



Audit Committee

Venue: Kirkstall & Fountains, Springhill 1

Date: Tuesday 12 February 2013

Time: 0945-1315

Chairman:

Barrie Senior (BS) Non-Executive Director

Attendees (members):

Elaine Bond (EB) Non-Executive Director

Erfana Mahmood (EM) Non-Executive Director

Mary Wareing (MW) Non-Executive Director

In Attendance:

Rod Barnes (RB) Executive Director of Finance & Performance

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)

Shaun Fleming (SF) Counter Fraud

Della Cannings (DC) Chairman (Observing)

In Attendance part time:

Stephen Moir (SM) Deputy CEO/Executive Director of Workforce & Strategy (For Item 15)

Apologies:

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

Richard Ford (RF) Financial Controller

Ian Walton (IW) Executive Director of Resilience

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

The meeting commenced at 9.45am

		Action
1.0	Introduction & Apologies Apologies were noted as above.	
2.0	Declaration of Interests No declarations were made relating to items on the agenda.	

		Action
3.0	<p>Minutes of the last meeting 21 November 2012 The minutes of the last meeting were reviewed and agreed as a true record of the meeting with the following amendments:</p> <p>Page 15 – Counter Fraud ‘A primary assessment toolkit’ should read ‘crime risk assessment toolkit’.</p>	JW
4.0	<p>Action Log and Matters Arising The action log was reviewed and updated.</p> <p><u>Action 2012/27 – Health & Safety Flowchart</u> SP had previously circulated the recently updated Health & Safety Policy. The Committee were asked to read the document and send feedback to SP if required. Action closed.</p> <p><u>Action 2012/33 – Terms of Reference (TOR)</u> The TORs for the Audit Committee (AC), the Quality Committee (QC) and the Finance & Investment Committee (F&IC) were reviewed, amended and presented to the Trust Board at its meeting on 29 January for approval, which was granted. This action is now closed.</p> <p><u>Action 2012/36 – Compliance with Audit Recommendations</u> RB confirmed that the Command & Control system contract had been signed off and provided to the supplier. This action is now closed.</p> <p><u>2012/37 – Minutes of the last meeting (TORs)</u> BS met with EB & PD to review respective committee TORs. This action is now closed.</p> <p><u>Action 2012/41 – Board Assurance Framework (BAF)</u> It was agreed that if NEDs feel that they need to request a deep dive session better to understand the BAF then they should advise SP. This action is now closed.</p> <p><u>Action 2012/42 – Board Assurance Framework</u> Top ten risk benchmarking information was circulated prior to the meeting. This action is now closed.</p> <p><u>2012/43 – Fleet Management Actions</u> RB to follow up the actions to report back to the next meeting</p> <p><u>Action 2012/44 – Members Expenses</u> This will be discussed at Agenda Item 24 following which this action will be closed.</p> <p><u>2012/51 – 111 Contracts and Associated Risks</u> It was agreed that following the update at the Board meeting on 29 January, the AC had received sufficient assurance on the progress of the project and associated risks at this stage. Action closed.</p>	

	Action
<p>SP advised that there had been no significant developments since the update at the Board meeting. Staffing is still a key risk, particularly Clinical Advisers but this is now being progressed. The Clinical Governance review led by the Department of Health (DH) has looked at the whole of the system, including YAS and this has flagged a number of issues eg. Engagement of commissioners and reporting lines and work is to be progressed on how we link healthcare feedback. Readiness testing is progressing to plan, with a few issues around the interface with GP practices around arrangements for the pick up of calls between 1800-1830. Current arrangements run up to the 1800-1830 window but discussions are taking place with commissioners to confirm these arrangements. Overall the team are not underestimating the risks of going live.</p> <p><u>2012/52 – Quality Committee Report – NHSLA Changes</u> The anticipated changes to NHSLA nationally are likely to be available in April 2013 and SP will feed this back to the AC.</p> <p><u>2012/55 – External Audit Update – UK Corporate Governance Code and Guidance</u> PT advised that recommendations stated that both Trust Boards and Audit Committees should take a conscious view that annual reports and quality accounts should provide a balanced view of the organisations achievements and weaknesses not just a glossy publication. In light of the Francis Report there is a further requirement for openness and transparency. BS referred to his report provided to the January Board meeting in which he explained the changes necessary/recommended and the intention to comply. Action closed.</p> <p><u>2012/56 – External Audit Arrangements for 2012/13</u> The External Auditors had submitted their draft Planning Report to this meeting. Action closed.</p> <p><u>Actions 2012/57 & 2012/59 – Consultancy Expenditure</u> A follow up to this audit is due to take place shortly. A paper will also be presented at Agenda Item 16 and at the April AC meeting.</p> <p><u>Action 2012/58 – Future Internal Audit Reports</u> A discussion has taken place between BS, RB & BJ reviewing the audit objectives, scope, format and content of the reports and executive summaries presented to the AC. To be considered as part of the 2013/14 internal audit planning exercise, as is action 2012/61.</p> <p><u>Action 2012/60 – Internal Audit – Fuel Spend</u> A progress report providing an update on processes and control around fuel spend is to be presented at Agenda Item 11.3, with a follow-up report at the April AC meeting.</p> <p><u>2012/64 – Committee Assurance, Business Continuity Report</u> Ian Walton, Associate Director, Resilience has produced a report at Item 8.1 but is on annual leave and therefore unable to present this.</p>	

	Action
<p>Paul Birkett-Wendes and Dave Williams are also not available to attend. Therefore it was advised that the AC should pool observations and feedback and BS will pass to PB-W, with a view to a presentation at the April AC meeting.</p> <p><u>Action 2012/67 – Contract Award Activity & SFI Waivers</u> Changes to the format of this update have been implemented in the report. The item will now be closed.</p>	
<p>5.0 Board Assurance Framework BS commented that, with the changes to the format for assurance reports from F&IC and QC to the AC, there may be an opportunity to streamline this update and /or the AC agenda structure as there may be duplication between the F&IC and QC reports and the BAF updates.</p> <p>SP presented the updated Board Assurance Framework (BAF) providing assurance with regard to the effective management of key risks to strategic objectives. The update outlined the current BAF for February including movement in associated risk tables. The last review was undertaken in the Trust Executive Group (TEG) on 25 January so some discussion points have been incorporated.</p> <p>Following discussion it was noted or questioned:</p> <ul style="list-style-type: none"> • The 2013/14 iteration of the BAF will be developed and presented to the Trust Board in March 2013. Whilst the strategic objectives have not changed this will be a refresh of the document incorporating details of the committees that receive these assurances • EB questioned whether the addition of the PTS risk has changed the overall top five risks. SP confirmed that potentially this does change the numbering of risks so the link with the Integrated Business Plan (IBP) will be incorporated • EB highlighted the risks for turnaround penalties being potentially significant and questioned whether the F&IC should be discussing and escalating this information to AC to understand the magnitude of these penalties. RB added that contract negotiations are taking place with commissioners at the moment. It was also noted that the Trust needs to be keen to pursue penalties due from hospital rather than commissioners holding onto this money. DC added that there needs to be an understanding of the data that underpins these handover times and a breakdown of data from hospitals as it is difficult to impose penalties when data is not accurate. DC has requested this information from the management information team. • BS asked whether there is a target date for each target risk score to be achieved? SP advised that there are review dates on the Corporate Risk Register (CRR) and in the Risk Treatment Plan so data can be extracted from the documents. 	

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<p data-bbox="333 215 437 246">Action</p> <p data-bbox="333 250 1324 394">Inclusion of target dates/progress in the BAF - As the AC need to see target dates, the progress towards these and agree appropriate practical work to be undertaken, SP to speak to KW to incorporate this information into the BAF format.</p> <p data-bbox="333 439 1155 510">The AC was happy to note the contents and actions to be incorporated into the BAF.</p>	<p data-bbox="1350 282 1469 353">SP/KW 2012/68</p>
<p data-bbox="193 551 240 622">6.0 6.1</p> <p data-bbox="333 551 1134 622">The Role of the Finance & Investment Committee Finance & Investment Committee Assurance Report</p> <p data-bbox="333 627 1310 949">EB provided the AC with an update of the role of F&IC in light of changes to the TOR. The change in emphasis in its assurance report to the AC will focus on financial risks and mitigations to give AC the assurance that appropriate discussion and challenge has taken place. For this first report, due to the timings of the meetings the risks highlighted have not yet been debated by the F&IC but will be at the next meeting in March. EB advised that she was happy to take feedback on the format of this report with a view to developing this further to meet the assurances required by the AC.</p> <p data-bbox="333 994 895 1025">The following was noted or questioned:</p> <ul data-bbox="384 1070 1318 1249" style="list-style-type: none"> • If there are changes to financial risks in terms of mitigations, how will these feed into the BAF? SP advised that there is the opportunity to pick up changes from committee minutes but there is also a designated lead on each committee that should pick this up and feed this back for inclusion in the BAF 	
<p data-bbox="333 1288 437 1319">Action</p> <p data-bbox="333 1323 1302 1395">RB to take forward any risks and feed these into the BAF from F&IC respectively. SP to do same in respect of QC.</p> <ul data-bbox="384 1440 1318 2067" style="list-style-type: none"> • AC would be interested to look at the next layer of risks within the Corporate Risk Register, 'below' the risks included in the BAF, and determine what level of assurance exists as regards completeness and mitigation of these risks. This would require prior consideration of relevant risks by the QC and F&IC. SP advised that committee workplans do address other risks but it is how this process is managed that needs to be assessed and assurance derived. It was noted that, for future AC meetings, the new format of the QC and F&IC assurance reports will include more commentary to provide debate and assurance. • MW noted that assurance on risk as a whole is quite hard to construct as sometimes the same risk is reported on from different sources. It was suggested that the BAF could produce one sheet overview detailing input from each committee. 	<p data-bbox="1350 1323 1469 1395">RB/SP 2012/69</p>

	Action
<p>Actions</p> <p>SP to meet with PD to review and discuss the next layer of quality risks from the Corporate Risk Register</p> <p>PD to ensure that the QC explores a deeper range of quality risks, obtains relevant assurance and provides details in future reports to the AC.</p> <p>Internal audit to ensure that relevant audit progress and audit reports are communicated to the QC and F&IC Chairs on a timely basis.</p>	<p>SP 2012/73</p> <p>PD 2012/74</p> <p>IA 2012/75</p>
<p>8.0 Committee Assurance – Standards & Compliance</p> <p>SP presented this paper providing additional information on risks, controls and assurances in the BAF which are relevant to both the Clinical and Standards and Compliance directorate functions. Whilst there is some significant overlap of the two directorates, both Executive Directors will be in attendance next time to present.</p> <p>Following discussion it was questioned or noted:</p> <ul style="list-style-type: none"> • Strategic Objective 1 shows that differing leads are cross cut. Performance targets mean that the Director of Finance & Performance (DF&P) is shown as one of these leads. SP advised that this was due to risks relating to clinical outcomes as a result of failure of reusable medical devices and equipment and also IT disruption to clinical services due to complexity and interface of different IT systems, both overseen by DF&P. The IT support is now functioning well. The medical devices risk is still ongoing but there is positive progress and external assurance to manage this. • Strategic Objective 3 issues and risks relate mostly to the workforce plan which is progressing. Good discussions are taking place about integrating the training plan and support for the JRCALC guidelines. • EB highlighted that there appeared to be a number of vacancies. SP advised that there had been agreement to a structured approach to developmental secondments with an agreed list of training and education support including a mentor. This provided an interim solution whilst the Trust goes out to recruitment for substantive posts. At locality level, assurance that processes, including learning are reported through to QC from performance review groups and locality directors. • Risk 3b, lack of compliance with key regulatory requirements, is progressing through the implementation of the Clinical Quality Strategy and is monitored through both QC and the Clinical Governance Group. Information Governance is progressing well to retain level 2 status. The Trust received its unannounced inspection from the Care Quality Commission (CQC) in January and the paper reflected the verbal feedback. The draft report has now been received and the Trust has a week to comment on this. 	

	Action
<ul style="list-style-type: none"> • Risk 5a, inability to deliver service transformation and organisational change, is undergoing a substantial review of the priorities in terms of governance arrangements and resources to support these changes. • Duty of candour and the emphasis put on this in the Francis Report was discussed. Practical arrangements for contractual obligations from April 2013 are being worked up to ensure that these are all captured in our current mechanisms. EM questioned whether there are any litigation claims and how this would be managed? SP advised that clear guidance is that the risk of litigation should start from a default position of being open unless we have a good reason not to. The way the Trust will join things up is through the Incident Reporting Group (IRG). Legal Services Department are present at these meetings so will be able to look and assess if there will be any potential litigation claims. MW questioned whether there is anything we would have done differently? SP confirmed that the Duty of Candour requires the Trust to apply the same principles to cases of moderate to severe harm, basically reducing the threshold. There is a good process in place for tracking to ensure that these cases are captured and that moderate harm is correctly reported. The volume of moderate harm cases has been assessed over the last 12 months and this is not excessive and therefore should be manageable • MW added that as a member of the Service Transformation Group, she could provide further assurance to the AC on risks 5a and 5b. A visit to Hester Rowell, Head of Quality, and her Complaints team highlighted that the team have a great focus on understanding the issues and dealing with the complainants in the right way but treats them in the manner that they would like to be treated. There are some challenges for them in terms of the variable quality of PRFs when information is not as good as it could be. The onus of assessing trends and themes particularly from lower level complaints is quite subjective. MW suggested that it may be helpful for this issue to be highlighted to the locality manager to attempt to strengthen this control. • MW also highlighted that the work being undertaken by the Service Transformation Project Team will be the key to understanding what the Trust need to be delivering. The project could effectively be split into two, one focusing on individual products that the Trust needs to deliver and this should sit with the accountable director for delivery of programme actions and control. The other focusing on capability and enabling work, moving forward on various strands and building capacity to support this in operational areas. BS questioned whether there was a focus of risk within these projects? MW confirmed that there is a large amount of focus on clinical and quality risks and that people think about financial risks when they review the projects but not all the time. Some intensive work is taking place over the next 3 days with the Executive Team working through this process. 	

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8.1	<p>Action BS suggested that EB and PD consider whether the F&IC and QC sufficiently monitor financial and quality risks respectively in respect of ST projects.</p> <ul style="list-style-type: none"> • Risk 8a, adverse impact on developments in urgent/unscheduled care services in partnership, was talked about earlier in the meeting in terms of 111. Key appointments have been made to support the leadership for the future movement from 111 to developing urgent care <p>The AC noted the element of overlap in assurance for the two directorates but had found it useful to sit and reflect on risk and risk assurance.</p> <p>Committee Assurance – YAS Business Continuity Management Exercising & Testing Programme The AC noted the previously circulated paper from Ian Walton, Associate Director, Resilience.</p> <p>BS advised that prior to the AC meeting he had raised a couple of questions arising from the paper with PB-W and the responses had been circulated to NEDs for information. BS had also spoken to Dave Williams (DW), Associate Director of Operations regarding the comments of Angela Vinand within the paper. He confirmed that she had not meant the comments about the tracking of lessons how they had been written. She had meant to convey that the tracking of lessons identified is not as streamlined as she would wish and that they will be when the IT software is implemented.</p> <p>BS suggested that an updated report and a presentation be made to the next AC meeting.</p> <p>During discussion it was questioned or noted:</p> <ul style="list-style-type: none"> • EB advised that within Appendix A detailing the Business Continuity Work Programme, it appeared to be all too rosy and that there are a large number of testings with a green RAG status. How can the AC be assured that the 23 continuity plans are sufficient and what is the process for this. Some plans have been tested by a true event but what would happen if these incidents had not happened, what process is in place to sufficiently test these out? • MW was concerned that the report relies heavily on risk assessments in terms of prioritising the tests and some risk assessments are out of date. • DC noted that she distrusted the green RAG status shown in Appendix A as the NHS 111 has no plan owner, no details of test and no testings and exercising details listed. As the Trust are due to go live in a month this should be more complete. 	<p>EB/PD 2012/76</p>

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	<p>The AC is not assured by this report and further work is required.</p> <p>Committee Assurance – Business Continuity Management Exercising and Testing</p>	
	<p>Action This item is to go back onto the AC agenda for April for further assurance.</p>	PB-W 2012/77
9.0	<p>Updated Final Accounts Timetable 2012/2013 RB advised that the final accounts timetable is progressing on track with no difficulties being anticipated.</p>	
9.1	<p>Updated Budget Timetable 2013/2014 RB advised that the budget timetable is on track with the plan.</p> <p>It was questioned whether the revenue budgets should be approved by TEG in the first instance before being reviewed at F&IC.</p>	
	<p>Action The review of revenue budgets will be brought forward to the TEG meeting on 22 February 2013.</p>	RB 2012/78
9.2	<p>Updated Annual Report Timetable 2012/2013 RB reported that there had been no further updates to the Annual Report timetable since the last AC meeting.</p>	
9.3	<p>Updated Quality Accounts Timetable 2012/2013 SP advised that the Quality Accounts timetable had been updated and circulated to the AC. The difficulty with sequencing of committee meetings had necessitated a change in the timetable. The AC meeting on 18 April will now receive a verbal progress update but will not receive a draft Version 3 of the Quality Accounts. The Quality Committee will receive the draft Version 3 for review on 14 May.</p> <p>From an External Audit perspective, PT expressed no concerns regarding the review of the Quality Accounts.</p>	
	<p>Action The timeline for the review of the Quality Accounts by both Internal and External Audit needs to be confirmed.</p>	IA/EA/SP 2012/79
	<p>The meeting broke at 11.00am. The meeting commenced again 11.05am</p>	
10.0	<p>External Audit Planning Report and Update The draft Planning Report from the External Auditors in respect of the 2013 Audit was received by the AC.</p> <p>Two issues were highlighted with regard to External Audit (EA) work going forward:</p>	

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<ol style="list-style-type: none"> 1. RB highlighted the reduction in quantum of 'value for money' audit work resulting from the audit fee reduction imposed upon EA, and whether we require more 'value for money' audit work than allowed for by this sum. 2. The suggestion that the Trust perhaps perform a dry-run of the external audit process regarding the 2013 Quality Account. <p>PT explained that the 40% cut in the fee resulted from the abolition of the Audit Commission. The fee now covers the financial audit and some limited work to support the value for money opinion, but there is no scope to do a broader local programme, as in previous years. It was confirmed that EA will try and scope and cover any extra work required by the Trust. Areas of work already spoken about outside of these requirements are with regard to compromise agreements and a risk assessment for 111 had we been at FT at the time. There will also be an additional fee if EA are required to give a formal opinion on the Quality Accounts and this will be undertaken in conjunction with IA.</p> <p>BS advised that there needs to be a decision as to whether the Trust with the External Auditors (EAs) to perform any further work beyond that which the EAs deem necessary for the purpose of reaching their audit opinion. PT advised that he is conscious that extra work may be helpful, but is not critical to his firm giving a VFM opinion. EA are happy to be supportive and do extra work but conscious that the Trust has FT advisors who could also provide this work. As risks emerge and if there is an opportunity to give assurance then we will do this.</p>	
<p>Action RB to look at the vfm pieces of work undertaken by external audit last year to assess to what extent follow up work on these review areas should take place. RB also to consider the nature and extent of VFM work planned by External Audit for the current year and assess whether any extension in scope is required. RB to consult with BS</p>	RB 2012/80
<p>RB advised that the 111 risk relates to the treatment of mobilisation costs. These have now been incorporated into in-year financial costs for 2012/2013 rather than spread over the life of the 111 contract. This has therefore removed the risk of mistreatment as identified in EA's.</p> <ol style="list-style-type: none"> 3. A further issue has been raised with EA in relation to timing of workforce changes in A&E. Staff have been invited to express interest in voluntary redundancy to speed up the introduction of the new workforce model and the take up and associated financial provision may not be fully known by the end of March. The AC need to be regularly updated with where the Trust are with the process and the associated commitments against the transformation funding from commissioners. 	

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<p>PT advised that Trusts are required to have an audit of Quality Accounts and essentially the requirement is twofold, firstly to give an opinion on the accounts themselves around whether they include all the correct disclosure, external stakeholder views, set out in the right way, clarity of consistency. Secondly to audit specific data quality testing. The accounts will not be judged on how the Trust have performed but looking at data quality and test the entire system to ensure this is complete and accurately reported.</p> <p>SP advised that IA have previously undertaken an exercise to review the Quality Accounts and whether this should be undertaken by EA as if the Trust had been an FT using the full Monitor regime. It was agreed that this would be useful subject to funding being available.</p>	
<p>Action SP and RB to discuss co-ordinating a piece of work for EA to undertake a review of the Quality Accounts using the full Monitor regime.</p>	SP/RB 2012/81
<p>The committee noted the draft planning report.</p>	
<p>11.0 Internal Audit Progress Report RBa presented this progress report advising that this year's internal audit plan had now been 80% completed. Four audits have been completed since the last AC and some follow-up work has taken place.</p> <p>BS, acknowledging that it was still at a 'draft' stage, was concerned why the review regarding 'IM&T work – Adastra System General Controls' was showing 'limited assurance' and requested an assurance that any weaknesses did not represent a risk to 111 going live. RBa confirmed that the 111 service will be delivered on a different Adastra system to which the identified weaknesses do not apply.</p> <p>BS also highlighted the importance of timescales to ensure that reports should be agreed and finalised in a timely manner. RBa confirmed that he had chased up outstanding reports with managers but is still awaiting responses.</p>	
<p>Action SP is to chase up the response to the CQC audit review.</p>	SP 2012/82
<p><u>Clinical Audit</u> This review was given a 'limited assurance' rating, with four recommendations.</p> <p>RB advised that Dr Julian Mark (JM) has written a proposal on the restructure within the Clinical Directorate and this will be going to TEG this month. RB has also met with JM to discuss the automated scanning process to address the recommendations from this audit.</p>	

	Action
<p>Action A specific presentation will be given to AC on clinical governance and clinical audit at the April AC meeting</p>	<p>JM/SP 2012/83</p>
<p>DC noted that the Clinical Audit Policy does not say it reports to the Trust Board. SP confirmed that this reports into Senior Management Group (SMG) and TEG.</p>	
<p>Action Clinical Audit reporting to Trust Board - SP to pick this up with JM to tighten up the reporting arrangements.</p>	<p>SP/JM 2012/84</p>
<p><u>Statutory & Mandatory Training Strategy</u> This review was given a 'significant assurance' rating, with four recommendations.</p> <p>BS questioned whether the delay in the review being finalised in quarter 1 rather than quarter 3 may have resulted in some shifting of training workload from the Summer to Winter when there was no need for this to be changed. SP advised that it was unlikely that this is the reason and this was due to managing other circumstances.</p> <p><u>Recruitment Arrangements</u> This review was given a 'significant assurance' rating, with five recommendations.</p> <p>BS expressed concern that the contents of the report did not appear to justify a 'significant assurance' rating. In particular, concern was expressed that there is a requirement to issue employment contracts within 8 weeks but that half of the sample reviewed had shown a contract not being issued/received within this time period.</p> <p>RBa advised that a sample of around 15% of new recruits for 2012/13 (up to the date of the audit) was tested and it was confirmed that all key pre-employment checks had been undertaken in each case, although a recommendation was made to update the checklist documentation used within HR to more accurately reflect the full range of checks that are now undertaken as part of the recruitment process.</p> <p>EB added there had been previous issues of procedures being out of date. RBa advised that he had discussed this with SM at the time and it was indicated that as HR were going through a restructure, the process would be made more robust and there would be a tightening up of paperwork following the new appointments to the team.</p> <p>Contract issue takes place at the end of the whole recruitment process after the employee has commenced work and although the failure to issue contracts on a timely basis is a significant area of concern, the fact that other checks, such as CRB and driving licence checks, had been completed meant that the overall assurance level was considered to be significant.</p>	

	Action
<p>It was agreed that SM would provide a verbal update regarding this review later in the meeting.</p> <p><u>Information Governance Toolkit</u> This review was given a 'significant assurance' rating, with no recommendations.</p> <p>At the time of the audit David Johnson, Associate Director of ICT, was the lead but this area is now under the lead of Caroline Squires, Information Governance Manager. Therefore any further documentation regarding this audit needs to be forwarded to her.</p> <p>The audit objective was to review and assess the evidence in place to support compliance with the nationally defined Information Governance Standards. The self-assessment undertaken by the Trust scored itself at Level 3, the highest level. It was concluded that this should have been assessed at Level 2 as not sufficient assurance had been provided to attain Level 3. Evidence will be gathered and updated onto the website when required and there were no concerns in obtaining this but there is a need to ensure that additional evidence is produced on time.</p> <p><u>Follow-up Audit Reports</u> Management of PDRs BS questioned why the PDRs follow up has been a long drawn up process? RBA confirmed that this is the second follow up audit. The draft policy has been prepared some time ago but this had not yet had formal approval. The third follow-up audit will be undertaken soon.</p> <p>Risk Management SP advised that the risk register item relates to the degree to which this has been embedded. Kevin Wynn, Associate Director of Risk is working with PB-W to drill down to the level of detail required.</p> <p>Health & Safety Management SP advised that work is ongoing to fine tune the details but this is complex work.</p> <p>Contractor Arrangements This covers two outstanding issues but neither is significant other than more effectively embedding contracting in the organisation with managers being involved and engaging contractors.</p>	
<p>Action IA to report on the conclusion of the Management of PDRs.,Risk Management, H&S Management and Contractor Arrangements follow-ups at the April AC meeting.</p>	IA 2012/85
<p>11.1 Counter Fraud Progress Report SF presented the update of counter fraud work carried out.</p>	

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<p>With the introduction of a new Qualitative Assurance process a new fraud plan will be presented in April.</p> <p>The vast majority of investigations have been closed at previous AC meetings. The only ongoing investigation has now been closed and no further action taken.</p> <p>It was questioned how much time all these investigations take when very few are taken further? SF advised that these investigations did not take a huge amount of time but any reported fraud needs to be investigated and logged on the national system.</p> <p>There is one new fraud allegation being investigated regarding theft and security management and further details will be presented to the next AC.</p> <p>RB and BS have met with SF and BJ to discuss the level of assurance regarding the completeness and effectiveness of the Trust's fraud prevention measures. Whilst there is a large amount of briefings to staff and detecting of fraud there needs to be assurance that preventative controls are embedded in everything we do, e.g. segregation of duties to prevent fraud from occurring.</p>	
<p>Action IA & Counter Fraud (CF) to give a presentation to the AC at its next meeting on the Trust's fraud prevention controls to ensure that we have done all that reasonably can be done to protect against fraud. The AC can then agree any further work that may need to be undertaken.</p>	IA/CF 2012/86
<p>MW questioned how the level and type of fraud investigations compare with other organisations? SF advised that this information would be available but only to benchmark against their own group of clients.</p>	
<p>Action Fraud benchmarking - It was agreed that SF should produce this useful comparison between other ambulance services from information provided by NHS Protect.</p>	SF 2012/87
<p>11.2 2013/2014 Audit Plan/Arrangements BS explained that RB and he had met recently with IA colleagues and they had agreed that the draft IA plan included in the meeting papers was premature and required further work. The decision had therefore been taken to defer consideration of this document and continue working up the new IA plan, to be presented after TEG and Chief Executive approval to the April AC meeting..</p> <p>BS stated that the IA plan needed to be a persuasive document that clearly demonstrates that all areas and aspects of the Trust are to be subject to audit to the appropriate breadth and depth of scrutiny, at the appropriate time, and on the appropriate time frequency.</p>	

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	EM showed concern of how the IA plan will link with the BAF and that she was hoping to see PTS detailed within the plan. BJ advised that linkages with the BAF do exist behind this but that this needs to be clearly demonstrated.	
	Action BS is to keep AC members up to date with progress with regard to the 2013/14 Internal Audit Plan, and, once TEG has approved it, the plan will be presented at the AC meeting in April for AC approval.	BS 2012/88
11.3	Fuel Processes & Control Report The AC was advised that following this audit, communication to operational staff will include an information pack and video to be distributed through Corporate Communications. This information will cover the use of fuel cards and when and where to use bunkered fuel. A further follow up audit is schedule for the first quarter of the next financial year. Concern was noted that this area does potentially leave the Trust open to the risk for theft or fraud. RB advised that full reports detailing fuel usage are produced and personally reviewed by Mark Squires, Associate Director of Support Services. Action has already been taken against two members of staff for inappropriate fuel usage.	
11.4	Internal Audit Charter Update BJ advised that The IA Charter will be updated to reflect changes to IA Standards. In addition, changes now provide Counter Fraud and Internal Audit with the opportunity to work more closely together than has been the case in the past. This too will be reflected in the IA Charter and the new IA Plan.	
	Action A revised IA Charter will be presented to the AC in April.	IA 2012/89
11.5	SM arrived at 12.05pm. Internal Audit Satisfaction Survey Results RBa presented the results of the survey undertaken by all the Trust leads who had received an audit during the last year. This survey was completed anonymously and provided a positive outcome. The AC thanked IA for all their reports and noted the progress.	
15.0	Assurance regarding the Trust's Raising Concerns At Work arrangements SM presented this update adding a number of points of clarification in addition to the paper: <ul style="list-style-type: none"> • The policy was last publicised to staff in December 2012 via Operational Update and a staff information leaflet • The 2012 staff survey indicated that 84% of those completing the survey know how to report concerns. 	

	Action
<ul style="list-style-type: none"> • The two named NEDs referenced in the policy as nominated people for employees to raise concerns are in addition to the Chairman who is also a nominated person • Following the report of Robert Francis QC, there is a need to track the Government's response to the public inquiry into Mid Staffordshire NHS FT as it relates to matters of openness, transparency and candour in respect of matters of concern. This will form the basis for the review of the policy in March 2013 • The Chairman flagged a national campaign known as 'Bridging the Gap', which is supported by the DH, is being cascaded as part of the policy review in March. <p>It was agreed that this report closed item 2012/6 on the AC Action Log.</p> <p>It was questioned who monitors the 'raising concerns' e-mail address and confirmed that this was the HR team.</p> <p>DC noted that some anonymous e-mails are not whistle-blowing issues but need still to be dealt with appropriately.</p>	<p>SM 2012/90</p>
<p>Action</p> <p>In keeping with changes to the TOR, the AC will receive an update at each AC meeting of any concerns raised and the action(s) taken. The standing item is to be included on the AC workplan.</p> <p>The staff leaflet regarding Raising Concerns at Work arrangements is to be circulated to NEDs.</p>	
<p>The AC thanked SM for his update.</p> <p>At this point SM was asked to give further verbal assurance on the IA report on Recruitment Arrangements, what progress has been made and what if anything still needs to be put in place.</p> <p>SM once again highlighted the process of change within the HR team. This has resulted in the team now being fully centralised in Headquarters so this allows them to be managed more closely. The process for this recruitment will be re-tested to ensure that this is running smoothly.</p> <p>EM questioned whether there was value in retrospectively reviewing whether all contracts had been issued within 8 weeks? Financial penalties could be incurred if this target is not met. SM reported that the Trust has not incurred any such penalties, but would ensure that a check was performed.</p>	<p>SM 2012/91</p>
<p>Action</p> <p>SM to ensure that all employment contracts have and are now issued within the 8 week limit</p>	

		Action
	<p>MW added that the real test of the effectiveness of the recruitment process is that you end up with the right person in the role. It was questioned whether this is this looked at in this audit and it was confirmed that this was not covered in the assurance, only systems and process. However SM advised that assurance could be gained by looking at the turnover of staff in the first 6 months of employment and exit interviews.</p> <p>SM left the meeting at 12.20pm and the Committee took a break. The meeting commenced at 12.25.</p>	
12.0	<p>Assurance Against Audit Recommendations RB presented this report.</p> <p>It was noted that the Fleet Management job completion audit has had the deadline moved slightly due to 2 of the 4 area manager positions being vacant. Plans are in place to catch up with this in March 2013.</p> <p>Action Assurance Against Audit Recommendations - For future reports this should be a more streamlined process reconciling against the report from IA.</p>	RB 2012/92
13.0	<p>Assurance regarding accuracy and completeness of the Integrated Performance Report (IPR) BS advised the AC that a review is taking place looking at the process by which the IPR is produced, the controls in place, the timeliness of production and the accuracy of the management information contained therein. He explained that assurance regarding the process of the reports production was more valuable and persuasive than random checks on particular completed reports. It was questioned how the AC would receive assurance on the methodology of production and data validations.</p> <p>RB advised that a programme of work has begun with his team, JM and Ben Holdaway to reconcile the IPR against national definitions.</p> <p>DC added that it is important that the information contained in the IPR commentary and interpretation needs to be helpful and not misleading. RB advised that, following the recent restructure of directorates, overall responsibility for the production of the IPR now fell to him and his directorate..</p> <p>RB also noted that an exception report is to be included at the front of the IPR.</p> <p>Action Accuracy and completeness of IPRs - IA is carrying out an audit in this area. RB has met with the member of IA staff leading on this piece of work and she will be meeting with Cath Balazs, Head of Business Development, and the work will then commence. The AC will be updated at the next meeting.</p>	IA 2012/93

		Action
14.0	<p>Financial Strategy – the Audit Committee’s role It was agreed that this item needs to be removed from the AC workplan as this will be covered in the F&IC.</p>	
16.0	<p>Consultancy Expenditure Report RB presented this paper advising that this is an area that has been tightened up significantly over the last 12 months.</p> <p>DC questioned the amount of consultancy spend by Unipart and the process of board sign off.</p>	RB 2012/94
	<p>Action RB to locate the paperwork and signed contract.</p>	
	<p>DC also questioned the amount of the consultancy spend with Howgate Sable in connection with the search for a Commercial Director given that we have not yet made this appointment. RB advised that this recruitment campaign is commencing again this month and is being covered by the original invoice costing.</p>	
17.0	<p>Charitable Funds Assurance Report EM presented this update highlighting that in terms of assurance the Committee are showing a healthy balance and some expenditure has been spent on two community projects.</p> <p>The AC noted this update.</p>	
18.0	<p>Review of Reference Costs RB advised that this was an area of overlap and this item needs to be removed from the AC workplan as this will be covered in the F&IC and reported to the Trust Board.</p>	
19.0	<p>Review of Standing Financial Instructions/Standing Orders BS confirmed that both the old and new AC TORs state that the AC will review any changes to the Standing Financial Instructions (SFIs) and Standing Orders (SOs) before they go to Trust Board for approval.</p> <p>BS questioned how the AC was to have assurance that all changes to the SFIs and SOs would be brought to its attention. RB advised that the Finance function would provide this in terms of a regular report. Any breaches of this process should be picked up by the IA review.</p> <p>RB highlighted the change to this document in terms losses and special payments. As the Trust does not have a policy detailing the process for dealing with these, this policy item will be written and presented to the next AC. There is national guidance and delegated authority for NHS Trusts and the policy should demonstrate that we achieve value for money in this process.</p>	

	Action	
	<p>Action Finance and HR will write and present this losses and special payments policy to the AC in April.</p> <p>Going forward the standard procedure will be that any changes to this document will be presented to the AC in the form of tracked changes against the last accepted version.</p>	RB/HR 2012/95
20.0	<p>Contract Award Activity & SFI Waivers BS questioned where does this item sit within the F&IC TOR and workplan and whether there are sufficient controls in place to ensure that the process is correctly followed? RB advised that whilst the F&IC see the contracts these should still come to AC for assurance in terms of SFI waivers.</p> <p>EB advised that due to timing reasons some contracts have not been presented to F&IC for review before going to the Trust Board for approval.</p> <p>BS also questioned how does the AC gain assurance that the contracts listings are complete? RB advised that substantive testing would be the only way to check this. The document sealing register would also give an indication of the signing of contracts but not all documents need to be sealed so this would not provide persuasive assurance.</p> <p>BS questioned whether all contracts are seen by the Trust Secretary and, if not, should this be the case? Also do legal services need to be part of the process on the checklist? Project and contract registers should be held centrally. EB advised that a systems audit should highlight and give assurance that there is some controlled methodology.</p> <p>Action BS, EB and RB to meet to discuss the process of contract award activity and SFI waivers to provide increased assurance to the AC that the process in place is robust.</p>	BS/EB/ RB 2012/96
21.0	<p>Review of Schedule of Losses and Special Payments This was discussed at Item 19.0. BS advised that, due to the confidentiality of information included in this report this would in future be discussed in a private part of the meeting by NEDs only. RB will provide details of all 'new' losses and special payments to each AC meeting.</p>	
22.0	<p>Review of Suspension of Standing Orders This will be a standing item on the AC agenda and report will be submitted as and when required.</p>	

		Action
	<p>Action The Trust Secretary is to report to each AC meeting on any and all suspensions of Standing Orders.</p>	AA 2012/97
23.0	<p>Review of Register of Members' Interests BS advised that the AC TOR states that a review of members' interests should be undertaken annually. It was suggested that if extra assurance is required then the signed register and supporting documents could be reviewed more regularly. The risks are that changes are not notified or do not make it onto the document. DC advised that the paper is incorrect and that she has spoken to the Trust Secretary who had said that whilst she was responsible for this she had not seen the paper before this had been included in the AC pack. There is a need for more robust system to be put in place.</p>	
	<p>Action The Trust Secretary is to provide the current Register of Members' Interests to each AC meeting together with members' confirmation that their entries are accurate and complete.</p>	AA 2012/98
24.0	<p>Members Expenses Jo Kane, Executive PA is to undertake a quarterly review of expense claims in conjunction with Payroll to ensure that expenses paid are in accordance with the approved and authorised expense claims forms copies of which she holds . The AC requested confirmation at each meeting that this reconciliation has been undertaken. DC reminded the AC that expenses should be submitted at least quarterly and in a timely fashion.</p>	
25.0	<p>Contracts Review – A&E, PTS & Other RB advised that contract negotiations have begun for A&E and PTS in line with national guidance. The Trust will be moving to a two year contract for A&E but only one year will be signed at the moment due to CCG changes.</p>	
26.0	<p>Review of Audit Committee Workplan BS presented the draft updated AC workplan. This incorporates a greater number of standing compliance items that had previously been seen, reflecting the changes and clarifications in the AC TOR coming out of the AC self-assessment workshop.</p>	
	<p>Actions A private session following each meeting is to be added for AC members to look at confidential losses and payments.</p> <p>For the next meeting the Committee Assurance will cover Clinical Governance, Clinical Risk Management and Clinical Assurance. BS and SP are to meet outside of the meeting to talk about the scope of this.</p>	BS/SP 2012/99

		Action
	<p>Review of Standing Financial Instructions and Standing Orders is to be moved across into the standing items section.</p> <p>MW questioned where the assurance on the Transformation Programme sits within the workplan? BS is to give this some thought and report back to the AC. Action 202/76 relates.</p>	
27.0	<p>Review of meeting actions and quality review of papers BS welcomed views either within or outside of the meeting on how to improve these AC meetings. Whilst there appeared to be some duplication on the agenda it may be useful, for the time being whilst changes and improvements are made, to extend the AC meetings to 3.5 hours to ensure that all items on the workplan and standing items are given sufficient time to be adequately covered and discussed.</p>	
28.0	<p>Any Other Business There was no other business to discuss.</p>	
.	<p>Date and Time of Next Meeting Thursday 18 April – 09.30am-1.00pm - Kirkstall & Fountains</p> <p>The meeting closed at 1.07pm</p>	

CERTIFIED AS A TRUE RECORD OF PROCEEDINGS

_____ **CHAIRMAN**

_____ **DATE**