



Audit Committee

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

Date: Tuesday 4 June 2013

Time: 0930 hours

Chairman:

Barrie Senior (BS) Non-Executive Director

Attendees (members):

Elaine Bond (EB) Non-Executive Director
Pat Drake (PD) Non-Executive Director & Deputy Chairman
Erfana Mahmood (EM) Non-Executive Director
Mary Wareing (MW) Non-Executive Director

In Attendance:

Rod Barnes (RB) Executive Director of Finance & Performance
Steve Page (SP) Executive Director of Standards & Compliance
Anna Rispin (AR) Associate Director of Finance
Paul Thomson (PT) External Audit (EA)
Nicky Cook (NC) External Audit (EA)
Andy Lane (AL) External Audit (EA)
Benita Jones (BJ) Internal Audit (IA)

In Attendance part time:

Dave Whiting (DW) Chief Executive (For Item 10.6)

Apologies:

Shaun Fleming (SF) Counter Fraud
Paul Webster (PW) Internal Audit (IA)

Minutes produced by: (MG) Melanie Gatecliff, Board Support Officer

The meeting commenced at 0935 hours.

		Action
1.0	Introduction & Apologies BS welcomed everyone to the meeting. He stated that the agenda of this Audit Committee meeting was, as in previous years, very much focused on the year end, External Audit, the annual accounts, etc. The focus on Internal Audit would be limited today, but this would be rectified in the July Audit Committee meeting.	

		Action
	<p>Similarly, a number of standing items for 'normal' Audit Committee meetings would not be addressed today, but would be picked up in the July meeting.</p> <p>There was also one item of any other business to deal with at the end of the agenda, regarding Reference Cost Approval, which would need to be factored into the timings.</p> <p>BS confirmed that the apologies from SF and PW for that day's meeting had been accepted with his prior approval.</p>	
2.0	<p>Declaration of Interests No declarations of interest were made relating to items on the agenda.</p>	
3.0	<p>Minutes of the last meeting, 18 April 2013 The minutes of the last meeting were reviewed and agreed as a true record of the meeting with the following amendments:</p> <p>Page 20, next to last paragraph – wording amended to state “responsibility for supporting Charitable Funds”.</p>	
4.0	<p>Action Log and Matters Arising The action log was reviewed and updated.</p> <p>2012/31 – Bribery Act Compliance Report BJ would pick this up later in the meeting. With reference to SF's brief progress report, BS would speak to AA outside of the meeting.</p> <p>2012/37 – Terms of Reference (See 2013/1) BS stated that the current SFIs were not in sequence with the later AC ToRs but work was on-going to bring this back into line. The action was re-opened until the work was completed.</p> <p>2012/42 - Board Assurance Framework SP stated that a refresh of the nationally pooled 'top risk benchmarking information' was due to be carried out every six months. He would circulate the refreshed information on receipt. Action closed.</p> <p>2012/43 - Fleet Management Actions BJ requested that this action should remain open until the July meeting.</p> <p>2012/46 - Draft Annual Report Timetable RB confirmed that this action had been completed. Action closed.</p> <p>2012/47 - Draft Quality Accounts Timetable SP confirmed that this action had been completed. Action closed.</p>	

	Action
<p>2012/49 - Draft Quality Accounts Timetable This item was approved at the May 2013 Quality Committee meeting. Action closed.</p> <p>2012/61 - Internal Audit & Counter Fraud Update BJ confirmed that this action was on-going. The matter would be considered at the forthcoming IA workshop and included in the IA plan. The action would be closed at this point.</p> <p>2012/65 - Committee Assurance – Operations BJ confirmed that this was included in the 2013/14 IA plan, although it would not be carried out in Quarter 1. Action closed.</p> <p>2012/66 - Committee Assurance – Operations BJ confirmed that this was included in the 2013/14 IA plan and was scheduled for Quarter 1. Action closed.</p> <p>2012/67 - Contract Award Activity & SFI Waivers RB confirmed that this work was progressing and an update would be brought back to the July meeting.</p> <p>2012/68 - Board Assurance Framework SP confirmed that the updated BAF would be presented at the July meeting.</p> <p>BS reported on a meeting he had attended with the new Associate Director of Risk and Safety, Mark Hall (MH). MH was experienced and eager to look at the BAF with a fresh pair of eyes. He would be attending the streamlining meeting on 2 July and present his initial impressions at the July Audit Committee meeting.</p> <p>2012/71 & 72 - F&IC Assurance Report It was agreed that these be held over to the July meeting, after the risk management reporting streamlining discussions.</p> <p>2012/73 & 74 - Quality Committee Assurance Report It was agreed that these be held over to the July meeting, after the risk management reporting streamlining discussions.</p> <p>PD stated that in the May Quality Committee she had reiterated that all papers presented at Quality Committee meetings going forward would need to outline both local and corporate risks. In addition, locality directors would also be asked to present risk-based reports to the Quality Committee.</p> <p>2012/76 - Committee Assurance - Standards & Compliance BS stated that this would form part of the streamlining discussions. EB and PD to report back thereafter.</p> <p>2012/80 - EA Planning Report & Update RB and PT confirmed that this action was closed.</p>	

	Action
<p>2012/81 - EA Planning Report & Update RB and PT confirmed that this action was closed.</p> <p>2012/84 - IA Progress Report – Clinical Audit SP confirmed that the issues flagged in the IA report had been discussed in depth and addressed where possible. Other issues around process, etc were being resolved and had been included on the Quality Committee workplan for regular updates. Action closed.</p> <p>2012/85 - IA Follow-Up Reports BS confirmed that these would be considered, as scheduled, at the October Audit Committee meeting.</p> <p>2012/86 - Counter Fraud Progress Report SP confirmed that SF had subsequently attended SMG and the positive response received would be translated at a more operational level. MH was keen to get involved and IA would provide a further update in a few months. Action closed.</p> <p>2012/87 - Counter Fraud Progress Report Action carried over to July meeting.</p> <p>2012/91 - Recruiting Arrangements SM was unaware of any problems relating to the issue of the Main Statement of Particulars of Employment within the 8 week period concerned. The action was closed.</p> <p>2012/92 - Assurance Against Audit Recommendations RB confirmed that BJ and he had spoken about the streamlining process. Although there were still some benefits of having two records, there was also a need to ensure that there was interlink between them. Action closed.</p> <p>2012/93 - Assurance regarding accuracy & completeness of IPR BJ confirmed that the audit work was substantially done, with IA currently awaiting responses. Further information would come to the July Audit Committee meeting.</p> <p>RB confirmed that a response would be forthcoming shortly.</p> <p>BS asked whether the report would include a review of the calculation of ACQIs. BJ confirmed that this would be covered in a separate review/report.</p> <p>2012/96 - Contract Award Activity & SFI Waivers BS confirmed that this had been discussed with EB and RB and tied into the earlier action 2012/67. Action closed.</p> <p>2013/1 - Terms of Reference This would be covered during the streamlining meeting on 2 July. Update to be provided at July Audit Committee meeting.</p>	

	Action
<p>2013/2 - Terms of Reference BS and EM had discussed this item and had agreed that it would not be appropriate to submit a written report to every Audit Committee meeting. EM would inform JW for agenda purposes whether written or verbal reports were most appropriate. This update also related to action 2013/8. Action closed.</p> <p>2013/3 - Quality Committee Report SP stated that the Quality Committee would probably pick up the on-going discussions about NHSLA Level 2 and would report back to the Board through its report. He confirmed that the Trust would be looking to maintain its Level 1 position in the current year.</p> <p>PD stated that some of the work that the Trust was doing in relation to the Francis report would help in its preparations for Level 2.</p> <p>It was agreed that the action could be closed. Discussions would continue in other forums and the item would be brought back to the Audit Committee at an appropriate time in the future.</p> <p>2013/4 - Quality Committee & F&IC Assurance Reports BJ confirmed that this item would be addressed as part of the IA workshop (subsequently scheduled for 10 July). Action closed.</p> <p>2013/5 - Audit Committee Workplan This item would be brought to the July meeting for consideration.</p> <p>2013/6 - F&IC Risk Assurance Report This item would be considered in the streamlining meeting on 2 July to be reported back at the July Audit Committee meeting.</p> <p>2013/7 - F&IC Risk Assurance Report This item would be considered in the streamlining meeting on 2 July to be reported back at the July Audit Committee meeting.</p> <p>2013/8 - Charitable Funds Committee Risk Assurance Report See update in action 2013/2. Action closed.</p> <p>2013/9 - QC Risk Assurance Report This item would be considered in the streamlining meeting on 2 July to be reported back at the July Audit Committee meeting.</p> <p>2013/10 - Committee Assurance - Clinical Governance, Clinical Risk Management & Clinical Audit BS stated that AA had been tasked with scheduling a discussion around this item into a Board Development Meeting as soon as possible. Following this discussion the item could be reconsidered.</p> <p>SP stated that focus was needed on the purpose of the discussion as the three headings were enormous.</p>	

	Action
<p>There would, for example, be some merit to a BDM discussion around the QIA process, how early warning indicators were used, etc but he was unsure that a wide-ranging BDM session would be particularly useful.</p> <p>EB suggested that a session focussing on changes might be useful. SP would pick this suggestion up with JM. Any additional queries could be dealt with separately outside the meeting.</p> <p>Action SP to liaise with JM re combined presentation on Clinical Governance/Clinical Audit at a BDM.</p> <p>2013/11 - Committee Assurance - Clinical Governance, Clinical Risk Management & Clinical Audit See note in 2013/10</p> <p>2013/12 - Committee Assurance - Business Continuity & Business Testing BJ confirmed that the report had been circulated via JW following the last meeting. (A presentation on Business Continuity Management was subsequently delivered at the 25 June Board Development Meeting.) Action closed.</p> <p>2013/13 - Committee Assurance - Business Continuity & Business Testing Action closed.</p> <p>2013/14 - Committee Assurance - Business Continuity & Business Testing Action closed.</p> <p>2013/15 - Committee Assurance - Business Continuity & Business Testing Action closed.</p> <p>2013/16 - Committee Assurance - Business Continuity & Business Testing BS confirmed that an additional discussion had taken place with PBW and Ian Walton following the last meeting as he and the other NEDs felt that they were missing some background knowledge to enable them to assess the adequacy of testing. A session had been arranged for the BDM on 25 June. Action closed.</p> <p>2013/17 - IA & CF Progress Reports BJ confirmed that the report would include a paragraph stating that the work had been requested as a piece of validation work/gap analysis so did not require an assurance level. Action closed.</p>	<p>SP</p>

	Action
<p>2013/18 - IA & CF Progress Reports BJ confirmed that this information was included in the IA progress report. Action closed.</p> <p>2013/19 - IA Charter BJ stated that this action would be dealt with during the IA workshop. Action closed.</p> <p>2013/20 - IA Plan/Counter Fraud Plan Action closed – Plan approved by TEG.</p> <p>2013/21 - IA Plan/Counter Fraud Plan BJ confirmed that reference to immediate on-going work was made in the IA progress report pending final formal approval of the 2013/14 Internal Audit and Counter Fraud Plans. The Corporate Governance work would include the Bribery Act Compliance Report. Action closed.</p> <p>2013/22 - IA Plan/Counter Fraud Plan This was a continuation of the above action. Action closed.</p> <p>2013/23 - IA Plan/Counter Fraud Plan This action would be dealt with at the July Audit Committee meeting, following the IA workshop.</p> <p>2013/24 - Assurance against Audit Recommendations Work referred to in action undertaken. Action closed.</p> <p>2013/25 - Bribery Act Compliance Report BJ confirmed that this would be covered as part of the update report. In terms of the Act, it was the Trust's responsibility to ensure effective systems were in place to prevent bribery and it was up to the Trust how it gained this assurance.</p> <p>BJ confirmed that this would be covered as part of the Corporate Governance review and its recommendations. Action closed.</p> <p>2013/26 - Review of SFIs/SOs RB confirmed the revised SFIs/SOs would be brought to the July Audit Committee meeting.</p> <p>2013/27 - Review of Members Expenses BS stated he would pick this action up with JK with the new arrangements to be in place for the July Audit Committee meeting.</p> <p>2013/28 - Review of Members Interests BS stated he would pick this action up with JW to ensure the item became a standing agenda item on the July meeting agenda.</p> <p>There were no comments from the External Auditors in relation to either the minutes or the action log.</p>	

		Action
5.0	<p>Assurance regarding Board Assurance Framework including End of Year BAF SP stated that there was not much to report but reported that the full BAF for 2013/14 was due in July.</p> <p>Current year BAF discussions had commenced in a recent BDM session and the revised version would include all the changes identified.</p> <p>No significant changes to the Trust’s risk profile or new corporate level risks had been identified since the last Audit Committee meeting and MH was due to start a review of Trust-wide risk registers.</p> <p>SP stated it would be important to ensure that the risk registers were moved into Datix to make the system easier to manage.</p> <p>PD confirmed that the Quality Committee received a regular update report and that the BAF would form part of the discussion about streamlining in July.</p> <p>Approval: It was noted that the Audit Committee received on-going assurance from the regular attention received by the BAF.</p>	
6.0	<p>Charitable Funds Committee Risk Assurance Report EM stated that, following a recent discussion about risks with BS and RB, it had been agreed that the Audit Committee would need regular reassurance on Charitable Funds Committee risk management.</p> <p>BS stated that although monetary values were small, the fact that the Charitable Funds Committee was dealing with charitable donations meant that the Audit Committee needed visibility and reassurance on risk management, although it would not need detailed information.</p> <p>EM stated that the previous week’s training had mentioned possible changes in the way that charity accounts were brought together.</p> <p>RB stated that the Charitable Funds Committee currently submitted separate accounts but from the following year they would also be consolidated into the Trust accounts.</p>	
7.0	<p>Quality Committee Risk Assurance Report PD provided a verbal update to the Committee.</p> <p>She stated that the last Quality Committee meeting had reviewed the workplan from a risk assurance perspective. The Committee had received its annual reports, the Quality Account had been scrutinised, risks around training delivery had been considered and there had been a key discussion around clinical audit.</p>	

		Action
	<p>The Committee had also considered the Francis report from a risk perspective, the short term action plan and “quick wins”. It had been agreed that the action plan should be merged into the Quality Governance action plan and would form part of the Quality Committee workplan going forward. The Committee had also been reminded of the 18 recommendations of the first Francis report.</p> <p>PD stated that QIA had also been discussed and it had been agreed that, given the current CIP situation, a broader discussion was required around how best to move forward. In addition, concerns had been expressed about the number of clinical leadership vacancies and the issue had been passed back to TEG.</p> <p>The three key additions to the workplan were therefore QIAs, the Clinical Leadership Framework and the Francis Report, recommendations and action plan.</p>	
8.0	<p>Finance & Investment Committee Risk Assurance Report EB stated that F&IC had discussed the risks and concerns outlined in its risk based assurance report in great depth at its recent meeting.</p> <p>The Committee could not currently give the Audit Committee its assurance about the CIP programme but some challenge sessions, which should provide a better understanding of issues, had been arranged to take place at the end of June.</p> <p>EB further stated that Risk 8a, which related to the Trust’s NHS 111 service, which was currently amber could potentially go red.</p> <p>BS thanked EB for the useful summary paper relating to the financial risks within the BAF, adding that the streamlining meeting would consider this in further detail.</p> <p>There were no other comments.</p>	
9.0	<p>Committee Assurance – Finance RB stated that the Performance Management framework had been launched during 2012/13. This had been a significant challenge as 17 bi-monthly meetings were needed with Executive colleague representation. In addition, a performance dashboard had been produced for each functional area.</p> <p>There were currently A&E, PTS and Red 1 delivery concerns. Expenditure was being tracked back to performance and the outcome fed back to the Operational Management Team.</p> <p>RB had been involved in contract discussions to resolve financial issues relating to 111. There had been positive movement relating to assurance around income and contract variation was being considered around additional workforce issues.</p>	

	Action
<p>RB confirmed that he sat on the main rota review project board, as this would be a key element to sustaining Red 1 and Red 2.</p> <p>He further stated that PTS had recently transferred to him. The main PTS issues related to operational delivery and commercial viability. The Unipart contract had finished and a video conference was shortly due to take place to bottom out issues relating to the delivery of the service. In the main, however, RB was comfortable with how plans would be implemented.</p> <p>The need to strengthen operational management had been recognised and Alan Baranoswki had been seconded in to manage PTS. However, there were challenging times ahead with the main risk being around loss of income but the implementation plans would remain substantially the same.</p> <p>RB reported that Cath Balazs was running a workshop to discuss developments in local health economies to enable YAS to exploit these developments.</p> <p>PD stated that historically A&E and PTS had worked in silos and wondered whether the changes might offer the opportunity to use PTS differently in relation to A&E in the future.</p> <p>RB replied that there had already been discussions around breaking down some of the historical functional silos so it might be possible in the future that PTS staff could provide cover in A&E.</p> <p>In relation to risk, BS asked RB whether he thought that the right balance had been struck between line management and Finance's monitoring of CIPs.</p> <p>RB replied that although much progress had been made, there were still parts of the organisation where significant progress was required. This was partly around training and development and partly culture.</p> <p>EB stated that the greater emphasis on CIP reports at the various locality boards might help with this.</p> <p>RB confirmed that the Board was aware of the situation in relation to resourcing in Risk 8a ('Adverse impact on developments in urgent/unscheduled care services in partnership with other providers due to failure to implement 111 service/WYUC provision').</p> <p>He further stated that TEG was currently looking at the Executive Directors' portfolios with an emphasis on urgent care, which would provide significant business opportunities going forward. The development of more business cases and scenarios being looked into with a marketing pack to be made available for senior managers and Board members.</p>	

	Action
<p>EB stated that this would be very useful.</p> <p>RB stated that risk 8b ('Deficit against planned financial outturn due to significant overspending on the provision of Patient Transport Services') touched on the key actions in relation to PTS, which were now more general following the Directorate restructure.</p> <p>EB requested an update on the risk relating to the cost of the extra 111 staffing.</p> <p>RB replied that the position should be clearer by the following week when it should be clarified whether some form of contract variation would be available.</p> <p>RB further stated that commissioners had previously issued contract variations so there was a precedent that was useful to work to. He thought that the Trust had a strong case and needed to use the contract mechanism.</p> <p>SP confirmed that Local Care Direct had indicated that the end of June was a key date for them.</p> <p>BS requested details of staffing adequacy and stability in the Finance function.</p> <p>RB replied that the situation had greatly improved over last few months and outlined the staffing changes. However, it was likely that there would be further changes to the Management Accounts team during the current year.</p> <p>RB added that process improvements included the introduction of a "bidding" process for Capital programme requests. Significant progress had been made in terms of business cases being produced although this had been a major cultural change for some of the Trust's management teams.</p> <p>DW joined the meeting at 1050 hours.</p>	
<p>10.0</p> <p><u>Annual Accounts Review</u></p> <p>RB outlined the timeline for the completion of the Annual Accounts.</p> <p>Monday, 10 June was the key date for filing the Annual Accounts although the Trust would try to do this by Friday 7 June. He further stated that it was customary for the Annual Report and the Annual Accounts to be signed off at the same time, adding that the Governance Statement was also part of the Annual Accounts.</p> <p>PT confirmed that EA were aiming for a Friday 7 June sign off.</p> <p>SP stated that the Quality Account was due to be published at the end of June.</p>	

	Action
<p>Internal Audit Annual Report and Head of Internal Audit Opinion BJ confirmed that the IA report fed the Governance Statement.</p> <p>BS stated that as the Committee had seen the draft at its last meeting, he did not want to go through it again in detail and invited questions and comments.</p> <p>BJ stated that IA had provided further information around limited assurance reports and the implementation rate of recommendations and there would be no change to the opinion statement.</p> <p>BS asked whether the information in the "green box" at the top of page 3 would remain in the same format.</p> <p>BJ replied that it would, as Service Line Management had been deferred to the 2013/14 Plan because of timing issues. She confirmed that the two lines in italics under this box would also remain, although the wording would alter slightly.</p> <p>EB noted that only 77% of recommendations had been implemented fully and on time and asked how this percentage could be improved. BJ confirmed that the percentage had been 84% the previous year.</p> <p>BS asked whether it would be appropriate to set a target percentage.</p> <p>RB stated that 2012/13 had been a year of significant transformation and change, which had impacted significantly on a number of roles, responsibilities and departments. Events had superseded some of the recommendations so things should improve the following year.</p> <p>SP stated that, although the Trust wanted to aspire to deliver a higher percentage of recommendations in time, it should not just be a numbers game, as the organisation had to ensure it addressed the most significant risks first.</p> <p>BJ stated that a meeting was due to take place between IA, RB and the NEDs. It was agreed that a discussion about this subject should take place during this meeting.</p>	
<p>Action: IA, RB and NEDs to discuss ways in which to increase the percentage implementation of the recommendations during their forthcoming meeting.</p>	RB / IA / NEDs
<p>BS stated that the penultimate bullet point on page 3 had an inaccuracy in the number of reports produced and asked that the numbers be clarified.</p> <p>BJ confirmed that there had been 24 pieces of work but one did not have a report. She agreed to clarify the numbers and would also explain why the business continuity work did not receive a rating.</p>	

	Action
<p>Action: BJ to clarify numbers relating to pieces of work carried out and reports produced in the AI Audit Report and to include a paragraph about why the work on business continuity did not receive a rating.</p> <p>BS acknowledged that many of the key issues were related to recent changes in the organisation but added that he would not like to see as many control weaknesses reflected in the report for 2013/14.</p> <p>RB noted BS's comment but added that IA tended to be used to assess areas in which the Trust believed there to be weaknesses.</p> <p>He added that it would probably not be realistic to say that there would not be as many issues in the future as, with the scale of the IA programme increasing, he suspected that there would be.</p> <p>DW expressed his support for the planned extension of Internal Audit activity.</p> <p>Approval: Subject to final minor amendments to the report, the Audit Committee received and agreed the Internal Audit Annual Report summarising the work undertaken for 2012/2013.</p> <p>BS thanked BJ and her team for their hard work and efforts during the past twelve months.</p>	<p>IA</p>
<p>10.1 Report on Losses and Special Payments</p> <p>BS stated that the purpose of the paper was worded slightly incorrectly, as it was seeking Audit Committee approval of the Schedule rather than of the actual Losses and Special Payments, which are subject to Executive approval.</p> <p>BS asked why the Audit Committee had been asked to look at a Schedule containing £40k of payments when the Annual Accounts contained a larger amount.</p> <p>AR replied that the injury benefits, etc contained in the Accounts were outside the remit of the Losses and Special Payments guidance.</p> <p>AR provided the background context to the Schedule and invited comments and questions.</p> <p>BS asked whether, in terms of recognising all missing payments and losses, the organisation was satisfied that the system worked.</p> <p>RB replied that, in a point made in their report to the last Audit Committee, External Audit had stated that they were satisfied that appropriate recognition was made.</p>	

		Action
	<p>Approval: The Audit Committee accepted and approved the Schedule of Losses and Special Payments for 2012/13.</p>	
10.2a	<p>Assessment of Post Balance Sheet RB stated that the aim of the paper was to establish whether there were any Post Balance Sheet events that would result in adjustments to the Annual Disclosure Statements.</p> <p>NC stated that, although there was still a small amount of work to complete, EA was not aware of any adjustments that would need to be made.</p> <p>Approval: Subject to final completion of the Annual Accounts on Friday 7 June, the Audit Committee was satisfied that no adjusting events had occurred.</p>	
10.2b	<p>Going Concern Status RB presented a paper to provide assurance that the Trust remained a “going concern” in line with the NHS Finance Manual and International Accounting Standards, stating that YAS was now far closer to a commercial model than it had been historically.</p> <p>BS requested information about the cash flow forecast for the year.</p> <p>RB replied that the cash balance was £6m at the start of the year, increasing to a £10m cash balance by year end, adding that there were no points in the year when the cash balance was forecast to fall to a level that was of concern.</p> <p>BS requested clarification of the proposed use of the working capital facilities mentioned in the report as being put in place in preparation for Foundation Trust status.</p> <p>RB replied that FTs had been required to take out working capital facilities, a level of borrowing to be drawn upon on a temporary basis to smooth out short-term cash flow deficiencies to add further resilience to the liquidity of the Trust. However, a national debate was currently taking place because if FTs received a Red governance rating their banks were likely to either terminate their facility or include a clause which did not allow the facility to be used in these circumstances.</p> <p>PT stated that the average figure was around a month’s gross expenditure, adding that some trusts had already dropped their facilities. However, the Trust would need as much flexibility as possible whilst it was going through the FT process and, although banks would try to slip in clauses, these could be negotiated out.</p>	

		Action
	<p>PT stated that the current authorisation target was around year end and YAS would need to optimise its cash balance to allow for the best cash flow</p> <p>Approval: The Committee accepted the assessment and was assured that the Trust would remain a going concern for the foreseeable future.</p>	
10.3	<p>Annual Accounts (and associated statutory returns) AR confirmed that all statutory duties had been met for 2012/13, adding that the Trust's surplus had increased to £2.2m during the year. She further stated that, whilst pay costs had remained static during the year, other costs had increased.</p> <p>She stated that the Annual Accounts and financial returns had been reviewed by the NEDs at a joint meeting held with EA on 29 May.</p> <p>BS reiterated the benefit of the pre-meet the previous week as this would save a lot of time in this meeting, adding that he only had a small number of additional questions to ask.</p> <p>BS queried the wording used in the final paragraph of item 1.15 in the Manual for Accounts, as it seemed more like a note that should be in the Accounts. In addition, on page 15 the note about NHS 111 and LCD was not an accounting policy.</p> <p>RB confirmed that the notes should be in the Accounts, adding that he would double check to ensure they were in the right place.</p> <p>Action: RB to double check Accounts to ensure note 1.15 on page 10 and note re NHS 111/LCD on page 15 were in the right place.</p> <p>BS requested clarification of the £8m of assets on page 24.</p> <p>RB replied that a significant element would relate to fleet prior to vehicles being equipped out.</p> <p>NC stated that the NHS 111 assets were still included in there although the assets should have moved across to the operational assets classification.</p> <p>BS stated that the second paragraph in note 1.15 on page 10 was a contradiction of the information on the previous page.</p> <p>RB confirmed that the old note needed taking out.</p> <p>Action: RB to ensure that old note re 1.15 on page 10 was taken out.</p>	<p>RB</p> <p>RB</p>

	Action
<p>BS asked whether EA were satisfied that the TRUs were wholly consistent with the Accounts.</p> <p>NC replied that they were, subject to a few final checks.</p> <p>PT stated that any remaining amendments would only be typos so External Audit was happy that the Accounts were accurate and complete.</p> <p>There were no further comments.</p> <p>Approval: The Audit Committee was sufficiently assured of the accuracy and completeness of the 2012/13 Annual Accounts and financial returns to recommend that they be approved and signed off by the Board.</p>	
<p>10.4 Chief Executive's Statement on Quality (Quality Account)</p> <p>SP stated that his aim was to provide assurance that the Quality Accounts had been produced to meet the requirements of the Health Act 2009 - Quality Accounts Regulations; that the internal timescales had been met to ensure they were ready for publication by the deadline of 30 June; and to present the draft Quality Accounts to the Audit Committee for review.</p> <p>SP confirmed that Department of Health Guidance for Foundation Trusts had been followed when drafting the Quality Accounts.</p> <p>As in previous years, the Quality Accounts had gone through an extensive consultation process with both internal and external stakeholders and this had informed the content of the document.</p> <p>SP confirmed that, in addition to being considered previously by the Audit Committee, the document had also undergone a detailed review by the Quality Committee which had resulted in several changes being made.</p> <p>He outlined the content of the Quality Accounts, which was detailed in terms of the key elements in Appendix 1.</p> <p>He stated that the Chief Executive's introduction and statement contained a number of priorities that would be familiar to everyone as they were aligned closely to the CQUINs for the forthcoming year. The statement was part of the mandated content and made reference to the services reviewed in the past year</p> <p>SP confirmed that the statements from external stakeholders had generally been positive in tone although extra detail had been requested in places. Where possible, feedback had been taken into account and changes made to the draft Quality Accounts.</p>	

	Action
<p>Overall, the Quality Account was a positive document which reflected the positive progress made by the Trust over the past twelve months.</p> <p>BS asked whether the Audit Committee would have the opportunity to look at the Quality Account again at its July meeting.</p> <p>SP replied that following that day's meeting only final amendments would be allowed.</p> <p>SP stated that, in addition to following DH guidance, YAS had also involved Internal and External Audit when drafting the Accounts, as the Trust would need to do this when it reported as an FT.</p> <p>He reiterated that the Trust did not have to go through the EA process for the 2012/13 Quality Accounts. It had been an optional step that YAS had taken because it had wanted to look forward to being Monitor ready.</p> <p>BS requested an EA overview</p> <p>PT stated that EA was comfortable that the report met everything in terms of DH requirements.</p> <p>He further stated that a report had been produced by Deloitte following their review of the Quality Accounts. This report, which was due to be presented later in the meeting, would provide YAS with some recommendations on how the report could be improved to make it easier to understand.</p> <p>It was acknowledged that further refinement of the report would be required before the next Quality Accounts were drafted.</p> <p>Approval: The Audit Committee formally accepted the 2012-13 Quality Accounts and recommended their approval by the Trust Board.</p>	
<p>10.5 Annual Governance Statement</p> <p>DW presented the Annual Governance Statement for 2012/13. He outlined the contents of the report which, with its focus on in year risks and mitigations, was similar to that of the previous year.</p> <p>He stated that, of the four issues listed in item 3.9, PTS was the most significant risk in terms of overspend.</p> <p>This risk had been escalated to the Board for inclusion in the Board Assurance Framework (BAF) and Corporate Risk Register and a mitigation plan established.</p> <p>DW further stated that the review of carry chairs and the Emergency Response Bag had been worked through to solution with the procurement of a more appropriate carrying device and smaller bags.</p>	

	Action
<p>RB reported that SP and he had met with Julian Mark and Caroline Balfour to discuss a phased implementation which targeted problem areas and localities where most claims and incidents were seen.</p> <p>DW stated that progress had been made to implement the Clinical Leadership Framework but there was still progress to be made so the plan had been refocused to address the emerging issues and gaps identified.</p> <p>Delivery of the Red 1 target had also been highlighted as a particular risk. The Board-approved risk and mitigation plan was in place and there had been a positive start to the year. However, the Trust would have to ensure that this progress was maintained.</p> <p>5.10 identified PTS overspend and inadequate capacity to audit clinical practice due to problems with the record scanning system as two significant control issues on closure of the 2012/13 BAF. Further details of these could be seen in item 6.1 onwards.</p> <p>DW stated that the clinical audit risk would be fully mitigated when the Trust moved to ECS but this would be over a period of time</p> <p>In relation to PTS, actions had been taken to bring it back into a known year end position with some of the significant over spend addressed in year.</p> <p>DW stated that the NHS 111 service had originally been scheduled to go live across the whole of the contracted area in March 2013. However, several challenges had led to agreement that the further roll out should be phased. The Trust continued to work with commissioners to deliver and manage the risks, the majority of which were in year.</p> <p>He further stated that NHS England were holding YAS up as a beacon site and, as the service moved forward, issues would be monitored through TEG and various other committees.</p> <p>The Chief Executive invited questions.</p> <p>PT stated that the report was a very good, well written document. However, there was no overt mention or recognition of the Francis Report, which might be worth considering. In addition, there was no sense of the reconfiguration of the NHS which YAS had managed very smoothly, working closely with the commissioners during transition period from PCTs and SHAs to CCGs.</p> <p>NC stated that, although the Board's view of its effectiveness was implicit within the contents of paragraph 2.6, the report did not explicitly mention the BGAF to say that it was effective.</p>	

		Action
	<p>Action: SP to make above amendments to report as suggested by EA.</p> <p>MW requested a definition of a “control” issue</p> <p>SP stated that the official guidance mentioned “significant” issues rather than “control” issues. It was agreed that further clarity was required and that “control” should be taken out if “significant” was the more appropriate word to use.</p> <p>Action: SP to clarify definition of “control” issue and use most appropriate word in the document.</p> <p>BS suggested that 4.2 on page 10 should be reworded to highlight the progress made by the organisation to date in relation to risk management.</p> <p>SP replied that this was an aspirational statement as the rest of the document stated how the Trust actually delivered it.</p> <p>BS stated that in paragraph 5.9 the document did not state that the Quality Accounts had had been reviewed by the Quality Committee.</p> <p>SP confirmed that it should.</p> <p>BS added that in 5.11 the minor amendments to the rewording of the IA opinion would need to be carried over and asked whether 6.5 should make reference to the Audit Committee.</p> <p>DW confirmed that it should.</p> <p>BS stated his belief that the Annual Governance Statement was a good summary which provided appropriate assurance. The Committee agreed with this statement.</p> <p>Approval: The Audit Committee received and accepted the Annual Governance Statement 2012/13, subject to minor amendment, prior to endorsement by the Trust Board.</p>	<p>SP</p> <p>SP</p>
10.6	<p>Letter of Representation to External Audit</p> <p>RB stated that the Letter of Representation from the Director of Finance expressed an opinion as to whether the Trust’s financial statements gave a true and fair position of the Trust as of 31 March.</p> <p>He further stated that there was nothing that the Trust knew of such as outstanding litigation claims that could impact on this position. Paragraphs 21 and 22 recognised that events had occurred close to year end which had left the Trust with some uncertainty but these items had been fully audited and were acceptable.</p>	

	Action
<p>RB confirmed that the outstanding flagged items had been corrected and addressed so there was nothing in Appendix 1.</p> <p>NC stated that there might be a couple of disclosure deficiencies. For example, evidence was still needed to show commitment to early retirement provision rather than redundancy provision.</p> <p>DW stated that the TEG minutes would cover this and he would provide a suitable example.</p> <p>Action: DW to provide EA with evidence of Trust’s commitment to early retirement provision.</p> <p>BS asked whether there had been any disclosures of fraud, as mentioned in item 12.</p> <p>RB replied that there had been no disclosures, nor had there been any disclosures in relation to item 14.</p> <p>BS asked whether the attachment mentioned in item 15 required any modification.</p> <p>RB confirmed that it did. He stated that item 18 tied in with VFM and the Trust’s responsibility to say that as an organisation it felt that no items would detract from its use of resources. This view was supported by EA.</p> <p>Approval: The Audit Committee accepted the Letter of Representation from the Director of Finance.</p>	<p>DW</p>
<p>10.7 Annual Report</p> <p>BS stated that he had found the Annual Report a good read, particularly as it had reminded him yet again of what YAS did and what an impressive organisation it was.</p> <p>BS confirmed that he had passed some comments back by email but these had been points of detail rather than major points of accuracy.</p> <p>He recommended that, unless there were any points of real importance to be made, other Committee members should do the same.</p> <p>It was agreed that, providing that there were no material issues, any comments should be emailed to Elaine Gibson, copied to Anne Allen, as she was co-ordinating the Annual Report.</p> <p>Action: Any comments on Annual Report to be emailed to Elaine Gibson, with Anne Allen copied in as soon as possible.</p>	<p>All</p>

	Action
<p>EB stated that clarification was needed of the use of “right care” in relation to urgent care. She understood that “right care” was used internally and “urgent care” externally and with commissioners but suggested that this was an opportunity to clarify it in more detail as reading the report in isolation did not give the impression that the urgent care agenda was important to the organisation.</p> <p>DW stated that this was acceptable as long as the phrase was used in an appropriate setting.</p> <p>SP stated that it would be difficult to change one sentence without altering the context of the report.</p> <p>EB suggested that the sentence which used the word “actually” in the Income and Expenditure section of Financial Performance should be rephrased.</p> <p>RB stated that, in relation to the Finance section of the report, the forward look and key priorities for the year ahead were not completed in time to go out with the Audit Committee papers.</p> <p>BS asked EA if they were satisfied with the report.</p> <p>NC replied that there were a couple of queries to talk through with Finance but nothing major.</p> <p>Approval: The Audit Committee received and accepted the Annual Report 2012/13, subject to minor amendment, prior to endorsement by the Trust Board.</p>	
<p>11.0a</p> <p><u>Reports from External Audit</u> Annual Governance Report to Those Charged with Governance (ISA260)</p> <p>PT presented the Draft report on the financial statement audit for the year ended 31 March 2013. He stated that overall it had been a good audit, which had been very clean in terms of errors.</p> <p>NC stated that the audit was in line with the planned timetable and outlined details of the areas that were required to be completed to finalise the audit at the time of issuing the Report.</p> <p>There were no material issues and EA had no concerns about completing the outstanding work and signing the Opinions on Friday 7 June. Nor did they anticipate reporting any VFM issues.</p> <p>The findings from the work on the Quality Report were set out in a separate report which would be considered later in the meeting.</p>	

	Action
<p>NC outlined the overview of audit risk findings.</p> <ul style="list-style-type: none"> • Revenue recognition – this risk had been appropriately addressed; • Accounting for restructuring and redundancy – EA were awaiting final evidence so remained amber for the time being; • Accounting for 111 Service Mobilisation – work had been completed and this risk had been appropriately addressed; • Management override of controls- this risk would remain amber until 7 June when Annual Accounts were signed off. <p>NC confirmed that EA would report back to the July Audit Committee meeting in relation to the 111 risk assessment work. She added that the fixed asset work could not be completed until later that week.</p> <p>Action: EA to report back to July meeting in relation to 111 risk assessment work</p> <p>NC stated that the following financial reporting presentational and disclosure matters were significant to the 2013 accounts:</p> <ul style="list-style-type: none"> • Hutton disclosures on median pay; • Related party disclosures; • Pension disclosures; and • Disclosure of critical accounting judgements and key sources of estimation uncertainty. <p>She confirmed that no issues had arisen from EA testing.</p> <p>NC further stated that the review of the front half of the Annual Report was on-going.</p> <p>Two insights over the internal control systems within the Trust had been raised, neither of which were considered a key audit risk or had impacted upon the audit approach. These were:</p> <ul style="list-style-type: none"> • Compromise agreement governance process; and • Reconciliation of contract variations. <p>RB stated that, as the way in which the A&E contract was structured would not normally lead to contract variations, there was no formal process in place.</p> <p>NC stated that a potential third recommendation related to fixed assets but as this mirrored what IA had recommended, EA would not be raising it.</p> <p>She further stated that the identified corrected misstatements relating to the purchase of Springhill HQ and the NHS 111 service assets, which should have been moved across when the service went operational in March 2013 had no impact on net assets or comprehensive expenditure in the year. Details of audit adjustments were included in a new Appendix 1.</p>	<p>EA</p>

		Action
11.0b	<p>RB stated that the building work in relation to NHS 111 had only recently been completed so this was the reason that the assets had not been moved across.</p> <p>BS asked if the Committee had any questions in relation to the audit of the Accounts. There were no other questions or comments.</p> <p>It was agreed that PT would bring the full report to the next Audit Committee meeting. A final version would be produced for Friday 7 June and circulated to Committee members.</p> <p>Action: EA to circulate final version of report with Audit Committee members on 7 June 2013.</p> <p>BS thanked EA for their hard work and efforts, which were greatly appreciated.</p> <p>Approval: The Audit Committee discussed and accepted the External Audit report on the management response to the recommendations.</p> <p>Quality Account</p> <p>PT stated that although the Quality Account was not subject to a mandatory audit for the year ended 31 March 2013, Deloitte had agreed to undertake a 'dry-run' of the external audit and a separate report had been produced for the Audit Committee.</p> <p>AL presented the findings, including a number of recommendations.</p> <p>He stressed that the Trust would need to remember that the Quality Account was a public document.</p> <p>In relation to its contents AL stated that there were a number of additional sections and statements that the Trust would need to include the following year in order to comply with the criteria set out in the NHS Foundation Trust Annual Reporting Manual 2012/13. However, these mandatory statements would be very easy to add in.</p> <p>The contents of the Quality Account had been reviewed for consistency and there were no issues.</p> <p>AL outlined the approach and scope of the work undertaken. He stated that Deloitte had adopted the same approach as that required by Monitor for Foundation Trusts, including the requirement to test the indicator 'Incidents resulting in severe harm or death' mandated for all FTs by Monitor.</p> <p>The review of the Trust's performance indicators had assessed against the Monitor six dimensions of data quality.</p>	EA

	Action
<p>These were: Accuracy; Validity; Reliability; Timeliness; Relevance; and Completeness.</p> <p>Work was on-going to test the Category A call connect indicators, the results of which would be reported to the Audit Committee as soon as it was completed.</p> <p>The work on 'Incidents resulting in severe harm or death' had identified a number of issues, details of which were provided in the body of the report.</p> <p>It was noted that the Trust was in the process of updating its procedures following a change to a new system 'Datix' on 1 April 2013. At the time of writing the report there had not been enough incidents through the system to draw conclusions as to how the new system was performing.</p> <p>At the end of the presentation, AL outlined some best practice for reporting Quality Accounts which included recommendations about the length of the report; hints on how to write a good report; and some examples of best practice organisations.</p> <p>PT suggested that a workshop could be organised with the Trust for early autumn to help mock up the next report.</p> <p>SP stated that it would be very useful to have this workshop prior to the Trust sending the draft report out for external comments.</p> <p>BS thanked Deloitte for producing a useful report. It was agreed that an electronic copy of the report should be circulated and discussions brought back to the Committee at an appropriate time.</p> <p>Action: EA to circulate electronic copy of report to Audit Committee members.</p>	<p>EA</p>
<p>12.0</p> <p>Internal Audit Progress Report</p> <p>BS stated that, given the primary focus of that day's meeting, the IA report would only receive passing mention unless anything would not wait until July.</p> <p>PD stated that a report on medical equipment was due to be presented at the next Quality Committee meeting, as the Committee would need to be sighted on any failures.</p> <p>BJ confirmed that she would present this alongside the other reports in July.</p>	
<p>12.1</p> <p>Counter Fraud Progress Report</p> <p>Detailed discussion of the report was deferred until the July meeting.</p>	

		Action
13.0	<p>Raising Concerns at Work Update BS stated that SM had confirmed that morning that no concerns had been raised since the last meeting.</p>	
14.0	<p>Any Other Business Reference Cost Approval RB stated that the paper had been submitted to seek the Audit Committee’s approval of the costing process used by the Trust to support the reference costs submission.</p> <p>AR outlined the specifics of the paper and invited questions.</p> <p>BS stated that he had not derived enough assurance to be satisfied about the processes and systems.</p> <p>MW agreed, stating her belief that a refresh was required as the Audit Committee had not gone through the process the previous year to allow people to see how the principles were applied.</p> <p>PD stated her belief that it was unlikely to have any impact on reference costs in a negative way. She was interested, however, in whether the Trust had managed to reduce its reference costs.</p> <p>A discussion took place on benchmarking and the fact that the position for ambulance trusts was different than that for acute trusts as their guidance was far more prescriptive.</p> <p>RB stated that there would be dialogue at ALF, which would play into the national data definitions that would go to the DH for approval.</p> <p>BS suggested that the timetable should be double checked and suggested that the Audit Committee in July could run through the reference costs in detail to show how the Trust complied with national guidelines, etc.</p> <p>Action: RB to double check timetable and provide update at July meeting.</p> <p>Based on the level of information provided, the Audit Committee did not feel able to confirm that it was satisfied with the Trust’s costing processes and systems. It would need to see the output of the process at a later stage and before its submission in order to give approval in an appropriate manner.</p>	RB
14.0	<p>Review of Meeting Actions and Quality Review of Papers PT confirmed that the deadline date for submission of FT Annual Accounts would be 30 May the following year.</p>	

	Action
<p>BS stated that the Trust would need to be mindful and consider the format of the timetable for the following year. In essence it would need to gain at least a week.</p> <p>A discussion took place around the pressures that the Trust would face to complete the Accounts, how it could ensure that the papers went out on time to allow full review and the necessity to learn lessons around parts of the process followed for 2012/13.</p> <p>SP stressed that there needed to be some flexibility around the rules relating to the distribution of papers.</p> <p>BS noted SP's point, adding that wider consideration was needed of the provision of papers for Board and Committee meetings as many documents had been produced for a number of different committees. Although the streamlining meeting might help to reduce the duplication of documents, it would not be the entirety of the solution.</p> <p>PT stated that it was not unusual for papers to come out from FTs only a couple of days before meetings, adding that it would be a good idea to continue to have early open discussion with the NEDs.</p> <p>He further stated that everything that could be written before the beginning of May eg the Annual Report, Quality Account, etc needed to be written and pre-agreed as a skeleton report.</p> <p>AR stated that the current draft Accounts had been circulated before the deadline, adding that the Trust would make sure that it also met the new deadlines.</p> <p>EB stated that she had found the NED meeting extremely useful so she did not feel too pressurised by the tight deadlines.</p> <p>There were no other comments so BS thanked everyone for their time and contribution.</p> <p>The meeting closed at 1310 hours.</p>	
<p>15.0</p> <p>Date and Time of Next Meeting Tuesday 16 July, 0930–1300 hours, Kirkstall & Fountains, Springhill 2, Wakefield, WF2 0XQ</p>	

CERTIFIED AS A TRUE RECORD OF PROCEEDINGS

_____ **CHAIRMAN**

_____ **DATE**