



## Audit Committee

**Venue:** Kirkstall & Fountains, YAS, Wakefield, WF20XQ

**Date:** Thursday, 11 April 2019

**Time:** 0900 hours

### Membership

Stan Hardy	(SH)	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

### Apologies:

Tim Gilpin	(TG)	Non-Executive Director
Claire Mellons	(CM)	Senior Manager, Ernst & Young
Phil Storr	(PS)	Associate Non-Executive Director

### In Attendance:

Mark Bradley	(MB)	Executive Director of Finance
Wayne Brown	(WB)	Group Audit Manager, Audit One
Nikki Cooper	(NC)	Local Counter Fraud Specialist, Audit One
Perry Duke	(PD)	Head of Financial Services
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
Rachel Monaghan	(RM)	Associate Director, Performance Assurance and Risk

### Minutes produced by:

Michelle Young	(MY)	Executive Personal Assistant
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	The meeting commenced at 0900 hours.	
<b>1.0</b>	<b>Introduction and Apologies</b> SH welcomed everyone to the meeting which was his first as the Chair of the Audit Committee and introductions were given.  Apologies were noted as above.	
<b>2.0</b>	<b>Declaration of Interests for any item on the agenda</b> No declarations of interest were made relating to agenda items.	

	<b>Action</b>
<p><b>3.0 Minutes of the Audit Committee Meeting on 17 January 2019, including Matters Arising</b> The minutes of the Audit Committee Meeting held on 17 January 2019 were reviewed and agreed as a true record of the meeting subject to the following amendment:</p> <p>External Audit Planning Report, page 3 should read JN referred to the reference of materiality of £260k and the terminology used of ‘trivial’ which he believed should be amended.</p> <p>There were no matters arising that were not already included on the day’s agenda.</p>	
<p><b>3.1 Action Log and Matters Arising</b> The action log was reviewed.</p>	
<p><b>4.0 For Approval: Accounting Policies and Financial Accounting Update 2018/19</b> The paper presented the Trust’s accounting policies for 2018/19 for approval and provided an update on current financial accounting issues.</p> <p>PDU noted that two new reporting standards come into effect for the 2018-19 account, IFRS 9 in respect of Financial Instruments, and IFRS 15 “Revenue from Contracts with Customers” which covers revenue recognition. Adopting these standards affects how we present and analyse income and financial instruments, but the change does not have a material impact on the Trust’s financial position. A summary of the impact of these standards was provided in Appendix B.</p> <p><b>Approval:</b> <b>The Audit Committee approved the proposed policies and recommended these to the Board for adoption.</b></p>	
<p><b>5.0 For Approval: Audit Committee Workplan 2019/20</b> It was noted that the year-end papers would be moved from January 2020 to April 2020. The workplan was then accepted by the Audit Committee subject to this change.</p> <p><b>Approval:</b> <b>The Audit Committee noted and approved the workplan.</b></p>	
<p><b>6.0 For Approval: Losses and Special Payments Process</b> The paper provided an update to the Trusts losses and special payments procedure.</p> <p>It was noted that the main change has been the creation of NHS Improvement, taking on responsibilities that had previously fallen to the Trust Development Authority or TDA. The procedure has been updated to reflect this change.</p>	

		<b>Action</b>
	<p>The procedure follows the approach set out in the Group Accounting Manual for the Department for Health and Social Care, and guidance contained in the Treasury publication, “Managing Public Money”.</p> <p>SP recommended that the process be taken to TMG for review and approval. PDU to action.</p> <p><b>Action:</b>  <b>The Audit Committee agreed for an updated procedure to be taken to TMG.</b></p>	<p><b>PDU 2019/003</b></p>
<p><b>7.0</b></p>	<p><b>For Approval: Local Anti-Fraud, Bribery &amp; Corruption Policy</b>  It was noted that the policy informs those working for the trust of their responsibilities and what they should do if they have a suspicion involving fraud, bribery and corruption.</p> <p><b>Approval:</b>  <b>The Audit Committee approved the Local Anti-Fraud, Bribery and Corruption Policy.</b></p>	
<p><b>8.0</b></p>	<p><b>For Assurance: Risk Management Reporting including Board Assurance Framework &amp; Corporate Risk Register</b>  The paper set out changes to the Corporate Risk Register since the last meeting and highlighted specific risks and an update on actions to mitigate.</p> <p>The BAF for 2018/19 was presented. Quarterly risk level projections set out in the BAF reflect actions and milestones set out in Trust level and Directorate level business plans which are aligned to the strategic objectives and tracked on a quarterly basis.</p> <p>The actual end position for the BAF 2018/19, have been agreed through the Trust Management Group.</p> <p>It was noted that a presentation was made to TMG on 13<sup>th</sup> February 2019 with recommendations for re-framing of the BAF 2019/20. A Board Development Meeting was held on 28<sup>th</sup> February 2019 to consider the projected year-end position for 2018/19 and recommendations for re-articulation of principal risks to delivery of the Trust’s ambitions for 2019/20 based on Directors feedback.</p> <p>The final draft BAF to be agreed at Trust Board in May 2019.</p> <p>RM 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 1181 – Airwave Button Activation and Response</li> <li>• Risk 1186 – EU Exit</li> <li>• Risk 1188 – Workforce PDR and Training Data – Patient Transport Service</li> <li>• Risk 1191 – NHS Number Matching</li> <li>• Risk 1193 – Non Conveyance Decisions</li> </ul>	

	<b>Action</b>
<p>RM advised that the following risks had reduced since the last Audit Committee Meeting:</p> <ul style="list-style-type: none"> <li>• Risk 1009 – General Data Protection Regulations</li> <li>• Risk 1119 – Financial Viability of IUC Bid</li> <li>• Risk 1121 – Purchase of Adastra Licences for new IUC/NHS 111</li> <li>• Risk 1163 – EOC Festive Cover</li> <li>• Risk 1184 – Voice Recorder Failure</li> </ul> <p>RM advised of emerging risks as follows:</p> <ul style="list-style-type: none"> <li>• The new finance system (Oracle Cloud) is presenting a risk of data breaches and access by other organisations to the supplier database. There have been two incidents reported on Datix where data has been compromised. The risk is being scoped. A national review is underway and an incident investigation and lessons learned report is awaited from NEP.</li> <li>• The Clinical Quality Development Forum is scoping a risk in respect of management of patients with reduced mental capacity to include learning disabilities and provision of staff training and awareness, documentation of their assessment and availability of accessible information.</li> </ul> <p><b>Approval:</b>  <b>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 and noted the continued improvement of risk management within the Trust.</b></p> <p><b>The Audit Committee approved the Board Assurance Framework to go to the Trust Board for sign off.</b></p>	
<p><b>9.0 For Assurance: Draft Annual Governance Report</b>  The paper provided assurance in relation to the development of the Annual Governance Statement (AGS) for 2018/19.</p> <p>The Annual Governance Statement has been drafted with input from TMG and TEG members. Directors and Associate Directors have had opportunity over the previous month to contribute to the development of the AGS and have gained assurance that it is line with the relevant national guidance relating to the development of the AGS. The draft follows national guidance and is based on the nationally suggested template.</p> <p>The final version of the Annual Governance Report would be presented to the Board as part of the Annual Report and Accounts on 23 May 2019.</p> <p><b>Approval:</b>  <b>The Audit Committee noted the content of the AGS 2018/19.</b></p>	

	Action
<p><b>10.0 For Assurance: Review Draft Quality Accounts</b> The paper provided an overview of the process on the annual Quality Account 2018/19 development and to outline the key quality priorities for 2019/20.</p> <p>It was noted that the Quality Accounts for 2018-19 are in draft and are progressing through the internal sign off processes before publication for external comment from key stakeholders.</p> <p>Following consultation priorities have been consulted on with key stakeholders such as local Health-watch and reflect areas of development from within the Trust Strategy or national drivers such as Ambulance Response Programme. Key quality priorities have been agreed for 2019/2020.</p> <p><b>Approval:</b> <b>The Audit Committee gained assurance that the Quality Account 2018/19 was in development and in accordance with the agreed statutory requirements and timeline.</b></p> <p><b>The Audit Committee agreed the key quality priorities for 2019/20.</b></p>	
<p><b>11.0 For Assurance: Quality Committee Risk Assurance Report</b> The paper provided assurance on the management of risks within the remit of the Quality Committee (QC).</p> <p>SP summarised the information that had been received by the QC.</p> <p>The QC had received a service line assurance report from A&amp;E Operations. The report highlighted positive progress in delivering the Ambulance Response Programme trajectory. The report also provided the QC with assurance of quality and workforce developments in the service line. The QC noted the focus on performance in specific Clinical Business Units and received an update on work in relation to hospital handovers and opportunities for further work with provider and commissioner partners.</p> <p>The QC received an update in relation to the strengthened application of PTS eligibility criteria and ongoing discussions with commissioners.</p> <p>An assurance report was received on Quality Governance and the Clinical Quality Strategy. The QC was assured on progress.</p> <p>It was noted that the QC had reviewed and approved the updated terms of reference.</p> <p><b>Approval:</b> <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>	

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<p><b>12.0</b></p>	<p><b>For Assurance: Finance &amp; Investment Committee Risk Assurance Report</b>  A verbal update provided assurance on the management of risks within the remit of the Finance and Investment Committee (F&amp;IC).  JN summarised the discussions from the last F&amp;IC meeting on 14 March:</p> <ul style="list-style-type: none"> <li>• An update was received on the Hub and Spoke and Ambulance Vehicle Preparation (AVP) programmes and future plans for Hub and Spoke.</li> <li>• An update was received in relation to the 999 contract for 2019/20 and funding required enabling the Trust to deliver the national ARP standards. It was noted that the Mid Yorkshire issue had been resolved through the contract variation.</li> <li>• It was noted that the West Yorkshire PTS contract has not yet been signed and looking to extend Hull, Harrogate and Hambleton &amp; Richmond.</li> <li>• An update was received on the Cost Improvement Programme which will enable significant investment in frontline services.</li> <li>• Reconfiguration risks - been resolved at local level so doesn't impact on the Trusts performance.</li> </ul> <p><b>Approval:</b>  <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>	
<p><b>13.0</b></p>	<p><b>For Assurance: External Audit Update Report</b>  The paper provided a Health Audit Committee briefing.</p> <p>This was a quarterly briefing to the Audit Committee which provided information on relevant issues that may have an impact on the Trust and/or on the wider economy.</p> <p><b>Approval:</b>  <b>The Audit Committee noted the accepted the External Audit Update Report.</b></p>	
<p><b>14.0</b></p>	<p><b>For Assurance: YAS Internal Audit Update</b>  The paper provided an update on Internal Audit actions.</p> <p>There have been no further Limited or Reasonable Assurance audits reported since the last Audit Committee in January 2019.</p> <p>An update was provided on Audits with open actions:</p> <ul style="list-style-type: none"> <li>• <b>181117: Resource Management</b> – The Dispatch SOP for management of end of shift overtime is being finalised.</li> <li>• <b>181122: Performance Management KPIs</b> – End to end performance and technical SOPs have been signed off at TMG and are now live. Therefore this Audit will now be closed.</li> </ul>	

	Action
<p>Discussions took place around the Northern Ambulance Alliance Managing Director Role and their priorities and objectives. It was noted that this role will be important in setting up workstreams and exploring opportunities for consistent reporting. It was also noted that the F&amp;IC Chairs would be holding a meeting with the MD to discuss.</p> <p><b>Approval:</b>  <b>The Audit Committee noted the progress in relation to management of internal audit actions.</b></p>	
<p><b>15.0 For Assurance: Internal Audit Progress Report</b>  The paper provided an update on progress with, and outcomes from internal audit activity.</p> <p>Two reviews had been finalised since the last meeting and it was noted that they both received a Good rating.</p> <p>Four reports had been issued as drafts since the last Audit Committee. Operations (Attendance Management) had a reasonable rating and Controlled Drugs also had a reasonable rating.</p> <p>WB advised that at a previous Audit Committee meeting a limited assurance level had been reported for the Fixed Asset Register Audit. A number of meetings have taken place with Finance and progress has been made towards implementing previously agreed recommendations. Testing would be undertaken during 2019/20 to ensure the controls have been embedded across the organisation.</p> <p>It was noted that a request was made by the Trust to defer the BI/Data Warehouse Audit and Fleet Management Audit to the new financial year. An update will be provided to the Trust Executives and SP will share.</p> <p>SP noted for accuracy that the controlled drugs audit should read EMD and not EDQ,G&amp;PA as Executive Lead.</p> <p><b>Approval:</b>  <b>The Audit Committee received and accepted the latest Internal Audit Progress Report.</b></p>	
<p><b>15.1 For Assurance: Counter Fraud Progress Report</b>  The paper provided an update on Counter Fraud progress in compliance with Standards for NHS Providers.</p> <p>It was noted that five alerts were shared within the reporting period.</p> <p>The report provided an update on the Trust's counter fraud activity and agreed workplan for 2019/20. Progress of the proactive exercises and investigations were discussed.</p> <p>The Self Review Toolkit would be submitted at the end of April and would need DoF and Audit Chair approval on line.</p>	

		<b>Action</b>
	<p><b>Approval:</b>  <b>The Audit Committee noted and accepted the Counter Fraud Progress Report.</b></p>	
<p><b>15.2</b></p>	<p><b>For Assurance: Strategic &amp; Operational Internal Audit Plan 2018-2021</b>  The paper provided a copy of the Operational Internal Audit Plan.</p> <p>The document sets out the methodology that has been adopted to create the detailed internal audit plan for 2019/20 and provides information on the development of a revised strategic internal audit plan for the next three years.</p> <p>RM explained that she had met with Internal Audit to identify priority areas to audit for 2019/20. It was noted that Internal Audit then created the Internal Audit Plan which was circulated and approved by TEG prior to submission to the Audit Committee.</p> <p><b>Approval:</b>  <b>The Audit Committee gained assurance that the proposed Strategic Internal Audit Plan would provide the Trust with the appropriate level of internal audits and assurance.</b></p>	
<p><b>16.0</b></p>	<p><b>For Assurance: Annual Accounts – Going Concern Review</b>  The paper provided assurance that the Trust was expected to remain a going concern for the foreseeable future and to ask the Audit Committee to agree that assessment.</p> <p><b>Approval:</b>  <b>The Audit Committee gained assurance that the Trust was and would remain a going concern for the foreseeable future and recommended to the Board that the accounts were prepared on this basis and confirmed the proposed ‘going concern’ statement.</b></p>	
<p><b>17.0</b></p>	<p><b>For Assurance: Review of Losses &amp; Special Payments</b>  The paper advised on the incidence of Losses and Special Payments during the period of 1 April 2018 to 28 February 2019.</p> <p>It was noted that the majority of the claims related to non-clinical settlements via NHS Resolution and overpayment of salaries.</p> <p>It was noted that where staff overpayments occur an invoice is normally raised to recover the amount overpaid, and therefore such overpayments would not immediately be reported as losses where that debt ultimately became unrecoverable the loss has been reported as part of “unrecoverable debt” rather than overpayments to staff.</p> <p>Presentation has been improved to help clarify the underlying cause of any loss.</p>	



	Action
<p><b>Approval:</b>  <b>The Audit Committee noted the reported incidence of Losses and Special Payments.</b></p>	
<p><b>18.0 For Assurance: SFI Wavers and Contract Award Activity over £100,000</b>  The paper provided assurance on the approved contracts that have been awarded for goods and services above £100k and Single Tender Waivers (STW) signed since the previous Audit Committee.</p> <p>It was noted that there had been 56 individual STW's processed during the period of the paper.</p> <p>The additional end of year non recurrent funding has resulted in a number of these STWs being processed in purchasing additional items for the Trust.</p> <p>Of the 56 STW forms received, none were presented on an old version. The stakeholders have been informed that old versions will not be accepted in future.</p> <p>In comparison, the same period last year, there were 35 STW processed.</p> <p>MB advised that a new Head of Procurement had been appointment and will be attending the next Audit Committee meeting.</p> <p><b>Approval:</b>  <b>The Audit Committee noted the update and was assured on the contracts let and purchase orders raised for goods and services above £100k and Single Tender Waivers (STW).</b></p>	
<p><b>18.1 For Assurance: Review of Suspension of Standing Orders</b>  It was noted that there had been no suspension of Standing Orders since the Audit Committee meeting on 17 January 2019.</p> <p><b>Approval:</b>  <b>The Audit Committee noted the update.</b></p>	
<p><b>19.0 For Assurance: Freedom to Speak Up (FTSU) Update</b>  SP provided a verbal overview of FTSU activity and provided assurances that staff and management were engaging in the process.</p> <p>It was noted that there had been five new incidents raised since the last Audit Committee that were now live on the Guardian's Log.</p> <p>SP advised that the YAS Guardian has regular meetings to discuss concerns raised with the Chief Executive, Deputy Chief Executive/Executive Director of Quality, Governance and Performance Assurance and the Director of Workforce and Organisational Development.</p>	

		<b>Action</b>
	<p>SP advised that the Trust had appointed Luzani Moyo as the new Freedom to Speak Up Guardian.</p> <p><b>Approval:</b>  <b>The Audit Committee noted the update and gained assurance in the Freedom to Speak Up processes.</b></p>	
<b>20.0</b>	<p><b>For Assurance: Review of Meeting Actions and Quality Review of Papers</b>  SH thanked everyone for attending and for their contributions to the meeting.</p> <p><b>Any Other Business</b>  SP advised that it was RM's last meeting before leaving the Trust. The Audit Committee thanked RM for her contribution and wished her well in her new role as Director of Performance and Improvement at the NHS Counter Fraud Authority.</p> <p><b>The meeting finished at 1050 hours.</b></p>	
<b>21.0</b>	<p><b>Date and Location of Next Meetings:</b></p> <p>23 May 2019 – 0845-0945 – Kirkstall &amp; Fountains, Springhill 1, YAS Headquarters to approve and sign off the Annual Report and Accounts</p> <p>Full Audit Committee Meeting  11 July 2019 – 0900-1300 – Kirkstall &amp; Fountains, Springhill 1, YAS Headquarters</p>	

**CERTIFIED AS A TRUE RECORD OF PROCEEDINGS**

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

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