reviewed at the NEDs Self-Assessment Workshop in December.</p> <p><u>Action 2012/34</u> Data flagging is to be discussed in Item 5 Board Assurance Framework.</p> <p><u>Action 2012/35</u> An update on fleet management actions will be given at Item 6.</p>	

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<p><u>Action 2012/36</u> Compliance with audit recommendations will be discussed at Item 17.</p>	
<p>5. <b>Board Assurance Framework</b> SP presented the updated Board Assurance Framework (BAF) providing assurance with regard to the effective management of key risks to strategic objectives.</p> <p>This document is reviewed by the Trust Board three times a year and the next such review will take place at the Public Trust Board on 27 November.</p> <p>Since the Audit Committee papers had been circulated, a further detailed review of the BAF has taken place at the Trust Executive Group (TEG). Whilst the changes to the document will be seen at the Public Trust Board SP highlighted these to the Committee:</p> <p><b><i>BAF 5b Failure to learn from patient experience and adverse events due to inadequate data management systems for reporting and identifying learning opportunities.</i></b> Following discussion at TEG, positive movement in this key risk has resulted in this being re-rated to amber/green. Other risks have moved positively but it was agreed not to change the overall RAG rating.</p> <p><b><i>BAF 3a Inability to deliver performance targets and clinical quality standards.</i></b> Whilst there are still some issues with training being re-scheduled, sickness absence management and vacancy levels, the assurance level has moved in a positive direction. The period of consultation on workforce has now finished and the board paper will reflect these updates.</p> <p>Risks highlighted where there has been limited movement were further discussed at TEG:</p> <p><b><i>BAF 1a Significant disruption to 999 service provision, leading to adverse impact on clinical outcomes due to the complexity and interface of different IT systems.</i></b> This was originally a narrowly defined risk relating to one failure. Following discussion, work is being undertaken to reshape the Risk Treatment Plan.</p> <p><b><i>BAF 2a Harm to patients, staff and others due to deficiencies in the data flagging process leading to potential for data flags not being brought to the attention of interested parties.</i></b> This risk has not yet been resolved but now has positive movement. There has been a drafting of new procedures and this will be presented for discussion.</p>	

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<p><b><i>BAF 4a Loss of income due to inability to secure/retain PTS and other significant service contracts, adversely influencing future service commissioning intentions.</i></b></p> <p>This is a risk linked to the potential loss of contracts. Following review at TEG this is moving in a positive direction.</p> <p>TEG is going to propose to the Trust Board that a new risk is added specifically around the financial overspend in PTS. RB advised that the position is fluctuating but is not adequately captured in the BAF. RB regularly meets with the PTS management team to review the detailed trajectory and milestones for implementation. Whilst PTS will still be overspent it is anticipated that through management action the forecast deficit will be significantly reduced.</p> <p>Following debate and discussion, it was noted or questioned:</p> <ul style="list-style-type: none"> <li>• Where are gaps in control regarding equipment maintenance picked up? SP advised that this was picked up in the Clinical Governance Group and the KPIs in the IPR highlighted this. Following the recent NHSLA visit it was reported that they were happy with their findings against the standard reflecting equipment management and that processes were being implemented.</li> <li>• Following a recent meeting with Clinical Development Managers, EB expressed concern that whilst performance targets are being met there is still an issue with some staff not receiving basic and intermediate life support training and had this been evidenced? SP advised that this issue of scheduling operational training had been discussed in the Clinical Leadership Meeting. Stephen Moir and his team are further reviewing this but there should be sufficient flexibility to bring this back on track and deliver this training. Going forward this is part of the Clinical Quality Strategy.</li> <li>• As previously mentioned, BS intends to have discussion with his NED colleagues chairing the F&amp;IC and Quality Committee to clarify which risks in the BAF should be reported upon by those committees to the Audit Committee.</li> <li>• BS reported that, at the recent F&amp;IC, discussion took place regarding risks associated with commercial developments and opportunities within the Trust. He asked whether within the BAF we had recognised the risks of missed bid opportunities, inappropriately pursued opportunities, or bids not being adequately reviewed and approved before submission? SP confirmed that reference is made to the appointment of a Commercial Director but no risks of commercial activities.</li> </ul>	
<p><b>Actions</b></p> <p>BS suggested that, particularly for newly appointed NEDs, it may be useful to schedule time with SP and his team to undertake a 'deep dive' session to allow them to gain a fuller understanding of the production and content of the BAF and risk register process. BS and SP to discuss this outside the meeting.</p>	<p><b>BS/SP 2012/41</b></p>

		<b>Action</b>
	<p>SP added that a useful piece of work is being undertaken nationally to collate top risks from all ambulance trusts. Once completed he would circulate this to the Committee. This will help to sense check how close we are with our risks when benchmarked against other ambulance trusts.</p> <p><b>Action</b> SP to circulate this benchmarking information once received.</p> <p>The Committee thanked SP for his update.</p>	<b>SP 2012/42</b>
6.	<p><b>Updated Management Response to Fleet Management Actions</b> RB updated the committee on progress made against the recommendations of the internal audit review of fleet management processes carried out in April 2012.</p> <p>Significant progress has been made in the following areas:</p> <ul style="list-style-type: none"> <li>• Finance procedures</li> <li>• Correct VAT coding</li> <li>• Vehicle disposal and old lease vehicles</li> </ul> <p>Fleet, led by Mark Squires, Associate Director of Support Services, produces monthly trading account reports. These reports show the timings for productive hours split down between YAS jobs and external jobs. This shows exactly what is being charged and reconciled by Management Accountants. This process has already seen improvement by £40k of income generation.</p> <p>The correct VAT percentage charge has been amended by way of a software update.</p> <p>Following a thorough review of vehicles on the fleet listing, action has been taken to dispose or terminate leases where appropriate.</p> <p><b>Action</b> Internal Audit confirmed that this review is part of their follow-up actions within the Internal Audit Plan.</p> <p>The Committee noted this update.</p>	<b>IA 2012/43</b>
7.	<p><b>Members Expenses</b> RB presented this item.</p> <p>The role of the Audit Committee is to gain assurance that members expenses are being recorded accurately.</p> <p>The new process for agreeing members expenses is to reconcile expenses paid against authorised expense claims at the end of each quarter.</p>	

	<b>Action</b>
<p><b>Action</b> Whilst there are some difficulties with reconciliation of travel claims, RF is working with Jo Kane to achieve this.</p> <p>It was questioned who signs off the expenses of the Chairman, Chief Executive and Director of Finance &amp; Performance. It was confirmed that the Chief Executive signs off the expenses of the Director of Finance &amp; Performance and Chairman, and the Chairman signs off the expenses of the Chief Executive.</p> <p>The Committee noted the progress in supplementing the month-by-month authorisation of members' expenses by a quarterly reconciliation.</p>	<p><b>RF/JK 2012/44</b></p>
<p>8. <b>Draft Final Accounts Timetable 2013/2014</b> RF presented this item.</p> <p>This timetable is presented to give assurance to the Audit Committee that they have been made aware of the process each step of the way until they are asked to sign off the accounts in June.</p> <p>It was questioned whether anything had changed from previous years in terms of lessons learned and had this been reflected in the timetable? RF advised that this is a well established timetable, developed over time and lessons learned have been incorporated.</p> <p>PT confirmed that this was a very comprehensive and well planned process. RB added that this timetable may change slightly in line with DH deadline which had not yet been finalised. Post conversion to Foundation Trust, the deadline for submission will be two weeks earlier than current timescales.</p> <p>The Committee was happy to receive this timetable.</p>	
<p>9. <b>Draft Budget Timetable 2013/2014</b> AR presented this item, advising that the format used is the same as last year, linked with the business planning timetable.</p> <p>EB questioned whether this timetable should be reviewed at F&amp;IC? RB advised that the methodology and approach was discussed at the Committee but not the detailed budgets.</p> <p><b>Action</b> The budget timetable is to be built into the Finance &amp; Investment Committee workplan.</p> <p>BS asked whether there was any risk that the budget may not be completed in sufficient time for the Trust Board to approve at the end of March? RB advised that this is a challenging timetable but that it should be available for approval.</p>	<p><b>RB/EB 2012/45</b></p>

		<b>Action</b>
	<p>EB asked what training is given within the finance function to support new managers coming into the Trust to ensure that the process is robust? RB confirmed that new managers have specific 1:1 tailored training sessions.</p> <p>The Committee was happy to receive this timetable.</p>	
10.	<p><b>Draft Annual Report Timetable 2013/2014</b></p> <p>PT advised that, as the wording of the annual report is reviewed by external audit at the same time as the annual accounts, it would be helpful if the deadline for submission of the annual report to external audit could be brought forward by four or five days.</p> <p>The Committee was happy to receive this timetable.</p>	
	<p><b>Action</b></p> <p>The timescale for external audit review to be brought forward by four or five days.</p>	<b>RF 2012/46</b>
11.	<p><b>Draft Quality Accounts Timetable 2013/2014</b></p> <p>SP presented this item advising that this timetable reflects last year's process. This may need amending slightly to reflect new guidance from the Department of Health for the National Quality Board in terms of the introduction of mandatory reporting against a small, core set of quality indicators.</p> <p>The process and timetable may also need to be slightly amended due to the 30 day consultation period when comments are received and collated from stakeholders. These comments have to be included verbatim within the document.</p> <p>It was noted that the draft timetable indicated that the draft Quality Accounts were scheduled to be reviewed by the Audit Committee prior to the Quality Committee.</p>	
	<p><b>Action</b></p> <p>It was agreed that this order of submission to committees needed to be reversed.</p>	<b>SP 2012/47</b>
	<p>PT advised that, whilst they have not been asked to carry out an independent review of these Quality Accounts, external audit offered their involvement in sharing good practice and informal review.</p>	
	<p><b>Action</b></p> <p>SP confirmed that he would build in this external audit review into the Quality Accounts timetable.</p>	<b>SP 2012/48</b>
	<p><b>Action</b></p> <p>It was agreed that the Audit Committee would receive this revised timetable following review at the Quality Committee to gain assurance that they were happy with the process and timescale.</p>	<b>PD/QC 2012/49</b>



		<b>Action</b>
	The Committee was happy to receive this timetable.	
12.	<p><b>Accounting Policies 2012/13</b> RB confirmed that these accounting policies were unchanged from the previous year. PT confirmed that, from an external audit perspective, the accounting policies were acceptable.</p> <p>It was confirmed that there were no intended changes to the application of these policies in producing the 2012/13 report and accounts.</p> <p>The Committee noted that these policies were acceptable.</p>	
14.	<p><b>Finance &amp; Investment Committee Report</b> EB presented this report informing the Committee on the activities of the F&amp;IC, highlighting:</p> <ul style="list-style-type: none"> <li>• The cash position is fine</li> <li>• Downside risks have been thoroughly reviewed, resolved and this is reported in Chapter 6 of the Integrated Business Plan</li> <li>• The Fleet and the ICT strategy have been reviewed</li> <li>• In-year financial performance has been reviewed and discussed, and the overspends in Fleet and PTS noted</li> </ul>	
	<p><b>Action</b> PTS Unipart work is ongoing and the Committee will receive a presentation in February 2013 detailing future plans and the process going forward</p>	<b>RB 2012/50</b>
	<p>BS questioned whether discussion at the Committee on 6 September and subsequently regarding the 111 contract and associated risks was sufficient to gain assurance that this was being managed effectively. RB confirmed that risks are being closely monitored.</p>	
	<p><b>Action</b> The Committee will be updated at the next meeting with regards to the 111 contract and associated risks.</p>	<b>RB 2012/51</b>
	<p>EM asked for an update regarding compliance with the Better Payment Practice Code. RB advised that the target will not be met this year but expected to achieve 90% by the end of the year with further improvement next year. The implementation of the scanning system has been put on hold pending a review.</p> <p>The Committee noted the contents of the report.</p>	
15.	<p><b>Quality Committee Report</b> In PD's absence, SP provided this report on the activities of the Quality Committee, highlighting:</p>	

	<b>Action</b>
<ul style="list-style-type: none"> <li>• The Clinical Leadership Framework will remain on the agenda until all benefits are delivered</li> <li>• Plans are in place to purchase blue bags and carry chairs at the beginning of the new financial year.</li> <li>• The Emergency Operations Centre Locality Director attended the Quality Committee meeting to present his assurance report. Progress against the action plan for Serious Untoward Incidents (SUIs) was positively received.</li> <li>• The Committee will monitor the clinical quality aspect of 111 services as they move into the phase of developing clinical governance arrangements.</li> <li>• The establishment of Healthwatch in terms of both local and national arrangements will be reviewed.</li> <li>• The forthcoming Francis Enquiry Report will take published in January 2013 which will require board level discussion for any implications arising from this</li> <li>• The mid-year report on Information Governance provided strong assurance of this process</li> </ul> <p>Discussion took place regarding the decision to remain at NHSLA Level 1 and not to progress to Level 2. SP advised that the original plan was to move to Level 2 in October 2012 but following a stock-take it was decided that this was ambitious, especially with other priorities of focus for the Trust. It was therefore decided to repeat the Level 1 stage as this is required for Foundation Trust status, moving to achieve Level 2 within the next year. SP added that the NHSLA is changing and they will be giving a presentation to give an insight of these changes to the national Quality Governance &amp; Risk Directors in January 2013.</p>	<p><b>SP 2012/52</b></p>
<p><b>Action</b> SP will report back these NHSLA changes to TEG, Risk &amp; Assurance Group, Quality and Audit Committees.</p>	
<p>BS questioned where assurance is gained by the Audit Committee for clinical audit and clinical audit reporting? SP advised that a regular assurance report is presented at the Quality Committee and periodically a more focused report is given on the Clinical Audit Programme. This will be incorporated in the Quality Committee Report to Audit Committee. SP added that the potential value to the Audit Committee is when they look at good practice and how this links into the Risk Register</p>	<p><b>PD/SP 2012/53</b></p>
<p><b>Action</b> The Quality Committee update report will incorporate a clinical audit and clinical audit reporting update where appropriate.</p>	
<p>RBa added that the audit on Clinical Audit Function has been completed and this will be presented at the next Audit Committee.</p> <p>The Committee noted the contents of this report.</p>	

		<b>Action</b>
16.	<p><b>External Audit Update</b></p> <p><b>Annual Audit Letter 2011/2012</b>  PT reported that as this is a public document it is not appropriate for all reports carried out throughout the year to be included. This report confirms a clean audit opinion with no issues, that good working papers were produced, and that statutory targets have been met although there is improvement to be made regarding the Better Payment Practice target. The report also refers to value for money work and external audit fees.</p> <p>It was confirmed that the IT Effectiveness Review and Quality Governance Review will be followed up routinely. The Quality Governance Review was contracted and paid for separately by SP's directorate.</p> <p><b>Fee letter</b>  Discussion took place regarding the external audit fee. Linked to the abolition of the Audit Commission, the fee has dropped from £123k to £81k, both figures quoted excluding VAT. It was questioned whether this reduction would impact on external audit work undertaken. PT advised that, whilst mandatory audit work would not be affected, the fee reduction would result in less value for money work and local studies.</p> <hr/> <p><b>Action</b>  It was agreed that, when the audit plan is presented, this needs to highlight the proposed reduction in audit work and what less assurance the Committee will be receiving in order that it can satisfy itself as to whether this is adequate.</p> <hr/> <p>As VAT cannot be reclaimed on the audit fee, BS asked that in future the total, VAT inclusive, audit cost is quoted.</p> <p>The Committee noted the contents of the Annual Audit Letter and fee letter.</p> <p>MS introduced himself as the incoming External Audit Manager covering for Hayley Wardle whilst on maternity leave. MS updated the Committee on the revised editions of the UK Corporate Governance Code and Guidance on Audit Committees.</p> <p>These become effective for accounting periods commencing on or after 1 October 2012, and so are applicable to the Trust for the year ended 31 March 2014.</p> <p>MS noted that the Code and Guidance are primarily focused towards PLCs and mutuals, but that they are regarded as an indication of best practice.</p> <p>The key changes were highlighted:</p>	<p><b>EA 2012/54</b></p>

		<b>Action</b>
	<ul style="list-style-type: none"> <li>• Section C.3 places new duties on Audit Committees</li> <li>• To report to the Board on how it has discharged its responsibilities</li> <li>• To report to the Board significant financial reporting issues and judgements made in the preparation of the financial statements</li> <li>• To report to the Board on the effectiveness of the external audit process</li> <li>• Upon request of the Board, to advise the Board on whether the Audit Committee considers the annual report and accounts, taken as a whole, to be fair, balanced and understandable and to provide the information necessary for shareholders to assess the entity's performance, business model and strategy</li> <li>• A separate section of the annual report should describe the work of the audit committee in discharging its responsibilities. The report should include: <ul style="list-style-type: none"> <li>• the significant issues that the committee considered in relation to the financial statements, and how these issues were addressed;</li> <li>• an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, including the length of tenure of the current audit firm and when a tender was last conducted; and</li> <li>• if the external auditor provides non-audit services, an explanation of how auditor objectivity and independence is safeguarded.</li> </ul> </li> </ul> <p><b>Key implications for the Trust are:</b></p> <ul style="list-style-type: none"> <li>• To ensure disclosures conform with the updated guidance and any subsequent guidance from DH</li> <li>• To ensure reporting to the Board is sufficient</li> <li>• To confirm with the Board whether the Audit Committee is expected to advise the Board</li> <li>• Whether to adopt any of the additional requirements early</li> </ul>	
	<p><b>Action</b> BS to to advise the Board of these changes to the UK Corporate Governance Code and Guidance on Audit Committees.</p>	<b>BS 2012/55</b>
	<p>BS thanked MS for this update and noted that he was not aware of anything that would prevent the Trust from meeting these new recommendations this year.</p>	
16a	<p><b>Audit Arrangements for 2012/2013 Audit</b></p> <p><b>Action</b> This documentation is being reviewed at the moment and pending a couple of meetings with RB and Dave Whiting, this should be available before the end of December and will be presented at the</p>	<b>PT 2012/56</b>

	<b>Action</b>
<p>next Audit Committee meeting.</p>	
<p>17. <b>Compliance with Assurance Recommendations</b>  RB presented this report to give assurance to the Committee on management actions in resolving internal and external audit recommendations.</p> <p>RB advised that there has been a certain amount of slippage due to FT workload. Discussion followed with regard to completion dates being accurate and achievable, particularly with regard to the cost improvement programme.</p> <p>BS questioned what the process is for internal audit to be assured that recommendations are implemented and closed. Internal Audit follow ups are undertaken close to the implementation dates in addition to the internal follow ups by the Finance team. Periodic cross-checking between the Finance team and Internal Audit take place to highlight any discrepancies.</p> <p>The Committee noted this update.</p>	
<p>18a <b>Internal Audit &amp; Counter Fraud Progress Report</b>  <u>Internal Audit</u>  RBa presented this report providing a progress update of work undertaken and planned. Since the last Committee meeting, four reviews have been finalised from this year's audit plan and the final three reports finalised from last year's plan. The Audit Plan is on track with a large amount of work underway at the moment.</p> <p>BS questioned whether the hangover of previous audits from last year was exceptional, stating that he preferred to see internal audit work planned for a financial year to be completed within that year, or else shortly thereafter. RBa advised that the delay in finalising reports from last year was exceptional but this was due to some changes in Internal Audit management and also a delay in receiving management responses.</p> <p><u>CQUIN Management (A&amp;E)</u>  Significant assurance is provided in this report about arrangements in place for the overall management and reporting of CQUIN activity. SP added that clarity was required on how these indicators would be measured and the level of fine detail that the auditors required for assurance. This is still a challenging process due to interpretation of indicators.</p> <p><u>SLAs and Contracts</u>  Significant assurance is provided that appropriate arrangements are in place to collect income in respect of Private &amp; Events and GP Out of Hours. It was found that Private &amp; Events had moved on significantly but there are still some issues with GP Out of Hours. The implementation date for contract sign off was July 2012 but, whilst there has been a little slippage, these contracts are now</p>	

	<b>Action</b>
<p>signed.</p> <p><u>Consultancy and Agency Expenditure</u>            Significant assurance is provided on the effectiveness of arrangements and controls in place for agency expenditure.</p> <p>It was questioned how the total agency expenditure of £1.1m compares with the overall budget? RB advised that a large amount of agency spend is backfilling vacancies. The substantial overrun on consultancy spend is due to the FT project. A clear message from the SHA was to bridge gaps in capacity whilst recruiting into these posts.</p> <p>Limited assurance is provided on the effectiveness of the arrangements and controls in place for consultancy expenditure. This was seen to be less well controlled than is desirable, and in some instances not involving the procurement team tendering process. Discussion followed regarding this and it was confirmed by RBa that if the Standing Financial Instructions governance framework is not followed this could leave the Trust open to challenge by those suppliers not being awarded the tender.</p> <p>It was questioned whether the Trust are now confident that these matters are resolved? RB advised that the situation is improving, stricter controls are in place with more challenge against best procurement process.</p>	
<p><b>Action</b>            BS requested that a report on the improvements in controls around consultancy expenditure be provided at the next Audit Committee meeting, together with assurance that specified procedures are now fully utilised.</p>	<b>RB 2012/57</b>
<p><b>Action</b>            For future reports BS asked Internal Audit, in all relevant audit reports, to provide an indication of sample sizes relative to population, to provide better insight into the span and depth of audit scrutiny to aid in interpreting audit results.</p>	<b>IA 2012/58</b>
<p><b>Action</b>            RBa advised that the follow-up for this audit will take place in the middle of the fourth quarter with a view to reporting to the Audit Committee in April 2013.</p>	<b>IA 2012/59</b>
<p>PBW arrived at the meeting at 11.59am.</p> <p><u>Fuel Cards</u>            This audit was given limited assurance and is being followed up at the moment.</p> <p>This is an on-going piece of work within the whole re-structure of the management of the Fleet department. Following discussion it was</p>	

	<b>Action</b>
<p>agreed that the role to oversee fuel cards is being managed at too low a level and needs someone to be brought in who understands the process and risks.</p> <p>EB questioned that within the audit it suggests that reports from Arvel are not readily available. RB advised that the management information reports received are good but this is not necessarily reflected in the audit report.</p> <p>BS noted that this is a high expenditure area and there is potential for fraud or theft. He stated that effective control is essential and that there is need for 'tone setting' in the organisation so that all staff understand that malpractice is not acceptable and will not be tolerated. RB confirmed that some staff have been dismissed for incorrect use of fuel cards. RB also added that the Fleet operation reflects three former ambulance services coming together with three different practices and legacy arrangements around the use of lease cars and fuel cards. These processes are being unpicked bit by bit and being put back together. It was noted that there needs to be a category specialist with the correct skill set working with Fleet and the contractor to assess what is the best course of action for the Trust and bring in the correct level of control and processes to this area. BS suggested that it was now time to put these historic matters behind us, and to have robust and effective procedures and controls in place.</p> <p>EB questioned when the contract is up for review? RB confirmed that this is a national contract.</p>	
<p><b>Action</b> RB to liaise with internal audit to present a paper to the next Audit Committee with an update on the processes and controls around fuel spend.</p>	<b>RB 2012/60</b>
<p><u>Lessons Learned from SUIs</u> This audit has given significant assurance that, overall, adequate arrangements are in place for ensuring that lessons are learned. SP added that arrangements relied on a large amount of manual collation so there is a risk that some items could be lost. Once systems are in place and embedded this will reduce the risk.</p> <p><u>IT Disaster Recovery</u> This audit was carried out by an external assessor who had detailed experience in this area and therefore the format of the report is slightly different. BS stated that the format, providing a clearer statement of related risks, was preferable – he suggested that all IA reports should adopt this format. Significant assurance was given with some recommendations made to improve controls in this area.</p> <p>The overall business continuity plans for the Trust were discussed and it was questioned what internal audit work has been completed in each of the directorates highlighting any issues? RB advised that</p>	

	<b>Action</b>
<p>this audit was requested by the IM&amp;T team to concentrate specifically on this area but the gap analysis report produced by Resilience should highlight any areas of improvement for the rest of the organisation.</p>	
<p><b>Action</b> BS requested that, in future, the Internal Audit Executive Summaries presented to the Audit Committee should include a brief explanation of the audit objectives, scope and limitation of scope, and the audit work performed. Reports should routinely highlight related risks.</p>	<b>IA</b> <b>2012/61</b>
<p>BS stated that, having recently taken on the role of Audit Committee Chairman, he was keen to ensure that the Internal Audit plan includes all audit activity that is required. He wishes the Audit Committee to be assured that Internal Audit is auditing all that it should, to the right depth of scrutiny, and on the right timescale and frequency.</p>	
<p><b>Action</b> BS indicated that he was to meet with IA and RB to progress this.</p>	<b>RB/IA/BS</b> <b>2012/62</b>
<p><u>Counter Fraud</u> BJ provided this update on behalf of Shaun Fleming highlighting the appendix within the report detailing work set out in the Counter Fraud plan and confirming that this is on track.</p> <p>Proactive work in the form of awareness presentations continue to be delivered on staff induction courses. There are no new or open fraud investigations. A previous investigation with regard to a conflict of interests and influencing the process during procurement was re-opened but closed again with no further action taken.</p> <p>The Qualitative Assurance processes (NHS Protect) are being reviewed and a new process will be in place commencing April 2013 and incorporated in the plan for next year. A crime risk assessment toolkit is in the process of being completed, this is not well established yet but the Audit Committee will be kept informed of this change.</p>	
<p><b>Action</b> IA to keep the Audit Committee informed of changes to this process.</p>	<b>IA</b> <b>2012/63</b>
<p>EB left the meeting at 12.40pm.</p> <p>The Committee noted this report.</p>	



	<b>Action</b>
<p>13. <b>Committee Assurance – Operations A&amp;E and PTS</b>  The item was re-scheduled within the agenda to allow PBW to present this committee assurance detailing the three strategic objectives within the BAF which are led by the Executive Director of Operations:</p> <p><i>Strategic Objective 2 – To deliver timely emergency and urgent care in the most appropriate setting</i></p> <p><i>Strategic Objective 7 – To be at the forefront of the healthcare resilience and public health</i></p> <p><i>Strategic Objective 6 – To create, attract and retain an enhanced and skilled workforce to meet service needs now and in the future</i></p> <p>PB-W advised the Committee that data flagging is being reviewed and steps are being taken to assess the risks in this area. This issue is being discussed at the National Director of Operations Group tomorrow and this will give a feel of how this is viewed nationally and how this can be approached. EM suggested that this data flagging may be contravening data protection legislation. PB-W advised that the data flagging was on the address and not the individual and therefore was not within the ambit of such legislation. He indicated that it would nevertheless cause an issue if the individual moved and this was not amended on our Computed Aided Dispatch (CAD) system, or if a call for assistance was in respect of another individual at that address.</p> <p>Business continuity and the live incident on 1 October were discussed. PB-W advised that this was a good test for EOC and the rest of the organisation, as table top exercises are good but nothing can compare to a live situation.</p> <p>It was questioned what has happened in terms of testing and lessons learned from business continuity testing. PB-W advised that every business area is tested annually. SP added that there is a plan and timetable for testing.</p> <p>It was asked when and where are the results of these tests reviewed? PB-W advised that in terms of the live test a full de-brief was undertaken with Ian Walton and his Resilience team and lessons learned and key points from the cross-directorate de-brief will be incorporated into future development of departmental business continuity plans. Ian Walton attends the Risk and Assurance Group to provide an update on his remit.</p>	
<p><b>Action</b>  It was agreed that Ian Walton would be asked to provide a summary of these business continuity testings to the next Audit Committee meeting.</p>	<p><b>IW</b>  <b>2012/64</b></p>
<p>PB-W advised that there is a potential for the YAS Resilience team to</p>	

	<b>Action</b>
<p>use their skills as a business opportunity to teach these outside of the organisation.</p> <p>The Clinical Leadership Framework, vacancies and recruitment was discussed. It was questioned whether the Clinical Supervisor posts were mostly filled by internal staff? PB-W confirmed that most had been filled internally and this was good for the organisation as this gave staff an opportunity to develop and move their skills and experiences.</p> <p>It was asked whether there was clear understanding of the change of roles in this post? PB-W advised that presentations are to be given to Dispatchers to aid their understanding of this.</p> <p>BS noted that a challenge for the Audit Committee is how, and to what extent, to explore the assurance regarding risks not appearing on the BAF eg the EOC reorganisation and how risk management is being approached within this change process. PB-W advised that the EOC function has its own standards and compliance. There have been discussions regarding moving this to SP's directorate but it was decided to retain this within EOC and embed this into the team concept to learn from this. SP added that the formal process of quality impact assessment plans are presented to TEG.</p> <p>PB-W advised that when he came into post there were different styles in each Clinical Business Unit (CBU). Having worked with Kevin Wynn and his team, an operational dashboard is now presented on each CBU at Operational Management Group (OMG). Glenn McPeak, Head of Performance Improvement has this risk overview as part of his remit in his job description.</p> <p>It was questioned whether there is a proposal to review these dashboards, drill down and streamline these? PB-W advised that these are being fed up into the OMG and that Kevin Wynn feels more confident that this area of risk is being gripped and moving forward. PB-W added that the directorate understand what the concerns and weaknesses are and these are being reviewed and addressed.</p> <p>It was questioned whether there is any merit in an internal audit review being carried out focusing on the significant changes and improvements within EOC and has this been scheduled?</p>	
<p><b>Action</b></p> <p>It was agreed that it would be more appropriate for this audit to be scheduled in the new financial year once changes in this area, including rota changes, have been implemented and embedded.</p>	<b>RB/IA 2012/65</b>
<p>It was asked if an internal audit is planned for PTS due to the level of investment and change taking place? PB-W confirmed that he would be happy for this audit to take place at any point.</p> <p>BS confirmed that, whilst he was keen to be assured by this audit</p>	

		<b>Action</b>
	<p>taking place in PTS, it would be important for the purpose and scope of the audit to be carefully considered, defined and agreed.</p> <p><b>Action</b> RBa and RB to review the timing and content of this PTS audit against the audit plan.</p> <p>PB-W was thanked for his attendance and presentation and left the meeting at 12.25pm.</p>	<b>RB/IA 2012/66</b>
19.	<p><b>Contract Award Activity and SFI Waivers</b> RB gave this update. Following discussion, the Committee agreed that this report needed to show the relevant information in a more structured, formal manner.</p> <p><b>Action</b> RB to produce a new format for this report incorporating additional information for each SFI waiver or contract in terms of the process followed and a structured checklist with relevant back-up documents.</p> <p>RB advised that the Procurement team are going through a process of change and a new Procurement strategy will shortly be finalised.</p> <p>It was agreed that there needs to be a move towards more rigorous, but still commercial, legal review to ensure contracts entered into are acceptable and provide appropriate protection.</p> <p>The Committee noted this report.</p>	<b>RB 2012/67</b>
20.	<p><b>Contracts Review – A&amp;E, PTS &amp; Other</b> RB presented this update advising the Committee that the GP Out of Hours contract is in agreement with terms of the contract.</p>	
21.	<p><b>Any Other Business</b> BS advised that the yearly NEDs workshop will be scheduled to take place in December to review the Audit Committee Terms of Reference and to complete the Audit Committee Self-Assessment process. The draft Annual Audit Committee Report will be produced by BS and will be discussed with NED colleagues before being sent to external audit colleagues for review, prior to submission to the January Board meeting..</p>	
23.	<p><b>Review of meeting actions and quality review of papers</b> No comments were offered.</p>	
.	<p><b>Date and Time of Next Meeting</b> Tuesday 12 February – 10.00am-1.00pm - Kirkstall &amp; Fountains</p>	

The meeting closed at 12.59pm

**CERTIFIED AS A TRUE RECORD OF PROCEEDINGS**

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

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