



Yorkshire and the Humber Strategic Health Authority

Audit Committee

Minutes of the meeting held on Monday 14 May 2007 at Blenheim House, Leeds

Present: Mr M Collier (Chair)
Mr I Walker Non Executive Director
Mrs J Fenwick Non Executive Director

In attendance: Mr P Carlile Audit Commission
Mr P Lundy Audit Commission
Mrs J Matthews Audit Commission
Mr N Bell Internal Audit
Ms S Murray Internal Audit
Mr R Cooper YHSHA
Mr M Curtis YHSHA
Ms J Dally YHSHA
Mr J Hampson YHSHA
Mr M Joyce YHSHA
Mr S Vickers YHSHA (Minutes)

The Chairman welcomed those present. Apologies were received from Mrs Jayne Jack.

07/11 **Minutes of the meeting of the Audit Committee held 8 February 2007**

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

Matters arising

- i) Financial Systems Migration
Mr Bell reported that of the 12 recommendations resulting from the review of the merger of the ledgers, nine have been fully implemented, one partially implemented, one is no longer applicable and one is still outstanding. The last relates to IT work to provide staff at Leeds with access to data held at York and Sheffield. This work has been approved and is currently awaiting completion by the Calderdale and Huddersfield Health Informatics Service.

Action Mr Curtis. Secretary to schedule

- ii) Training for Non Executive Directors
It was recognised that there are various strands including meetings with members of other Audit Committees, meetings of Audit Chairs, Board training on risk issues, training opportunities for Non Executive Directors, issues that can be taken at pre-meetings with auditors. It was suggested that Mr Joyce should co-ordinate these strands, liaising with Ms Dally and Mrs Wilson (Chief Executive's Office) to identify existing arrangements. Mr Joyce would propose a training plan for agreement with the Chairman.
Action Mr Joyce
- iii) Appointment of Internal auditors
It was agreed to take this item after the meeting.
- iv) Former SHA Annual Accounts and Annual Audit letter
It was anticipated that there could be an adverse reaction to the accounts of the former NEYNL SHA of which publication was imminent. Mr Curtis confirmed that a handling strategy had been discussed with the SHA's Director of Communications and Public Relations.
- v) Assessing the effectiveness of External Audit
Mrs Matthews undertook to circulate criteria for assessing the effectiveness of External Audit to the Committee.
Action Ms Matthews

07/12 **2006/07 Quarter 1 and Annual Accounts Update**

Mr Lundy reported that a revised timetable has been agreed with the Audit Commission for the submission of Quarter 1 accounts for the former West Yorkshire SHA.. The bulk of work has been completed. It was noted that South Yorkshire SHA accounts have been completed and resubmitted to Audit. NEYNL SHA accounts were close to completion. It was agreed that the Audit Committee review of the accounts and annual report be synchronised and that the committee should receive a paper reviewing Quarter 1 accounts and Annual Accounts at its June meeting

Action Mr Curtis. Secretary to schedule

07/13 **SHA Budget 2007/08**

Mr Cooper introduced the paper which confirmed a budget of £13.5m for SHA administration and investment in workforce development activity. Funding available from central budgets for workforce training and education has been

restricted totals in areas where there had been no activity. It was noted that there is scope to submit comments in the return by 31 May.

07/17 **Draft External Audit Plan 2007/08**

The paper was introduced by Mr Lundy and Ms Matthews. With regard to the use of resources ALE will be applied to the SHA for 2007/08 and will reflect both internal arrangements and those for performance managing their health economies. Other aspects of use of resources include value for money and local risk based work. Among other changes, the responsibility for Connecting for Health is being transferred to the SHA during 2007/08. SHA investment in Workforce Development will help inform ALE judgements. The indicative audit fee is £174,200. This is below the mid point which is £175,000 and is 5% below the average SHA fee for 2007/08.

07/18 **National Programme for IT Governance Reviews: Follow up**

Mr Carlile introduced the report. Previous reports in 2006 did not make formal recommendations but outstanding weaknesses were identified. The main conclusions of the current report are taken under a number of headings: governance, strategy and implementation, finance and capacity. Detailed action plans for each are attached to the paper.

07/19 **Audit Committee Briefing Note**

Mrs Matthews introduced the Briefing Note which updates progress of the 2006/07 audit.

07/20 **Board Assurance Framework and Risk Register Update**

Ms Dally submitted minutes of the recent meetings of the Assurance Group, noting that attendance at meetings has improved and that staff have been increasingly engaged in the process. The Assurance Group has commissioned the production of information for circulation to all staff to enhance understanding and engagement in risk and assurance processes. The report also included the latest iteration of the Assurance Framework which has been considered by the Board and SMT and the latest iteration of the Risk Register. Further development of the Risk Register is in progress to confirm action plans and to embed the process for raising risks for inclusion in the register.

07/21 **ALE 2006/07 Update**

Mr Curtis reported on developments in the SHA and across the wider patch. ALE scores for SHAs will not be reported by the Audit Commission but they will use the criteria in carrying out their work and making assessments. He noted that the SHA is undertaking a self-assessment of its current position. SMT has approved the approach. Early indications are that the SHA is middle ranking with level 2 assurances. Across the wider patch, a comparison of PCT and NHS Trust data has been undertaken. Most are either holding their scores or planning for improvement. The position of Scarborough and North East Yorkshire is causing concern. It was noted that the DH has a high profile interest and is looking for sustained improvement. ALE will be included in the SHA's performance management arrangements. Scores for 2006/07 will be presented to the Audit Committee when available. It was noted that data sheets referred to in the text were not attached and would be circulated after the meeting.

Action **Mr Joyce**

07/22 **National Programme for IT – Update**

Mr Hampson presented his update to the Committee. He noted the transfer of responsibility to SHAs. Cluster staff have been briefed on the HR framework. He outlined the process that will be followed to assimilate former cluster staff. Although there were likely to be sufficient posts in the structure to avoid the need for redundancies demographic issues may require staff movement. All organisations across Yorkshire and the Humber have submitted IM&T plans. A consolidated plan will be developed. With regard to Programme Governance and the Operating Framework, a list of responsibilities that will be transferred is being considered. The SHA Programme Board will have Chief Executive representatives from Trusts and PCTs and clinical representation. Various subgroups will support the work of the Programme Board. Mr Hampson reminded the Committee that the Butler Project sought to identify and prioritise new requirements. He also noted that a risk management process was in place and drew the attention of the Committee to risks currently at red status. A Transition Assurance Review has also been undertaken.

07/23 **Audit Committee Work Plan**

The Chair noted the need to develop a work plan for the Committee. Members were asked to suggest topics to Mr Curtis. It was noted that the Audit Committee Handbook provided useful guidance including model agendas. Mr Joyce agreed to circulate the relevant information.

Action **All members and Mr Joyce respectively**

07/24 **Private Meetings of Members with Auditors**

It was agreed that such meetings should take place for half an hour before meetings of the full Committee.

Action

Secretary to schedule

07/25 **Date of Next Meeting**

It had previously been agreed that the next meeting will be on 28 June.

Post Meeting Note: Appointment of Internal Auditors

After the meeting the Committee discussed the presentations that had been received from the two prospective providers of internal audit services to the SHA. Members delegated authority jointly to the Chairman of the Audit Committee and Deputy Chief Executive/Director of Finance and Investment to make the final decision on the appointment.