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Yorkshire and the Humber Strategic Health Authority

Audit Committee

Minutes of the meeting held on Thursday 8 February 2007 at Blenheim House, Leeds

Present:	Mr I Walker	Acting Chairman
	Mrs J Fenwick	
	Mrs J Jack	
In attendance:	Mr P Lundy	Audit Commission
	Mr A Marr	Audit Commission
	Mrs J Matthews	Audit Commission
	Ms S Murray	Internal Audit
	Mr M Tansey	Internal Audit
	Mr M Curtis	YHSHA
	Ms J Dally	YHSHA
	Mr J Hampson	YHSHA
	Mr M Joyce	YHSHA
	Ms V Smith	YHSHA
	Mr S Vickers	YHSHA (Minutes)

The acting Chairman welcomed those present. Apologies were received from Mr Cooper and Mr Bell. The Chairman explained that Mr Collier had taken up another post on a temporary basis and that he had been asked to act as interim Chairman of the Audit Committee.

The Chairman agreed to take item 8 on the agenda to allow Mr Hampson to leave to attend another meeting.

07/01 NPfIT Progress report

John Hampson introduced two papers that had been considered by the Board. The first dated December 2006 provided an update on changes to the roles and responsibilities of SHAs with regard to the National Programme for IT (NPfIT) and arrangements for their implementation.

The update notes good progress in primary and community systems but there have been major problems in secondary care. Accenture has been replaced by the North West and West Midlands Local Service Provider (LSP) CSC. The NHS Chief Executive has commissioned a piece of work, NPfIT Local Ownership Programme (NLOP) to reposition NPfIT within the mainstream of NHS activities under the leadership of SHAs. A review of existing NPfIT products has also been commissioned – the Butler Project. The paper considers the key elements of the resulting changes.

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The second paper dated February 2007 presents a summary of progress including highlights for the period, system development, and future planning and the NPfIT repositioning programme.

Comments made in discussion included the priorities needed to support SHAs in delivering objectives. A major concern included the delivery of products to support secondary care. It was noted that there is an inherent risk in the complexity of the change process and associated clarity of responsibilities. Mr Marr commented that External Audit was informed and involved.

The Committee asked Mr Hampson to provide an update to the next meeting of the Committee on risks, processes, governance structure and recommendations.

Action: Mr Hampson

07/02 **Minutes of the meeting of the Audit Committee held 27 November 2006**

It was agreed that the minutes were an accurate record of the meeting.

Matters arising

- i) Membership of the Committee. This is noted above. It was also noted that Mrs J Fenwick will be the "Reserve" and that this fact had been agreed by the main Board at its meeting on 6 February 2007.
- ii) Action Plan re 2005/06 Annual Audit Letters Schedule. In discussion Mr Curtis confirmed that the finance structure was complete with all positions covered with regards to NPfIT. It was confirmed that there had been no compensation for the withdrawal by Accenture.
- iii) Establishment of the Assurance Group. Ms Dally reported on progress. It was noted that a paper reporting the outcome of the last meeting of the Assurance Group had been taken to SMT.
- iv) It was confirmed that Mrs Matthews will take over as External Audit's SHA link manager.

07/03 **Internal Audit Progress report**

Ms Murray introduced the paper, which assesses progress against target. It was noted that a total of 240 days will be provided to the SHA split between the three predecessor organisation audit providers. There were four reports from West Yorkshire, one from East Coast Audit Consortium and none from South Yorkshire and North Derbyshire. The audit opinion as to the level of assurance they could provide for each report was as follows:

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1. Management of Risk – Substantial Assurance
2. Interim System Report (WDC) – Full Assurance
3. Interim System Report (WYSHA) – Substantial Assurance
4. Financial System Migration – Limited Assurance, subsequently revised to Substantial Assurance after management action taken.
5. Financial Systems (NEYNL) – Substantial Assurance

Mr Curtis confirmed that progress on financial systems migration continues to be made. All reconciliations have been made and staff are in place. The Committee expressed its appreciation of the hard work by the Finance Team.

The Committee asked Mr Curtis and Ms Murray to work together to provide a brief paper to the next meeting of the Committee noting the implementation of action plans and recommendations with particular consideration of Financial Systems Migration.

Action: Mr Curtis and Ms Murray

07/04 Appointment of Internal Audit Service

It was proposed that each of the three audit consortium in Yorkshire and the Humber be invited to submit a proposal to be appointed as the audit service for the SHA either to provide the full range of services or to provide specialist input as necessary. A specification will be issued and a criteria will be put in place against which to judge each submission. A recommendation following the evaluation of bids for Internal Audit Services will be brought to the next meeting of the Committee. It was noted that the approach had been agreed by a procurement adviser. The Committee agreed the proposal.

07/05 Counterfraud Workplan Update

The paper was introduced by Ms Murray. She suggested that she should make an awareness presentation to the next meeting of the Audit Committee. This was agreed by the committee.

Action: Ms Murray

07/06 External Audit Reports

- i) Quarter 1 Accounts, comments on progress

Mr Marr reported on progress since the last meeting. He and Mr Curtis had met to consider a schedule on actions to conclude the accounts of the three predecessor SHAs. NEYNL had reached a conclusion and progress was being made on the accounts for West Yorkshire and South Yorkshire.

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ii) Audit Plan 2006/07

Further information on the level of fee was considered but it was recognised that definitive guidance is awaited. Meanwhile, based on the work likely to be covered, the fee for 2006/07 is estimated at £168,900. This shows a reduction that reflects a reduced level of involvement in the Auditors' Local Evaluation. The fee for 2007/08 is estimated to be in the region of £175,000. External Audit to provide suggested questions for assessing External Audit service provision.

Action: External Audit

Attention was drawn to the section of the report that deals with actions that the SHA could take to reduce its audit fees. Mr Curtis was asked to prepare a paper for the next meeting of the Committee.

Action: Mr Curtis

07/07 Board Assurance Framework

Ms Dally introduced the papers. These included an update on progress, a risk management strategy and responsibilities statement approved by the Board, notes from the first meeting of the Assurance Group, a schematic that links the group to the SMT and the Audit Committee, and the first iteration of the Board Assurance Framework. The Committee felt that it was a good approach and urged that momentum be maintained. It was strongly suggested that attendance at future meetings of the Assurance Group should improve.

The Committee asked for an update paper at its next meeting.

Action: Ms Dally

07/08 ALE 2006/07

i) Yorkshire and the Humber scores

Mrs Matthews introduced the paper. There is a wide range of levels of performance across the patch. Eighteen organisations were assessed as inadequate, 28 as adequate and six as performing well. The two local organisations assessed as performing strongly are Foundation Trusts and were not included within the scope of the report.

External Audit stated that for organisations going through merger and restructuring, a score of two would be considered reasonable.

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ii SHA Action Plan

It was agreed that the SHA should ensure that bodies have action plans to address those that have scores of 1 and 2 and should promote improvement through sharing examples of strong performance. It was noted that further results show a general forecast improvement.

The Committee asked Mr Curtis and Mr Joyce to bring a paper to the next meeting of the Committee summarising what plans are being developed across the patch.

Action: Mr Curtis and Mr Joyce

07/09 AOB

- i) In discussion it was felt that a proposal should be made to the Board that meetings of chairs of Audit Committees with peers be convened to ensure best practice and a consistent approach. External Audit kindly agreed to provide a development event if this proposal was supported.

Action: Chairman to speak with SHA Chair

- ii) Members discussed whether it would be helpful to have a pre-meeting of Members in advance of Audit Committee meetings. Mr Walker agreed to discuss this with Mr Collier.

Action: Mr Walker

- iii) Issue of the Annual Audit Letter and associated publicity.

Action: Mr Curtis to speak with Mr K Milner on steps to be taken

07/10 Dates of Next Meetings

It was agreed that the next meetings of the Committee will be held on 16 April 2007 at 9.30 and on 28 June 2007 at 10.00 at Blenheim House.

Action: Committee secretary to book rooms