



Audit Committee

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

Date: Thursday 2 July 2015

Time: 0900 hours

Chairman:

Barrie Senior (BS) Non-Executive Director

Attendee (Member):

Pat Drake (PD) Non-Executive Director & Deputy Chairman
 Erfana Mahmood (EM) Non-Executive Director
 John Nutton (JN) Non-Executive Director
 Mary Wareing (MW) Non-Executive Director

In Attendance:

Alex Crickmar (AC) Interim Executive Director of Finance & Performance
 Steve Page (SP) Executive Director of Standards & Compliance
 Hassan Rohimun (HR) Executive Director, Ernst & Young
 Benita Jones (BJ) Internal Audit (IA)
 Shaun Fleming (SF) Counter Fraud
 Matt Roberts (MR) Mersey Internal Audit Agency
 Neil Cook (NC) Interim Associate Director of Finance
 Anne Allen (AA) Trust Secretary (Observing)
 Ola Zahran (OZ) Interim Associate Director of ICT

Apologies:

Michael Green (MG) Engagement Manager, Ernst & Young

Minutes produced by:

Mel Gatecliff (MG) Committee Services Manager

		Action
	The meeting commenced at 0900 hours.	
1.0	<p>Introduction and Apologies (including Audit Committee Workplan Update) BS welcomed everyone to the meeting and thanked them for their prompt attendance. Apologies were noted as above.</p> <p>BS confirmed that Ernst & Young had now been appointed as YAS' External Auditors. He introduced Executive Director, Hassan Rohimun (HR) and introductions were made round the table.</p>	

	Action
<p>BJ announced that Paul Webster (PW) had been seconded to an acute trust in a Finance role and introduced Matt Roberts (MR) from the East Coast Audit Consortium's strategic partners Mersey Internal Audit Agency (MIAA) who would be providing some support during this time.</p> <p>BS stated that three items had been added to the workplan for that day's meeting, The items, which would remain in place for future years, were:</p> <ul style="list-style-type: none"> • Annual review of Audit Committee terms of reference; • Review of Internal Audit Annual Report; • Review of 2014/15 Anti-Fraud Survey. <p>BS further stated that the review of the Audit Committee's Annual Report, a draft of which he would bring to the October meeting, had also been added to the workplan.</p>	
<p>2.0</p> <p>Declaration of Interests for any item on the agenda No declarations of interest were made relating to agenda items.</p>	
<p>3.0</p> <p>Minutes of the last meetings on 2 April and 2 June 2015, including Matters Arising The minutes of the meetings held on 2 April and 2 June 2015 were reviewed and agreed as a true record of each meeting subject to the following amendments.</p> <p>2 April 2015 Matters Arising Page 4, line 1 – 'poor' altered to 'peer'.</p> <p>Page 5, section 5, paragraph 1 – 'SP' altered to 'BM'.</p> <p>2 June 2015 Matters Arising There were no matters arising.</p>	
<p>4.0</p> <p>Action Log and Matters Arising The action log was reviewed and updated.</p> <p>2014/3 – Audit Committee Terms of Reference BS stated that, although he was assured by developments to date in relation to the long-running issue, it was his belief that the Quality and F&I Committees still needed to address the outstanding part of the action before it could be closed.</p> <p>AA stated it had been agreed that the horizon scanning report which she maintained which contained information about best practice, policies and new and forthcoming legislation, would be circulated to the Executive Directors outside of TEG on a monthly basis. Any issue that individual EDs felt it would be appropriate to manage through TEG would be added to the workplan.</p>	

	Action
<p>Following further discussion it was agreed that the action should remain open until October to allow further work to be undertaken by the Quality and F&I Committees.</p> <p>2015/08 – Internal Audit Update – Adastra General Controls Follow Up AC stated that the follow up audit had taken place and all of the recommendations had been actioned. The item was also covered in the IA report on the agenda. Action closed.</p> <p>2015/14 – External Audit Update Item covered on the agenda. Action closed.</p> <p>2015/36 – Risk Assurance Reporting (BAF) SP confirmed that negotiations in terms of funding for the current year remained on-going with Commissioners. A meeting had taken place on 1 June during which their final offer had been outlined. Discussions had taken place with LCD during which a risk assessment of options was undertaken. The Trust had confirmed to the Commissioners acceptance of their verbal offer. LCD felt that they could deliver within the offer subject to the acceptance of the Commissioners that the KPIs would not be delivered.</p> <p>SP stated his belief that Commissioners would need to agree some flexibility in the model with WYUC as system resilience funding was not currently part of the contract settlement even though £400k had been provided the previous year. A further update would be provided at the following week’s F&IC meeting. Action remains open.</p> <p>2015/40 – Internal Audit Progress Report It was agreed that, although the action would be covered in part during agenda item 11, more in depth consideration of the themes emerging from IA’s reviews of ICT systems, etc was required outside the meeting, so the action should remain open.</p> <p>2015/41 – Internal Audit Progress Report – Business Continuity GAP Analysis (Significant Assurance) BJ stated that she had sent an email on 23 June which provided an explanation about why significant assurance had been given when the report had contained so many amber ratings. Action closed.</p> <p>2015/42 - Internal Audit Progress Report – Business Continuity GAP Analysis (Significant Assurance) AC stated that a new approach in relation to the management of responses to audit reports had been agreed with BJ and NC. The new approach, which should help to tighten up the process, would now be piloted through TMG. Action closed.</p> <p>2015/46 – Anti-Fraud Progress Report EM confirmed that a meeting had been arranged between SF and her as it had not been necessary for IB to attend. Action closed.</p>	

	Action
<p>2015/47 – Review final Annual Report Timetable/Plan 2014/15 BS stated that, as the Annual Report production process had not gone as smoothly as planned, a task and finish group, on which he would be the NED representative, would be set up to ensure that the process for 2015/16 was completed in a more timely manner.</p> <p>SP stated that the work would also link in with the production of the Quality Account. Action closed.</p> <p>2015/49 – Assurance regarding on-going compliance with SFIs and SOs Progress Report AC stated that the current format of the SFI/SO matrix had been discussed with NC and IA. It had been agreed that the system had previously been unmanageable as it was too detailed. NC was working on the revisions and would share the detail with AA before bringing it to the October Audit Committee. Action remains open.</p> <p>Action: NC to share the re-developed SFI/SO Assurance Matrix with AA prior to it being presented at the October meeting.</p> <p>2015/51 – Review of Schedules of Losses and Special Payments BJ confirmed she had already shared some benchmarking data with AC members and would consider if there was anything else specific that would need to be shared more widely. Action remains open.</p> <p>SP stated that the report had contained some helpful information.</p> <p>2015/52 – Review of Schedules of Losses and Special Payments SP confirmed that the information would be presented at the Joint Quality and F&I Committee meeting. The report contained a good level of analysis, both local and national, in addition to trend data covering both financial and quality aspects. Action closed.</p> <p>2015/53 - Review of Schedules of Losses and Special Payments SP confirmed that the information presented at the next Joint Quality and F&I Committee meeting would also contain information about the main areas of staff claims, etc. Action closed.</p> <p>2015/55 – Head of Internal Audit Opinion BJ stated that a very simple analysis by functional area had been included in the Annual Report with the original information sub-divided. Action closed.</p> <p>2015/57 – Chief Executive’s Statement on Quality (Quality Account) AC confirmed that work was under way and would involve the Business Information team. SP and his team would pick up the items which related to the Quality Account. The information would be brought to the October meeting. Action remains open.</p>	<p>NC 2015/72</p>

	Action
<p>2015/58 - Chief Executive's Statement on Quality (Quality Account) BJ stated she had agreed with SP that, as it would be useful for IA to reconsider the plan for quality work across all areas to help identify overlap, etc, further information would be brought to the October meeting. Action remains open.</p> <p>2015/59, 60, 62, 63, 64, 65 – Annual Governance Statement SP confirmed that all of the requested amendments had been made to the Annual Governance Statement. Actions closed.</p>	
<p>5.0 Audit Committee Terms of Reference Review BS presented the Audit Committee Terms of Reference (ToR) for annual review. He stated that an exercise to ensure that the ToR complied with the HFMA model in the AC Handbook had taken place a couple of years previously. Since then, they had been tracked closely, including checks for appropriate interlinks between the other Level 2 Committees.</p> <p>The Committee's most recent self-assessment had taken place in March 2015. BS stated that the deliberations had not raised any issues that merited any significant change to the ToR. It was also the view of Trust Secretary, AA, that no significant changes were required.</p> <p>BS stated that, in order to simplify the wording around quoracy arrangements, a change was proposed. Quoracy, which had been any 2 NEDs excluding the Trust Chairman was now any 3 NEDs excluding the Trust Chairman.</p> <p>The Audit Committee approved the amended ToR which would go to the July Trust Board Meeting in Public for approval.</p> <p>AC asked whether the new NED (Designate) would be an observer at Audit Committee meetings.</p> <p>BS replied that he saw no reason why he should not be, although it was a decision for the Trust Chairman to ultimately approve.</p> <p>BJ stated that the title in paragraph 2 on page 1 should be 'Public Sector Internal Audit Standards' so the wording needed to be altered.</p> <p>SF stated that the final bullet point on page 3 would need amending, as NHS Protect provided the standards.</p> <p>Action: BJ to provide JW with correct wording for paragraph 2 on page one and the final bullet point on page 3 for inclusion in the revised Terms of Reference.</p>	<p>BJ 2015/73</p>

	Action
<p>Approval: Subject to the above amendments, the Audit Committee reviewed and agreed the amendments to be made to the Audit Committee Terms of Reference</p>	
<p>6.0 Risk and Assurance Strategy SP presented the refreshed Risk Management and Assurance Strategy for review and agreement prior to approval by Trust Board.</p> <p>He stated that, following the comprehensive review of the Strategy which had taken place 18 months previously, the current changes were minimal, mainly relating to the title of the Trust’s Senior Management Group (SMG) changing to Trust Management Group (TMG).</p> <p>The amended version had been circulated around the TMG and would be going through the full cycle of Level 2 Committee meetings for review prior to going to Board in July.</p> <p>BS agreed that the amendments seemed to be fairly straightforward although he noted that the version control box stated that the next review date should be November 2016 rather than July 2015.</p> <p>PD stated that TMG should be written in full with its abbreviation in brackets when it was mentioned for the first time ie in section 2.5 rather than in section 3.10.</p> <p>BJ stated that section 3.8 mentioned that IA had four opinions. However, ‘full assurance’ had fallen into disuse due to the scoping of audits with only ‘significant’, ‘limited’ and ‘no’ assurance opinions being provided. She asked therefore that ‘full’ should be dropped.</p> <p>BS stated his belief that, following release of the amended IPR, the wording in sections 3.3 and 3.4 would also need some amendment, although he acknowledged that this would not be substantial.</p> <p>BS asked into which meeting the Board discussion about risk appetite had been scheduled.</p> <p>SP replied that it had been scheduled for the February 2016 Board Development Meeting, with specific focus around business development opportunities and risk appetite and he had been discussing with BJ whether a joint input would be appropriate.</p> <p>There were no other questions or comments.</p> <p>Approval: The Audit Committee reviewed and approved the amended Strategy prior to it going to Board for final approval.</p>	

		Action
7.0	<p>Risk Assurance Reporting including Board Assurance Framework (BAF) and Corporate Risk Register (including Datix Progress Update)</p> <p>SP presented an update on the risks recorded within the Board Assurance Framework (BAF) and Corporate Risk Register (CRR) to provide assurance on the effective management of corporate risks. He stated that due to the sequencing of meetings the current iteration of the report had already been to Board and would be considered by the Quality and F&I Committees the following week.</p> <p>MW stated that, although the item was not specifically on the F&I agenda, it would be covered when the meeting discussed its assurance statement to the Audit Committee.</p> <p>SP stated he would pick up the implications of any discussions about the BAF/CRR with AC following the F&I meeting.</p> <p>Action: SP to liaise with AC re feedback on BAF/CRR following the July F&I meeting.</p> <p>BS stated that former NED and Chair of F&I, Elaine Bond, PD and he had discussed and agreed which BAF risks would need to be considered by which Level 2 Committee. In terms of the new risks, it had been agreed that risk 5c would need both Quality and F&I consideration with 6c only needing Quality Committee consideration.</p> <p>BS stated he had found the table on page 4 of the BAF useful as it had helped him focus his thoughts. He requested more information about the penultimate risk in the table.</p> <p>SP replied that the risk should not be there. It had been merged into risk 4a, 'loss of income' and had been deleted from the version of the BAF which would go to the Quality and F&I Committee meetings.</p> <p>EM asked whether the summary of actions taken to mitigate the first risk in the table relating to medical devices and the expected date by which it would reach residual risk level was an accurate reflection.</p> <p>SP replied that the risk movement was a fair reflection as some good work had been undertaken which gave more assurance about the management of medical devices.</p> <p>AC stated that, although a lot of good work had been carried out, some risks remained. A senior manager was currently working with the team and driving through a detailed project plan which included major health and safety improvements.</p> <p>EM asked whether the Trust was comfortable with the current risk rating and whether it would be possible to update the actions to give more assurance .</p>	<p>SP 2015/74</p>

	Action
<p>SP replied that day-to-day issues had significantly improved with the sustainability of improvement control systems now the main issue.</p> <p>AC stated that the risk had definitely reduced, although he would double check the 8 and 10 scores and revisit the actions.</p> <p>SP stated his belief that the projected residual risk date would need to move to Quarter 3 or 4, as it was unlikely that the new manager would be in place before September 2015.</p> <p>Action: Actions and risk ratings to be reviewed and updated to give more risk assurance in terms of medical devices.</p> <p>A discussion took place about the current dates by which several risks were predicted to have dropped to a residual risk level.</p> <p>BS suggested that the dates seemed optimistic in a number of cases and asked whether the Committee meetings, which were scheduled for the following week, would consider the BAF page by page.</p> <p>PD replied that the BAF and the risks contained therein drove the Quality Committee's agenda there was no need to go through the document page by page.</p> <p>SP stated that an update about the risks surrounding the Service Transformation Programme was due to be presented at Quality Committee.</p> <p>BS stated his belief that the Trust had a healthy level and quality of risk management within the Executive team and associated groups, adding that he was keen that the organisation continued to strike the right balance in terms of scrutiny and challenge.</p> <p>SP stated that the BAF would need to be amended after receipt of the final CQC report following the Quality Summit.</p> <p>BS asked SP whether the process by which the CRR was maintained and kept up-to-date was as thorough as it should be.</p> <p>SP stated he was satisfied that a rigorous process was in place, whilst acknowledging the need to ensure that each person at every level of the organisation complied with that process.</p> <p>BS stated that, although he understood people had competing demands on their time, it was essential that attendance at Risk Assurance Group (RAG) meetings improved.</p> <p>SP stated there were always challenges around the attendance of operational management, adding that the Trust needed to attain the right level of input without systems becoming too bureaucratic.</p>	<p>AC 2015/75</p>

	Action
<p>Approval: The Audit Committee noted the key risks and developments as outlined in the report and continued to be assured with regard to the effective management of risks.</p>	
<p>8.0 Quality Committee Risk Assurance Report PD presented an update to provide assurance on the management of risks within the remit of the Quality Committee, which included a short summary of the items covered at the last Quality Committee meeting, adding that the workplan had been updated and the revised Terms of Reference were on the agenda for the July meeting.</p> <p>PD stated that achieving 75% performance whilst maintaining quality was clearly a major operational risk and during the recent BDM it had become apparent that YAS might also face issues around achieving its training targets as a result of current operational issues.</p> <p>SP stated that the A&E improvement meeting had requested an update on the nature and extent of training cancelled and its potential impact on compliance to allow the Trust to take an informed view.</p> <p>PD stated that the meeting had also considered the workforce plan in terms of risks around recruitment and training requirements. She further stated that the CQC report would influence the assurance process as would the 'Freedom to Speak at Work' report.</p> <p>BS stated that section 3.4 inferred that, due to performance difficulties, harm had occurred but the degree was now reducing.</p> <p>SP acknowledged that the wording might have given the wrong impression. He stated that several months previously there had been a rise in Serious Incidents reported and at that point there seemed to be a slight increase in harm associated with delayed responses. The situation had been monitored closely since that time and although there had been an impact on patient experience, the Trust had confidence that harm rates were not elevated.</p> <p>PD stated that there was real time intervention in EOC where there were technical issues, etc. These were dealt with immediately which was not formerly the case.</p> <p>BS stated that the update for Risk 6a in 3.13 provided no indication of how the Trust was doing in terms of managing the risk.</p> <p>SP replied that detailed papers came to every Quality Committee meeting, adding that the risk was in an improved position to several months previously. For example, the new Executive Director of Operations (DM) had a much sharper focus on supporting the Clinical Supervisors (CSs) in role although the problem was not yet fully resolved as CSs were still included in rotas for a significant proportion of their time.</p>	

		Action
	<p>DM would be revisiting the issue as part of the review of operational management arrangements, as it was his ambition to reach the situation whereby the CSs were truly supervisors.</p> <p>PD stated that the Committee was well-sighted on the fact that vacancies were not evenly spread across the organisation and that development posts did not current exist. However, work to rectify the situation was on-going.</p> <p>BS thanked PD for her update.</p> <p>Approval: The Audit Committee noted the update on Quality Committee discussions in relation to key risks and gained assurance from the update report that risks were being appropriately managed.</p>	
<p>9.0</p>	<p>Charitable Funds Committee Risk Assurance Report</p> <p>EM provided a short verbal update to provide assurance on the management of risks within the remit of the Charitable Funds Committee.</p> <p>She stated that there was nothing major to report. The recent increase to the Fund was due to a legacy rather than a major fund raising event and expenditure had been as agreed.</p> <p>AC stated that the financial accounts had been prepared in draft with Deloitte due to audit them during August.</p> <p>BS thanked EM for her update.</p> <p>Approval: The Audit Committee noted the update on Charitable Funds Committee discussions in relation to key risks and gained assurance from the update report.</p>	
<p>10.0</p>	<p>Finance and Investment Committee Risk Assurance Report</p> <p>Page 11 paragraph 9 AC queried the appropriateness should read “challenged”.</p> <p>MW presented an update to provide assurance on the effectiveness of the Finance and Investment Committee in assessing its plans, processes and controls pertaining to financial risk for the organisation. She stated that the report was based on the previous year’s BAF as the last meeting had focused on the closure of the 2014/15 BAF. More forward looking assurance would be provided in meetings as the new year progressed.</p> <p>Risk 3a – MW stated that a number of updates were received relating to the risk including an update on the PTS transformation work and progress towards the signing of the 2015/16 contracts. The Committee had taken assurance from the performance targets to</p>	

	Action
<p>which the Trust had signed up, in particular the CQUINS, but felt that although it would be a demanding year targets were fundamentally deliverable.</p> <p>Risk 4a – MW stated that the Committee had started to receive a regular update on Trust marketing activity which would be helpful in providing assurance going forward. A business development tenders in progress update was also presented.</p> <p>Risk 5a – MW stated that the PTS transformation work had been considered and the Hub and Spoke resource plan for the OBC reviewed before subsequently going to Board. The Committee gained assurance that the important elements of the work were progressing.</p> <p>MW stated that, in terms of the transformation picture in A&E, the Committee was not totally assured and a paper about resourcing, available budget, etc was due to come to the next meeting which would allow the Committee to gain a deeper understanding of the situation.</p> <p>AC stated that a lot of information would also be picked up in the Joint Committee meeting.</p> <p>Risk 8b – MW stated that regular updates on financial performance gave assurance and monitored the likelihood of the imposition of penalties, etc. Financial outturn was impacted on by the achievement of the CIPs. The Committee had received some specific assurance on the major CIPs at its last meeting and, having reviewed the CIPs for 2015/16, had requested more clarity on the A&E operational improvement CIP which would come to the next meeting.</p> <p>BS stated that the report concentrated largely on financial reporting rather than reporting on financial risk management.</p> <p>MW replied that alterations to the paper would make it easier to compile and report, adding that discussions about its format were needed between the Committees outside the meeting,</p> <p>AA stated that what served the needs of the F&IC might not necessary be right for the Quality Committee.</p> <p>AC challenged the appropriateness, in terms of governance and the authorship of reports, of members of the management team writing the first draft of assurance reports on behalf their NED Chairs, as he had never experienced that before.</p> <p>BS stated that he understood AC’s comment, particularly as he wrote his own Audit Committee reports. However, the Quality and F&I Committees were different as the relevant Executive Directors were integral members of both Committees. BS did not have a preference as to who wrote the first draft of the assurance reports, as long as</p>	

	Action
<p>the Committee Chairs were happy to put their names to those reports. It was agreed that this was a matter to be agreed between the appropriate NEDs and Executive Directors.</p> <p>MW stated she was comfortable with the current arrangements, adding if she was not happy to put her name against a report she would not do it.</p> <p>JN stated his belief that the current arrangements were probably more efficient as the NEDs did not necessarily have access to all of the details required for inclusion in the reports.</p> <p>PD stated she was also comfortable with the current arrangements, adding that she always added comments to the draft provided by SP.</p> <p>AA stated that the NED role on Boards was to challenge, scrutinise and gain assurance from Executive Directors. In terms of optimising their time and expertise she would certainly not recommend that they wrote detailed reports as this would not be the best use of their time.</p> <p>A long discussion took place during which it was agreed that an appropriate balance was needed in terms of NED input into reports.</p> <p>EM stated that she was not close enough to the operational detail of the organisation to provide a report containing the detail necessary.</p> <p>BS thanked AC for a good challenge.</p> <p>AC stated he had just wanted to check that people were comfortable with the current process.</p> <p>BS thanked MW for her update.</p> <p>Approval: The Audit Committee noted the update on Finance & Investment Committee discussions in relation to key risks and gained appropriate assurance from the report.</p>	
<p>11.0 ICT New System Development & Maintenance Assurance</p> <p>Interim Associate Director of ICT, Ola Zahran (OZ), entered the meeting to provide assurance on new ICT systems, development and maintenance to ensure reliable, robust processes were in place. The paper was taken as read.</p> <p>BS stated his belief that there seemed to be a general theme around a lack of control within the ICT department, as highlighted by the audit recommendations outlined in section 2.4 of the report.</p> <p>Whilst he noted the reasons provided for the 'limited assurance' report received for the new Resilience Web (ResWeb) system, BS stated that he still had fundamental concerns about the way in which new ICT systems were introduced and tested.</p>	

		Action
	<p>OZ stated that the last four ICT audit reports had been ‘significant assurance’ reports, which backed up the improvements being made. BS replied that the reports highlighted the weaknesses which remained in the system. As general improvements were still required, BS suggested that IA should work with OZ to compare the findings in the 2014/15 ICT reports to identify common themes and weaknesses.</p> <p>BJ stated that AC and she had already discussed in outline terms the potential for an overall ICT health check which was certainly possible within the boundaries set for the current year.</p> <p>BS stated that he would like the IT specialist auditor, Angela Mullroy (AM) to identify any thematic improvements that were required and make appropriate recommendations.</p> <p>MW agreed that the work carried out by OZ and her team to address the identified issues had been targeted and fairly timely but she still felt that evidence of a broader consideration of the whole of ICT was missing.</p> <p>OZ stated that, as ECS was a national project, some of the problems encountered were not under YAS’ control.</p> <p>BJ stated that, although some of the issues were not within YAS’ control, others were and agreed with BS that there needed to be focussed consideration of some of the key controls.</p> <p>It was agreed that AC, OZ, BJ and AM should meet to draft the Terms of Reference for an ICT health check and let BS have sight of the document before it was shared more widely.</p> <p>Action: AC to arrange a meeting with OZ, BJ and AM to draft the Terms of Reference for an ICT health check and share with BS.</p> <p>AC stated that ICT had been certified by ISO 23001 Business Continuity Management in May 2015. This was positive news and gave him confidence that the Trust was moving in the right direction.</p> <p>Approval: The Audit Committee noted the current position and the assurance provided by ICT on the development of new ICT systems.</p>	<p>AC 2015/76</p>
<p>12.0</p>	<p>Compliance with Audit Recommendations AC provided an update on the status of outstanding Audit and Counter Fraud recommendations.</p> <p>BS stated that it was a clear document which gave a good insight</p>	

	Action
<p>into progress against the recommendations.</p> <p>MW stated that, compared with 12 months previously, the report presented a much improved position.</p> <p>AC stated his belief that the situation would improve again when the new TMG process, outlined in section 2.4, went live. In terms of the long overdue recommendations, each individual owner had been asked if the recommendation was still relevant. Some would be able to be closed off and picked up in a new audit, whilst others were still awaiting clarification.</p> <p>AC further stated that he had spoken to BJ about the situation and it was agreed that most sections of the overdue recommendations had been addressed.</p> <p>BJ confirmed that the current direction of travel was good, adding that the dashboard which was due to go to TMG would hopefully cover off the exceptions.</p> <p>BS asked what the Trust's Executive team was doing to encourage a focus on the completion of recommendations.</p> <p>AC replied that the new process being implemented through TMG would do this. Emails would be sent to individuals with any out-of-date recommendations with the appropriate Executive Director copied in to ensure timely follow up. He further stated that SP and he would continue to reiterate the process in TMG meetings.</p> <p>BS asked about the implications of a limited assurance report.</p> <p>SP replied that limited assurance reports were taken very seriously with appropriate Associate Directors called to account for the delivery and implementation of the recommendations.</p> <p>AC stated that individual Executive Directors would pick up issues with their direct reports, adding that, as he tended to receive the majority of reports before anyone else in the organisation, he always double checked the result of reviews and would ensure that the appropriate Executive Director received a copy of the report.</p> <p>SP stated that the new TMG process would formalise the current informal process.</p> <p>PD stated that where limited assurance reports had contained governance issues across a number of areas, discussions also took place in appropriate Committees.</p> <p>BS thanked AC for a good report, from which he had derived the appropriate assurance.</p>	

		Action
	<p>Approval: The Audit Committee noted the current status of outstanding audit recommendations.</p>	
13.0	INTERNAL AUDIT	
13.1	<p>Internal Audit Progress Report/Update BJ provided a progress update against the agreed Internal Audit (IA) plan along with outcomes of reviews undertaken. The meeting considered the report page by page.</p> <p>BJ stated that the report provided a summary of progress made against the 2015/16 Plan alongside details of 2014/15 assignments finalised since the last Audit Committee meeting in April.</p> <p>She further stated that information about key issues and themes supporting the overall opinion for 2014/15 activity were provided to the previous meeting to underpin the Annual Governance Statement, adding that further summation and analysis in respect of 2014/15 activity was provided in the separate Internal Audit Annual Report.</p> <p>BS stated that he struggled to fully comprehend the concept of carrying out a review which did not have an opinion. In addition, he was also concerned that staff did not fully understand the meaning of significant assurance reports, as they often still contained a lot of recommendations to further improve the service or process.</p> <p>BJ stated that of the three reviews that did not attract an assurance opinion: the Moving and Handling review could perhaps have been given an opinion; the Employee and Industrial Relations review would direct IA's work during 2015/16; and the Clinical Leadership review had been a follow-up piece of work which would generally not attract an opinion. She acknowledged, however, the need to provide clearer reasons in the scope of reviews if it was not intended to give an opinion.</p> <p>BS agreed that the information would be very useful.</p> <p>Action: BJ to ensure reasons for reviews not expecting to attract an assurance opinion to be made clear during future scoping exercises.</p> <p>The meeting considered each of the IA reports that had been finalised since the last Audit Committee meeting on 2 April 2015.</p> <p>Recruitment Effectiveness (Probationary Period Policy) - Limited Assurance</p>	<p>BJ 2015/77</p>

	Action
<p>EM stated she was concerned about the findings of the review as it had raised some very basic issues.</p> <p>She requested an update on the progress in relation to the recommendations as several of the implementation dates had already passed.</p> <p>A discussion took place about the implementation of the recommendations.</p> <p>BS stated his belief that the issues raised should not have occurred in the first place and certainly should not have required IA to pick them up. However, he acknowledged that IA's recommendations had now been acted on.</p> <p>BJ stated that IA had discussed the opinion level with the Executive Director for People and Engagement, IB, who had disputed the limited assurance opinion. As IA had been unable to totally identify the reasons for the issues, which had partly been due to staff turnover in those areas, it had been agreed that an appropriate follow-up review would take place. IB was confident that, with clearer accountability now in place, the issues should not re-occur.</p> <p>MW stated her belief that the management response would not necessarily help the situation and asked whether it might be more appropriate to track things centrally. She wondered whether the audit should have been delayed to allow more representative data to be gathered in terms of how the policy was working, etc.</p> <p>BJ replied that IA had actually waited quite a substantial amount of time before carrying out the review.</p> <p>BS queried whether there was, within YAS' HR department, an endemic problem associated with policy implementation and management.</p> <p>BJ replied that there was an emphasis on HR policies in the IA plan, which would highlight if this was the case.</p> <p>SP suggested it might be worth discussing with the new Interim AD of HR his views about the current systems and processes as, coming from another organisation, he would bring a different point of view.</p> <p>BS wondered whether the review had identified a specific failure or whether there was a general change management weakness within the organisation.</p> <p>JN agreed with BS, adding that if IA had identified a general weakness this was potentially a significant risk to the organisation.</p> <p>Performance Appraisals – Significant Assurance</p>	

	Action
<p>BS reiterated his earlier belief that the Trust's 75% completion target was woefully inadequate. He further stated that the findings of the review did not feel like those of a significant assurance report. BJ replied that the opinion was based on the fact that a system, process, policies, infrastructure, etc were in place; they were just not being complied with. The overall opinion was a balance of views from across a number of areas and based on the fact that it was an internal target that was not being met.</p> <p>EM stated she could not find any management responses that gave her confidence a solution could be found to overcome the current problems.</p> <p>MW asked what it would have taken for the report to have been given a limited assurance opinion, as it was her belief that giving a significant assurance opinion might actually serve to discourage people from striving to improve their completion rates.</p> <p>BS stated his strong belief that the opinion should have been one of limited assurance.</p> <p>PD stated that one of her main concerns was the quality of the PDRs that were being carried out and how they were aligned to corporate objectives, adding that the Quality Committee had discussed spreading PDRs over a 12-month period to help improve completion rates and the quality of appraisals on a number of occasions.</p> <p>AC stated that the May IPR showed that the organisation had hit its 75% PDR completion target, which would hopefully be sustainable going forward.</p> <p>Following further discussion BS, MW, EM and JN concurred that the opinion level should be changed to limited assurance and BS asked what process should be followed to implement the change.</p> <p>BJ reiterated her earlier statement that the opinion was IA's professional subjective judgement. She further stated that, before any amendments were made, she would need to look at the whole report again, speak to IB about the issues raised and discuss the reasons for the significant assurance opinion with PW, the author of the report. She suggested that MR could undertake an independent peer review of the report.</p> <p>BJ would then report back to BS and the Committee presenting any lessons learned, etc prior to any final action being taken.</p> <p>Actions: BJ to carry out the actions in the body of the minutes (re-read full report, liaise with IB, discuss reasons for current opinion with report author, arrange for MR to undertake a peer review) and report lessons learned, etc back to BS and the Audit</p>	<p>BJ 2015/78</p>

	Action
<p>Committee prior to any final action being taken.</p> <p>A long discussion took place about the scope of audits, how the number of days allocated was agreed, etc.</p> <p>BJ stated that one of the major influences on the overall rating that a review was given related to the weighting given to the various parts of the audit.</p> <p>It was agreed that BJ should also circulate the full report and liaise with BS outside the meeting to discuss the matter in more depth.</p> <p>Action: BJ to circulate full Performance Appraisals report to the Audit Committee and liaise with BS outside the meeting.</p> <p>PD suggested that IB should be invited to attend the next Audit Committee meeting to discuss the concerns in more depth.</p> <p>AA reminded the Committee that the next meeting was not due to take place until October.</p> <p>SP suggested that, as all NEDs were due to attend the following week's Quality Committee meeting, IB could be briefed about the level of Audit Committee concern at that meeting.</p> <p>Action: Quality Committee to discuss with IB the level of Audit Committee concern about the current PDR process in terms of both completion rate and quality of appraisal at its meeting on 9 July 2015.</p> <p>Training Delivery and Procurement – Significant Assurance Following consideration of the report, it was agreed that SP should brief IB prior to the following week's Quality Committee meeting so he was fully aware of the issues he would be required to address.</p> <p>Action: SP to brief IB prior to the July Quality Committee meeting to ensure he was aware of all of the issues that would need to be addressed in the Workforce update.</p> <p>It was also agreed that IB should be invited to attend the October meeting of the Audit Committee.</p> <p>Action: IB to be invited to attend the October Audit Committee meeting.</p> <p>IT Risk Management – Significant Assurance BS asked what the statement: 'Weaknesses in the design of controls</p>	<p>BJ 2015/79</p> <p>PD 2015/80</p> <p>SP 2015/81</p> <p>AC/JW 2015/82</p>

	Action
<p>SP stated that a broad heading with a significant focus had been agreed in respect of the above review.</p> <p>BS expressed concern about the first control weakness in the action plan.</p> <p>SP stated that it was a reporting issue rather than a fundamental flaw which would be addressed by enhancing current reporting systems.</p> <p>PD stated that the difference between clinically mandatory and non-clinically mandatory was currently unclear.</p> <p>SP explained how statistics were currently gathered and produced. He stated there were clearly issues in relation to training delivery, not all of which belonged to the training department. Work was required therefore to identify the reasons why certain members of staff did not attend training so appropriate managerial action could be taken.</p> <p>BS asked whether any specific findings would need to be considered by the Quality Committee.</p> <p>PD replied that the item was already covered in the regular updates received by the Committee.</p> <p>Risk Management Framework – Significant Assurance SP stated that the Risk Assessment Group (RAG) was a meeting which fulfilled an important function. He had therefore personally followed up the statement relating to some members of RAG not achieving the expected 75% attendance target with senior managers to ensure that they fully understood the expectation.</p> <p>Urgent Care Practitioners – Significant Assurance BS stated that a tabular representation of the key risks in relation to effective recruitment would be useful to help highlight the problems. The risks were currently provided in a bullet point list but he would like to trial a new format which would enable further information to be highlighted.</p> <p>BJ stated there was always a balance to be reached between being efficient and giving the Audit Committee the information it required.</p> <p>It was agreed that BS would work with BJ to discuss appropriate improvements to the format of the report template.</p> <p>Action: BJ to liaise with BS to agree appropriate amendments to the IA report template.</p> <p>A discussion took place about the best way in which to use the findings of the report to ensure that the Trust gained maximum value from its findings as it cut across a number of different areas.</p>	<p>BJ 2015/85</p>

		Action
	<p>SP suggested that TMG would be the most appropriate vehicle to use, as all appropriate managers attended TMG meetings. Clinical Leadership Framework Follow Up – No Assurance Level It was noted that the Framework continued to evolve.</p> <p>SP stated his belief that there was no great value to be gained by carrying out a re-audit at the current time.</p> <p>PD agreed, adding that it would make more sense to audit any changes that were made further down the line. Employee/Industrial Relations – Maturity Matrix (Workshop Outcomes Report) – No Assurance Level BS stated that the report had been very interesting to read and requested information about the next steps to be taken.</p> <p>BJ stated that IB and Associate Director of HR, Kate Sims, had been given the information and were due to produce some detailed actions, which would include further work in the current year’s audit.</p> <p>It was agreed that BJ would present a progress update on developing actions at the October meeting.</p> <p>Action: BJ to present a progress update on Employee/Industrial Relations actions at October meeting.</p> <p>Moving and Handling – No Assurance Level There were no comments in relation to this report.</p> <p>Nothing to Declare (partnership report with MIAA) BJ stated that the partnership reports contained briefings which would be fed into audits and shared with NEDs/Executive Directors as appropriate. She asked the Trust to pass on requests for any other areas it felt would be useful in terms of benchmarking.</p> <p>BS thanked BJ for the detailed IA progress report.</p> <p>Approval: The Audit Committee received and accepted the latest Internal Audit Progress Report</p>	<p>BJ 2015/86</p>
<p>13.2</p>	<p>Internal Audit Annual Report BJ presented the Annual Internal Audit Report which summarised the coverage and outcomes from the 2014/15 Internal Audit activity.</p> <p>The Committee considered the Report page by page.</p> <p>BS stated that, on page 6 of the report, there was no narrative to clarify what was meant by Grade 1, 2 or 3 recommendations.</p>	

	Action
<p>BJ agreed to include an explanation of the grades.</p> <p>Action: BJ to include definition of recommendation grading levels in Annual Report to provide clarity.</p> <p>SP suggested that alternate wording could be used under 'Key Themes' at the bottom of page 6 along the lines of: 'Internal Audit can provide significant assurance in the overall system of control but within that context there are a number of cross-cutting areas where there is room for further development.' BJ agreed to re-word the sentence.</p> <p>Action: BJ to reword final sentence on page 6 taking into account SP feedback.</p> <p>It was agreed that the table at the top of page 7 needed further work to clarify the message it was trying to convey.</p> <p>Action: BJ to further develop the table at the top of page 7 to clarify its message.</p> <p>BJ stated that the graph at the bottom of page 7 showed a substantial step change in improved performance in terms of Audit recommendations implemented.</p> <p>BS suggested that consideration could be given to providing information about the reasons as to why 18 recommendations had not been implemented.</p> <p>PD stated that the Report had provided a helpful summary of Internal Audit's work during 2014/15.</p> <p>BS thanked BJ for presenting the report.</p> <p>Approval: The Audit Committee received and accepted the 2014/15 Internal Audit Annual Report.</p>	<p>BJ 2015/87</p> <p>BJ 2015/88</p> <p>BJ 2015/89</p>
<p>13.3 Anti-Fraud Progress Report</p> <p>SF stated that the Local Counter Fraud Specialist was accountable to the Executive Director of Finance and Performance and was responsible for providing regular updates to the Audit Committee of work undertaken against the Fraud Plan and NHS Protect Standards and presented the latest update report.</p> <p>The meeting considered the Investigation Log, the majority of cases on which related to HR issues and investigations.</p>	

	Action
<p>PD asked what issues 'False Representation' would cover.</p> <p>SF replied that it was a very broad category which covered a wide range of fraudulent activity.</p> <p>He stated that the category of 'Working whilst off sick' covered abuse of sick leave.</p> <p>PD asked whether a constant organisational approach was being taken in terms of people abusing the sick leave process and whether it was viewed as gross misconduct.</p> <p>SF replied that each case had to be taken on its own merits, with much dependent on how much information was available which highlighted individual attempts to defraud the organisation.</p> <p>BS asked whether HR governance should be included as an investigation.</p> <p>SP stated that it would be useful if HR could provide further assistance in terms of identifying some key principles for managers to help to guide them.</p> <p>SF stated that some NHS Protect guidance was shortly due to be published which might help in terms of the management of sickness absence, etc.</p> <p>Approval: The Audit Committee received the latest Anti-Fraud Progress Report for information and discussion.</p>	
<p>13.4</p> <p>2014/15 Anti-Fraud Survey Report</p> <p>SF provided an update for information on the findings and conclusions resulting from the Anti-Fraud Survey to staff undertaken in March 2015. He stated that the main aim of the Survey was to help identify key areas for development; to ascertain which staff might need more awareness sessions on fraud; and to ensure that staff were aware of the correct procedures for reporting suspicions of fraud.</p> <p>The last NHS Protect QA inspection report in 2014 identified the need to try to assess the effectiveness of outcomes around awareness, prevention and deterrence work and a staff fraud survey was identified as one of the methods that might assist in this. A total of 256 members of staff completed the questionnaire in comparison to 85 for the last survey completed in 2011, which equated to around 4% of those who potentially received the survey link through email.</p> <p>SF stated that, as it tended to be staff in administrative roles who responded, it would be good to know that more operational staff would take part in future surveys as increasing fraud awareness</p>	

		Action
	<p>across the geographical diversity of the Trust remained a key priority for the Fraud Team and more fraud awareness sessions ‘in the field’ might be advantageous.</p> <p>He further stated it was worth noting that there was no longer a formal fraud presentation at corporate staff induction although information was still provided and there was also a Fraud, Bribery and Corruption section in the mandatory Staff Handbook.</p> <p>SF stated that the responses received would be analysed by the Fraud Team and used for planning of fraud work programmes in the current year and also going forward to the next fraud planning process. The survey results would also be used as part of the ongoing NHS Protect self-review process and reporting requirements and whenever the Trust had another NHS Protect QA inspection.</p> <p>Approval: The Audit Committee received the latest Anti-Fraud Survey Report for information and discussion.</p>	
<p>14.0</p>	<p>External Audit Introductions</p> <p>BS formally welcomed Hassan Rohimun (HR) from the Trust’s new External Auditors, Ernst & Young.</p> <p>HR stated that he had attended an introductory meeting in April to establish some initial contact but things had not yet progressed beyond that stage due to the fact that Deloitte were still in place and working with the Trust on its year-end accounts. Further set up meetings were due to take place over the next few weeks and months to increase his firm’s understanding of YAS and its services.</p> <p>HR further stated that, as the majority of External Audit’s work would be at the end of the financial year, it was intended that a draft audit plan would be ready for consideration by the end of the current calendar year.</p> <p>HR confirmed that Michael Green (MG) would be YAS’ Engagement Manager. He had, unfortunately, been unable to attend that day’s meeting but would make contact with AC and his team in due course.</p> <p>BS stated his belief that it would be good for HR and MG to present to the Audit Committee at either its October 2015 or January 2016 meeting.</p> <p>HR stated that he was looking forward to working with YAS, adding that the Trust should feel free to raise any issues or concerns with him at any time.</p>	
<p>15.0</p>	<p>SFI Waivers and Contract Award Activity over £100,000</p> <p>AC presented an update to provide assurance on the contracts that had been let and purchase orders raised for goods and services above £100,000 and Single Tender Waivers (STW) signed since the</p>	

	Action
<p>last Audit Committee.</p> <p>BS invited questions from those present. AC stated that MF was on standby as there a large number to consider.</p> <p>MW asked why there had been an increase in STWs during the course of a re-tender exercise.</p> <p>AC replied that, as the Trust was now better at managing contracts than it had been in the past, more issues were being picked up than in the past. As a result, MF and his team were identifying the fact that there would need to be an STW.</p> <p>AC further stated that all consultancy expenditure over £50k had to be signed off by the TDA, adding that YAS also had to carry out post implementation reviews to prove value for money.</p> <p>AC confirmed that RB reviewed and signed off all business cases, even if they were within AC's limit.</p> <p>Approval: The Audit Committee noted the report as a true representation of high value contracts and STW activity.</p>	
<p>15.1</p> <p>Review of SFI Limits</p> <p>NC presented a paper which proposed changes to the Trust's Scheme of Delegation and Standing Financial Instructions in support of greater efficiency and effectiveness in delivery of the Trust's objectives.</p> <p>BS stated that he was not comfortable with the proposed revised limits, especially as no detailed risk analysis had been carried out.</p> <p>NC stated that a lot work was currently involved in counter signing and, as the limits had not been updated for several years, an extensive benchmarking exercise had been carried out.</p> <p>MW asked NC to define the perceived level of extra workload.</p> <p>PD stated that it might be helpful to know if YAS was an outlier in terms of the limits in place at other ambulance services.</p> <p>BS stated that he would need to see concrete evidence of benefits to the Trust before he would be willing to approve the increased limits.</p> <p>NC stated that references in the appendices compared the Trust's current position with other organisations.</p> <p>AC stated that, as a new person coming into the organisation, he had wondered why the levels were so significantly lower than he had</p>	

	Action
<p>been used to in other organisations.</p> <p>AA asked whether anyone had discussed the proposal with the Chairman. As the SOs and SFIs were due to go for Board approval at the end of July, it was her advice that the matter should be discussed with the Chairman before going elsewhere.</p> <p>AA stated that, in terms of the Trust's performance management framework, she was concerned about uplifting limits when service line management and true accountability were not yet embedded in the Trust.</p> <p>NC stated that budgetary control was in place.</p> <p>AA stated that, although it was in place top down, there was not yet accountability through all service lines, even though it was proposed that Associate Directors be given significantly increased limits.</p> <p>BS stated that he had not been persuaded by the arguments to date. The outgoing external auditors had complimented the Trust on its financial stringency and there remained a need to maintain this.</p> <p>SP stated that, as the whole issue was linked to the implementation of service line management and the portfolio review and restructure, it was not the most appropriate time to make the decision.</p> <p>AC stated that the proposal had been brought for an initial discussion and he thanked the Committee members for their comments about accountability, etc, which he had taken on board.</p> <p>It was agreed that, if the limits were changed back to their original levels, the Committee was happy to accept the other, more minor amendments and recommend that the SFIs went to Board for sign off in July.</p> <p>Action: AC to amend the revised limits back to their original level.</p> <p>Approval: The Audit Committee noted the changes to the Standing Orders, Scheme of Delegation and Standing Financial Instructions and subject to the above amendment, endorsed the changes made for approval by Trust Board.</p>	<p>AC 2015/90</p>
<p>15.2 Review of Suspension of Standing Orders AA confirmed that there had been no suspension of Standing Orders since the last Audit Committee meeting.</p>	
<p>16.0 Review of Schedules of Losses and Special Payments AC presented the regular quarterly update about the incidence of</p>	

	Action
<p>Losses and Special Payments for the 2014/15 financial year and the two months to May 2015 in the 2015/16 financial year.</p> <p>BS requested details of the 'fruitless payment'.</p> <p>AC replied that it was a historic 2013/14 payment in relation to an invoice scanning system. It had been on the system for some time but was written off in 2014/15.</p> <p>PD stated that she had not noticed 'failure to transport' listed before. She noted that there were some large taxi fare refunds for PTS patients who were unable to get a lift home from out-clinics and asked what learning the Trust was taking from these payments.</p> <p>SP stated that some of the claims came in as a result of complaints so would be registered through the complaints system.</p> <p>BS asked what the budget for claims was.</p> <p>Action: AC to confirm claims budget to BS outside the meeting.</p> <p>PD noted that several debts had been written off for private and events and asked whether YAS' debt collection systems were robust enough.</p> <p>AC replied that, following discussions with P&E, they had improved their collection systems which were now much more robust.</p> <p>Approval: The Audit Committee noted the incidence of Losses and Special Payments made during the 2014/15 financial year and the first two months of the 2015/16 financial year.</p>	<p>AC 2015/91</p>
<p>17.0</p> <p>Review of Members' Expenses (full year 2014/15) AC presented an update on Board members' expenses at the end of Quarter 4 (2014/15), which the Trust Chairman's Executive PA, Jo Kane, had fully reconciled against the approved forms.</p> <p>SP asked whether the full year mileage was listed in monetary value or miles travelled.</p> <p>AC confirmed that it was in monetary value.</p> <p>Approval: The Audit Committee noted the Board Members' expenses as at the end of March 2015.</p>	

		Action
<p>18.0</p>	<p>Assurance regarding Raising Concerns at Work Arrangements & Update</p> <p>BS stated that the Audit Committee had a duty to periodically review and appraise the YAS ‘whistleblowing’ procedures and to consider at each meeting whether any ‘concerns at work’ notifications had been received since the last meeting, adding that he had received written and verbal confirmation through all of the normal channels that no notifications had been received.</p> <p>SP provided a short summary of the “Freedom to Speak Up” (Francis 2015) publication and consideration of actions to address the recommendations which had been discussed at the May Quality Committee meeting.</p> <p>He stated that YAS’ existing raising concerns at work policy was being reviewed to ensure that it met the recommendations and additional pieces of work were also under way around the organisation, including those specifically working with staff with disabilities and minority ethnic staff.</p> <p>The Trust’s current overall framework for handling concerns needed to be considered. For example, how it responded to and co-ordinated responses, how options were communicated to staff, etc. Further consideration was also required of the guardian role to clarify what the role would actually mean to the organisation, as this was not specified in the report.</p> <p>SP stated that a further update would be presented at the following week’s Quality Committee meeting. A working group to consider the implementation of the report’s recommendations had been set up which would involve IB and some union representation. However, the final arrangements would not be signed off until the Department of Health had published their formal response to the consultation document.</p>	
<p>19.0</p>	<p>Review of Meeting Actions & Quality Review of Papers</p> <p>BS thanked everyone for their time and contributions and invited comments from those present. He stated that, although it was the longest Audit Committee meeting he had chaired, the meeting had covered a massive amount of information.</p> <p>BS stated that comments about the meeting would be gratefully received either now or later, outside the meeting.</p> <p>PD stated that the papers had been of a good quality and, considering the amount of information that the meeting had needed to consider, it had been fairly timely.</p> <p>BS asked colleagues to consider how the results of audit reviews could be better presented.</p>	

	Action
<p>BJ stated that, although IA did their best to answer queries about limited assurance reports, it was her belief that it might be appropriate for the senior responsible manager to attend to answer questions as they would have more detailed knowledge of the area as this had worked well in other trusts.</p> <p>SP stated that this would also reinforce accountability.</p> <p>BS stated his belief that this might be too time-consuming.</p> <p>AC suggested that managers could be briefed in advance that they were only coming to answer questions.</p> <p>BS agreed that it was a good suggestion which merited further consideration.</p> <p>BS thanked everyone for their attendance and the meeting closed at 1330 hours.</p>	
<p>Date and Location of Next Meeting: 1 October 2015, 0900-1300</p>	

CERTIFIED AS A TRUE RECORD OF PROCEEDINGS

_____ **CHAIRMAN**

_____ **DATE**