



## Audit Committee

**Venue:** Roche, YAS, Wakefield, WF2 0XQ  
**Date:** Thursday, 17 January 2019  
**Time:** 0900 hours

### Membership

|                  |      |  |
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| Richard Keighley | (RK) | Non-Executive Director & Audit Chairman  |
| Anne Cooper      | (AC) | Non-Executive Director   |
| Tim Gilpin       | (TG) | Non-Executive Director   |
| John Nutton      | (JN) | Non-Executive Director & Chairman of Finance & Investment Committee – Chairing Audit Committee |

### Apologies:

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| Richard Keighley | (RK) | Non-Executive Director & Audit Chairman |
| Anne Allen       | (AA) | Trust Secretary                         |
| Claire Mellons   | (CM) | Senior Manager, Ernst & Young           |

### In Attendance:

|                    |       |   |
|--------------------|-------|---|
| Phil Storr         | (PS)  | Associate Non-Executive Director                          |
| Mark Bradley       | (MB)  | Executive Director of Finance                             |
| Wayne Brown        | (WB)  | Head of Audit, Audit One                                  |
| Nikki Cooper       | (NC)  | Local Counter Fraud Specialist, Audit One                 |
| Perry Duke         | (PD)  | Head of Financial Services                                |
| Suzanne Hartshorne | (SH)  | Deputy Director of Workforce (Item 10.1)                  |
| Sue Kendall        | (SK)  | Interim Head of Audit, Audit One                          |
| Steve Page         | (SP)  | Executive Director of Quality, Governance and Performance |
| Hassan Rohimun     | (HRo) | Executive Director, Ernst & Young (External Audit)        |
| Ian Wallace        | (IW)  | Managing Director, Audit One                              |

### Minutes produced by:

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| Joanne Lancaster | (JL) | Committee Services Manager |
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|            | The meeting commenced at 0905 hours.   |        |
| <b>1.0</b> | <p><b>Introduction and Apologies</b></p> <p>JN welcomed everyone to the meeting and apologies were noted as above.</p> <p>JN advised that RK was unable to attend the day's meeting and the Chairman of the Trust had asked him to Chair the Audit Committee Meeting in RK's absence.</p> <p>JN welcomed AC to the meeting which was her first Audit Committee Meeting at the Trust.</p> |        |

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| 2.0 | <p><b>Declaration of Interests for any item on the agenda</b><br/>No declarations of interest were made relating to agenda items.</p>  |        |
| 3.0 | <p><b>Minutes of the Audit Committee meeting on 30 November 2018, including Matters Arising</b><br/>The minutes of the Audit Committee meeting held on 30 November 2018 were reviewed and agreed as a true record of the meeting.</p> <p>There were no matters arising that were not already included on the day's agenda.</p>   |        |
| 3.1 | <p><b>Action Log and Matters Arising</b><br/>The action log was reviewed and updated.</p> <p>Action 2018/016 – Simplified Employee Leaver Process – This was on the agenda at Item 10.1. (Following discussion at Item 10.1 it was agreed to close the action as assurance had been provided that more robust processes had been implemented). Action closed.</p> <p>All other actions had been appropriately closed.</p>  |        |
| 7.0 | <p><b>For Approval: External Audit Planning Report</b><br/>The report provided the opportunity to review the proposed audit approach and scope for the 2018/19 audit.</p> <p>HR guided the Audit Committee through the 2019 Audit Strategy for YAS.</p> <p>The plan summarised the key risks identified for the organisation; there had been two new risks added this year:</p> <ul style="list-style-type: none"> <li>• Upgrade of Oracle General Ledger;</li> <li>• Implementation of new accounting standards.</li> </ul> <p>HR provided an overview of materiality:</p> <ul style="list-style-type: none"> <li>• Planning materiality had been set at £5.3m which represented 2% of 2018/19 forecast gross operating expenditure;</li> <li>• Performance materiality had been set at £3.9m which represented 75% of materiality;</li> <li>• Audit difference – All uncorrected misstatements relating to the statement of comprehensive income/statement of comprehensive net expenditure and balance sheet over £0.26m. Other misstatements identified would be communicated to the extent that they merit the attention of the Audit Committee.</li> </ul> <p>HR summarised the response to all of the audit risks, it was noted some of these were standard risks; of particular note:</p> <ul style="list-style-type: none"> <li>• Valuation of Land and Buildings;</li> <li>• Upgrade of Oracle General Ledger (referred to above);</li> <li>• Implementation of New Accounting Standards (referred to above).</li> </ul> |        |

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| <p>MB advised that the Ledger had gone 'live' in December 2018 and there had been a robust implementation plan. Month 9 Accounts were in the process of being finalised.</p> <p>PD added that the current year and balance and previous year data had been migrated to the new system. He was confident that this had been reconciled.</p> <p>JN asked what was required in terms of the new accounting standard.</p> <p>PD responded that IFRS9 related to financial assets and how these were:</p> <ul style="list-style-type: none"> <li>• Classified and measured;</li> <li>• The calculation used for impairment;</li> <li>• Disclosure requirements.</li> </ul> <p>He advised that initial guidance from the DH and NHSE suggested that the implementation of IFRS9 was unlikely to have a material impact on NHS bodies unless there were complex hedging arrangements in place.</p> <p>PD reported that in terms of IFRS15 the key requirements of the standard covered the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations. He advised the Trust already worked on this basis and so there would be no impact in this regard. The Trust would need to evidence that the organisation was being consistent in its application of these requirements to Audit.</p> <p>HR confirmed that he would not anticipate any issues for the Trust relating to these two new standards.</p> <p>JN asked about the levels of materiality.</p> <p>HR advised this informed the Audit Opinion and the Performance Materiality was a driver for the testing methodology.</p> <p>HR outlined the remainder of the Audit Plan.</p> <p>JN referred to the reference of materiality of £260k and the terminology used of 'trivial' which he believed should be amended.</p> <p>HR explained this was a technical definition.</p> <p><b>Approval:</b><br/> <b>The Audit Committee received and accepted the latest External Audit Planning Report.</b></p> |  |
| <p><b>4.0</b></p>   | <p><b>For Assurance: Risk Management Reporting including Board Assurance Framework (BAF) &amp; Corporate Risk Register (CRR) (including Datix Progress Update)</b></p> |

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| <p>The paper provided details of changes to the Corporate Risk Register and highlighted specific risks and an update on actions to mitigate.</p> <p>SP advised that the team was currently working through the Q3 Board Assurance Framework to review the risk projection. He provided assurance to the Audit Committee that risks were effectively being managed down to the risk projection. He highlighted the following exceptions:</p> <ul style="list-style-type: none"> <li>• 3A – System-wide availability of workforce and impact of changes to funding streams on provision of education and training – There continued to be challenges relating to clinical recruitment and retention;</li> <li>• 4A – Impact of external system pressures and changes in the wider health economy – The number of acute system changes and the impact on YAS might cause this risk to increase.</li> </ul> <p>MB commented that YAS had developed a new standard format to use in cases of acute reconfigurations which would result in a contract variation to ensure that the Trust was appropriately funded in this regard.</p> <p>SP advised that the following risks had been added to the CRR since the last Audit Committee Meeting:</p> <ul style="list-style-type: none"> <li>• Risk 1174 – Fixed Asset Register – This risk had been identified by Internal Audit. An action plan was in place and was being robustly managed;</li> <li>• Risk FIT Testing – Availability of crew who are fit test passed to respond – delays in Patient Care – This risk would be mitigated by the purchase of RPE hoods which had been approved;</li> <li>• Risk 1181 – Airwave Button Activation and Response – A SOP was being developed and implemented relating to airwave button activation.</li> </ul> <p>The following risks had reduced since the last Audit Committee Meeting:</p> <ul style="list-style-type: none"> <li>• Risk 1023 – Executive Team Capacity – Key executive roles had now been filled;</li> <li>• Risk 1095 – NHS 111 Clinical Advisors recruitment and retention – This risk had been combined with Risk 58 ‘Clinical Staff recruitment and retention’ which remained on the CRR at Amber (12) and risk 1095 had been closed;</li> <li>• Risk 1099 – PTS Safeguarding training provision – This had progressed significantly and the risk closed. Ongoing compliance would be captured with the wider PTS training risk.</li> </ul> <p>SP advised that an emerging risk had been identified whereby a patient search to generate an NHS number in the EOC might not identify all possible matches, resulting in incorrect patient record to be populated into the electronic Patient Record (ePR). Work was underway to assess and implement mitigations and incidents and was being</p> |        |

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| <p>monitored by the Incident Review Group.<br/>JN asked about the impact to the Trust in relation to the EU Exit.</p> <p>SP advised this was due for in-depth discussion at the Board Meeting in Private later that day. He provided assurance to the Audit Committee that the Trust was working to national guidance in this regard and had undertaken all the necessary risk assessments etc and had linked into the four Local Resilience Forums across the region. It was noted that national guidance had dictated that there should be no stockpiling of medicines or medical supplies. The Trust had stocked to winter plan levels.</p> <p>SP advised that it was anticipated that there would be significant resource required for the various meetings and planning relating to the EU Exit and this had the potential to be a challenge for the Trust in terms of resource capacity.</p> <p>TG asked whether clinical recruitment to NHS 111 could be impacted by external factors.</p> <p>SP advised that this was a concern and the Trust was developing plans to mitigate for this. Work was ongoing across the Trust including a joint approach to clinical staffing with the A&amp;E 999 service.</p> <p>MB added that the new contract for Integrated Urgent Care was a fundamentally different service than that currently provided. The clinical staffing would relate to both YAS (commissioned for 30%) and from the local area (commissioned 20% from local providers).</p> <p>AC asked whether employee benefits had been considered to attract more clinical staff.</p> <p>SP responded that YAS had looked at its employee offer and believed that the Trust had many benefits for potential employees including career pathways, professional development and flexible working opportunities.</p> <p><b>Approval:</b><br/><b>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 and noted the continued improvement of risk management within the Trust.</b></p> <p>PS arrived at the meeting at 0940 hours.</p> |        |
| <p><b>5.0</b></p> <p><b>For Assurance: Quality Committee Risk Assurance Report</b><br/>The paper provided assurance on the management of risks within the remit of the Quality Committee (QC).</p> <p>SP advised that TG was now Chair of the Quality Committee and had chaired his first meeting in December 2018.</p>  |        |

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| <p>SP summarised the information that had been received by the QC which had included:</p> <ul style="list-style-type: none"> <li>• Assurance for the NHS 111 Service Line where overall performance remained good and work was on-going on the NHS 111 Cultural Review and implementing the associated action plan;</li> <li>• An update had been provided on the application of the national eligibility criteria for Patient Transport Services (PTS);</li> <li>• Safeguarding Level 3 training would need to be completed by all Paramedics and the impact this might cause on abstraction rates;</li> <li>• The Gosport Report had been noted and there were no significant issues for YAS;</li> <li>• An update had been provided relating to an External Independent Review about a young man with Learning Disabilities. This had been a multi-agency review. YAS had attended the young man and treated him appropriately; the recommendations for YAS related to safety netting. An audit had been undertaken and a follow up audit would take place to ensure this was consistent across the organisation;</li> <li>• A presentation had been provided on Paramedic Education at Higher Education establishments and the flow through to working for YAS;</li> <li>• An update on the staff survey was received and it was noted that the number of returns had not increased from the previous year which had been disappointing; work was underway to see how this could be improved for next year.</li> </ul> <p>PS added that the Committee had also recast the agenda to allow for more focused discussions.</p> <p><b>Approval:</b><br/> <b>The Audit Committee noted the update on Quality Committee discussions in relation to key risks and gained adequate assurance from the update report that appropriate risks were being suitably managed.</b></p> |        |
| <p><b>6.0 For Assurance: Finance &amp; Investment Committee Risk Assurance Report</b></p> <p>The paper provided assurance on the management of risks within the remit of the Finance and Investment Committee (F&amp;IC).</p> <p>JN summarised the discussions of the 13 December F&amp;IC meeting:</p> <ul style="list-style-type: none"> <li>• Assurance had been provided that the Trust would achieve the Control Total;</li> <li>• It was noted that the CIP remained challenging and should this be achieved it would enable the Trust to invest in its core business. There had been slippage in A&amp;E and PTS and mitigation plans were in place to address this;</li> </ul>  |        |

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|     | <ul style="list-style-type: none"> <li>• The Trust had agreed to use non-recurrent funds on schemes that would assist with the delivery of ARP or ‘invest to save’ schemes;</li> <li>• The Capital Spend for the vehicle chassis had been noted – 135 vehicles had been secured and all were now in the country. ORH were on track with the conversions.</li> </ul> <p>MB advised that at Month 9 it looked likely that A&amp;E had resolved the CIP slippage through the mitigations which had been put in place. He added that PTS remained challenging mainly due to the contract in South Yorkshire and on-day and weekend discharge which was significantly more than that contracted for. Discussions continued with Commissioners in this regard.</p> <p><b>Approval:</b><br/> <b>The Audit Committee noted the update on Finance &amp; Investment Committee discussions in relation to key risks and gained appropriate assurance that risks were being suitably managed.</b></p> |               |
| 8.0 | <p><b>For Assurance: YAS Internal Audit Update</b><br/> The paper provided an update on the management of risks associated with outstanding Internal Audit actions.</p> <p>SP advised that no new reports had been added.</p> <p>He referred specifically to the 161145 Partnership Governance audit and advised that the Gateway Review process had been reviewed and was being presented at TEG the following Monday.</p> <p>He provided assurance that all actions from Internal Audit were tracked by the Risk Team to ensure completion.</p> <p><b>Approval:</b><br/> <b>The Audit Committee received and accepted the latest Compliance with Audit Recommendations Report.</b></p>  |               |
| 9.0 | <p><b>For Assurance: Internal Audit Progress Report</b><br/> The paper provided an update on progress with the outcomes from internal audit activity.</p> <p>WB reported that one Internal Audit Review had been finalised since the last Audit Committee meeting relating to Global Rostering System (GRS) which had an assurance rating of good.</p> <p>There was one draft report relating to PTS Third Party Providers and the draft assurance level for this was good.</p> <p>MB advised that a revised Third Party Provider Framework had been produced and agreed in the Trust which encompassed PTS and A&amp;E Operations provision.</p>   |               |

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| <p>WB advised that at the last Audit Committee a limited assurance level had been reported for the Fixed Asset Register audit. Progress against the action plan would be reviewed.</p> <p>MB responded that the procedure relating to Fixed Assets had been reviewed and amended including a Standing Operating Procedure produced in this regard. He expected that all actions would be complete within the stated timescales.</p> <p>WB reported that he had received a request from the Human Resources team to defer the planned audit of ESR until later in the year.</p> <p>It was noted that there were two draft reports to be reported at the next Audit Committee meeting and that 7 internal audits were due to start this quarter.</p> <p>JN thanked WB for the good summary in the report.</p> <p><b>Approval:</b><br/> <b>The Audit Committee received and accepted the latest Internal Audit Progress Report.</b></p> |               |
| <p><b>9.1 For Assurance: Counter-Fraud Progress Report</b><br/> The paper provided an update on Counter Fraud progress in compliance with Standards for NHS Providers.</p> <p>NC advised that the 2017/18 Counter Fraud proactive reports had been drafted and awaited final management comments prior to being issued to the trust.</p> <p>It was noted that the quality assessment inspection which had been scheduled for late 2018 had been cancelled at the inspectors request and had not yet been rescheduled. NC clarified that the inspection related to both AuditOne and YAS.</p> <p>A discussion took place relating to YAS' staff leaver process and it was noted that Suzanne Hartshorne was attending the meeting later in the agenda to update the Audit Committee in this regard.</p> <p><b>Approval:</b><br/> <b>The Audit Committee noted and accepted the Counter Fraud report.</b></p>                          |               |
| <p><b>10.0 For Assurance: Review of Schedule of Losses and Special Payments</b><br/> The paper advised on the incidence of Losses and Special payments during the period of April 2018 to December 2018.</p> <p>PD advised that there had been an improvement in Employer Liability Claims.</p>  |               |



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| <p>PD provided an updated on the losses arising from salary overpayments. He advised that the Trust did employee debt recovery to recover monies owed. If the debt collection process was unsuccessful then the debt would be written off. He advised that it was not useful to report this as it currently was as 'unrecoverable debt' and that future reports would show 'salary overpayment'.</p> <p>PD advised this was an improving picture although there were hidden costs in addition to the actual debts in terms of staff costs and managing the process for recovery.</p> <p>IW asked whether there was a similar issue with loss due to equipment.</p> <p>PD suggested this would be worthy of consideration and agreed to look into this further.</p> <p><b>Action:</b><br/> <b>PD and SP to consider losses arising from the loss of equipment such as IT and phone accessories and whether a fuller review would be beneficial.</b></p> <p><b>Approval:</b><br/> <b>The Audit Committee noted the reported incidence of Losses and Special Payments for the period of April 2018 to December 2018.</b></p> | <p>PD/SP</p>  |
| <p><b>10.1 For Assurance: Update relating to late notification of employment terminations (Action 2018/014)</b></p> <p>SH provided a verbal update in relation to late notification of employment terminations.</p> <p>SH outlined the process for employees leaving the organisation and advised that this had now been simplified. The simplified process had been communicated to staff and had included a flowchart for ease of reference.</p> <p>Communication between internal departments within the Trust had been strengthened, for example, when the A&amp;E Scheduling Team became aware of a member of staff leaving to take them off the rotas, under the new process they now informed payroll of the same.</p> <p>SH believed the Trust would begin to see improvement in staff overpayments immediately.</p> <p>SH thanked PD and his team for their help and support with this issue.</p> <p>JN thanked SH for the update and advised that appropriate assurance had been provided and the action could now be closed.</p> <p><b>Approval:</b></p>   |               |

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| <p><b>The Audit Committee gained assurance that the employee leaver policy and process had been strengthened to prevent overpayments.</b></p>  |        |
| <p><b>11.0 Review of Accounts and Annual Report Timetable/Plan 2018/19</b><br/> The paper confirmed the timetable for the production, audit and submission of the Trust Annual Report and Accounts for 2018/19.</p> <p>It was noted that the timetable was very tight turnaround.</p> <p>PD advised that a date had been scheduled for 15 May for the Non-Executive Director Review of the Accounts ahead of the formal Audit Committee to approve the Accounts and Annual Report 2018/19.</p> <p><b>Approval:</b><br/> <b>The Audit Committee confirmed agreement to the timetable for the production, audit and submission of the Annual Reports and Accounts 2018/19.</b></p>   |        |
| <p><b>12.0 For Assurance: SFI Waivers and Contract Award Activity over £100,000</b><br/> The paper provided assurance on the approved contracts that had been awarded for goods and services above £100k and Single Tender Waivers (STW) signed since the previous Audit Committee.</p> <p>MB advised that a new Head of Procurement had been appointed and was due to join the Trust in the Spring.</p> <p>MB advised that there had been 2 procurements over £100k which related to the Occupational Health contract.</p> <p>There were 22 individual STWs processed during the period of this paper totalling £1.7m this compared with the previous quarter of £1.3m.</p> <p>It was noted that the Voice Recorder System had been agreed as part of the Unified Communications Business Case and contract.</p> <p>MB confirmed that Commissioners had funded the Mid Yorkshire reconfiguration costs accrued by YAS for the remainder of this financial year (2018/19).</p> <p>JN referred to the Voice Recorder System STW and questioned the level of delegated authority in this regard.</p> <p>MB would look at this and provide an update and retrospective approval, should this be required, to the Board Meeting in Private on 28 February 2019.</p> <p><b>Action:</b><br/> <b>For MB to look at the level of delegation for the Voice Recorder System STW this and provide an update and retrospective</b></p> |        |

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|      | <p>approval (should this be required) to the Board Meeting in Private on 28 February 2019.</p> <p><b>Approval:</b><br/>The Audit Committee noted the update and was assured on the contracts let and purchase orders raised for goods and services above £100,000 and Single Tender Waivers (STW).</p>   |        |
| 12.1 | <p><b>For Assurance: Review of Suspension of Standing Orders</b><br/>It was confirmed that there had been no suspension of Standing Orders since the Audit Committee meeting on 30 November 2018.</p> <p><b>Approval:</b><br/>The Audit Committee noted the update.</p>  |        |
| 13.0 | <p><b>Review of Members Expenses (first half of 2018/19)</b><br/>The paper provided the Audit Committee with an update on Board Members' expenses for the period 1 April to 30 September 2018.</p> <p>The Audit Committee noted the Board Members' expenses.</p> <p><b>Approval:</b><br/>The Audit Committee noted the Board Members' expenses for the period 1 April to 30 September 2018.</p>  |        |
| 13.1 | <p><b>Review of Register of Members Interests</b><br/>The paper sought review of the Board's and Employees of Band 8D and above Register of Interests to 31 December 2018.</p> <p>AC had some minor changes to her declarations and she would inform JL outside of the meeting.</p> <p><b>Approval:</b><br/>The Audit Committee gained assurance of the process for declarations of members' interests both of Board Members' and staff at or above Agenda for Change Band 8D for the period to 31 December 2018.</p>              |        |
| 14   | <p><b>For Assurance: Freedom to Speak Up (FTSU)</b><br/>SP provided a verbal update on FTSU activity since the last Audit Committee meeting.</p> <p>He advised that there was nothing significant to share with the Committee.</p> <p>The FTSU Guardian's tenure had been extended and would be complete in June 2019 at which point another individual would take on this role. Recruitment for this would take place in March 2019.</p> <p><b>Approval:</b><br/>The Audit Committee noted the update and gained assurance in</p> |        |

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|             | <b>the Freedom to Speak Up process.</b>  |               |
| <b>15.0</b> | <p><b>For Assurance: Review of Meeting Actions and Quality Review of Papers</b><br/>           JN thanked everyone for attending and for their contributions to the meeting. He summarised the key points of the meeting.</p> <p><b>Any Other Business</b><br/>           JN asked SP to provide a brief update in relation to the Trust's preparation for the CQC inspection which was expected in the next few months.</p> <p>SP advised this would be covered in the Board Development Meeting later that day. The Trust had undertaken robust preparations for the upcoming inspection including a mock inspection and ensuring that all the actions from the previous inspection had been completed.</p> <p>The Trust had not received notification of the date of the inspection as yet.</p> <p>He provided assurance to the Audit Committee that the Trust was well prepared for the CQC inspection.</p> <p>JN asked a question relating to the Hillsborough Disaster.</p> <p>SP provided an update in this regard.</p> <p><b>The meeting finished at 1120 hours.</b></p> |               |
| <b>16.0</b> | <p><b>Date and Location of Next Meeting:</b><br/>           To be confirmed</p>  |               |

**CERTIFIED AS A TRUE RECORD OF PROCEEDINGS**

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

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