

## Yorkshire and the Humber Strategic Health Authority

### Audit Committee

#### Minutes of the meeting held on 12 June 2008 at Blenheim House, Leeds

<b><u>Present:</u></b>	Mr M Collier	Chairman
	Mrs J Jack	Non Executive Director
<b><u>In attendance:</u></b>	Mr N Allan-Smith	Yorkshire and the Humber SHA (Item 12 only)
	Mr N Bell	Internal Audit
	Mr R Cooper	Yorkshire and the Humber SHA
	Mr M Curtis	Yorkshire and the Humber SHA
	Mr T Dale	Yorkshire and the Humber SHA (Item 5 only)
	Ms J Dally	Yorkshire and the Humber SHA
	Mrs B Gill	Yorkshire and the Humber SHA (Item 6 and 7 only)
	Mr T Gilpin	Yorkshire and the Humber SHA (item 11c only)
	Mr P Johnstone	Yorkshire and the Humber SHA (Item 5 only)
	Mr M Joyce	Yorkshire and the Humber SHA
	Mr P Lundy	Audit Commission
	Ms C Massay	Yorkshire and the Humber SHA (Item 5 only)
	Mrs J Matthews	Audit Commission
	Ms S Murray	Internal Audit
	Mr R Powell	(Minutes)
	Mrs V Smith	Yorkshire and the Humber SHA
<b><u>Apologies:</u></b>	Mr K Ramsay	Non Executive Director
	Mr I Walker	Non Executive Director
	Mr S Gregg	Audit Commission

#### **08/14 Minutes of the meeting of the Audit Committee held on 14 april 2008 and matters arising**

The minutes of the meeting held on 12 April 2008 were agreed as a correct record.

i) 'Your Business at Risk'

Following a brief discussion it was agreed that the staff survey should take place in December each year to enable year on year comparative performance ratings.

**Action: Mrs Matthews**

ii) NEDs Training and Development

Following discussion at the last meeting, Mr Joyce confirmed that he had circulated the papers from the workshop organised by the National Audit Office to Mrs Jack, Mr Ramsay and Mr Walker.

Members noted the key points from the meeting which took place on 29 May to discuss NEDs Training and Development. Mr Walker raised a written query regarding the funding of NED training in the first 12 months of appointment. Mr Joyce agreed to seek clarity from Mr Hunter and report back at the next meeting.

**Action: Mr Joyce**

iii) Audit Committee Self-Assessment

Mr Collier confirmed that following his letter to the Chairman, it had been agreed that the Chief Executive of the SHA, Margaret Edwards, would attend the meeting of the Committee on 11 September 2008 as an observer and Mrs Riddle, as Chairman, would attend in December.

iv) Third Party Liability Insurance

Following discussions at the meeting held on 14 April about market contestability, Ms Dally confirmed that the SHAs Standing Financial Instructions did not allow the Authority to seek business from other companies offering this type of insurance.

v) Fraud Risk Assessment

Following the work undertaken by Ms Murray, it was recognised that some directorates may find it helpful to have some basic training on the risk assessment process. Mr Joyce agreed to take this forward.

**Action: Mr Joyce**

vi) Annual Audit Letter – Action Plan

In considering recommendation R3 *Develop arrangements to maximize the benefits of the ESR system* from the Annual Audit Letter at the last meeting, Mr Curtis circulated a briefing note produced by Helen Pottinger which gave background to the ESR RA5 assessment tool. Members noted the content.

vii) Tender Waivers

Following concerns raised at the last meeting regarding the amount of payments made to Journey Management, Mr Curtis confirmed that he had spoken to the Director of Communications and Public Relations, Karl Milner, and had agreed that a framework for procuring PR/marketing services should be developed.

It was noted that Mr Curtis was meeting with Mr Milner again on 13 June 2008 to discuss the process further.

**Action: Mr Milner / Mr Curtis**

## **08/15 Annual Accounts**

### a) Annual Accounts and Annual Report 2007/08

Mr Curtis referred to the Annual Accounts and Annual Report 2007/08. Members reviewed the accounts and agreed that they gave a true reflection of the SHAs activities for the year in question. The Committee also felt that the briefing note and commentary about the report was particularly helpful.

In relation to some of the hosted services, concerns were raised about how their budgets link to the SHA. Mr Curtis confirmed that work was continuing with each of the programmes to develop better relationships and to identify our responsibilities in terms of the employing authority. Mr Curtis agreed to compile a compendium of hosted budgets/programmes for the next meeting which provided an update on the governance arrangements for hosted programmes.

**Action: Mr Curtis**

In terms of the timely payment of invoices by Shared Business Services, Mr Curtis confirmed that the rate had significantly improved over recent months and was now on track to meet the agreed Service Level Agreement.

Mr Collier raised a query about cash banking. Mr Curtis gave re-assurance that processes were in place to manage this resource.

On behalf of Mr Walker. Mr Collier queried the cost of audit work as detailed on page 38 of the annual report. Ms Murray confirmed that this was the figure that had originally been agreed but a small refund was due as some of the scheduled work had not been completed.

### b) Annual Internal Audit and Opinion

Ms Murray presented the 2007/08 Internal Audit Annual Report which was noted by the Committee.

Referring to the section 'University Contracts' on page 7 of the report, concern was expressed about the level of detail provided on invoices when coupled with the practice of pre-payments in general and the significant risk identified on page 6 (pre-payment holds).

Ms Murray confirmed that this was an area which had been acknowledged and work was currently underway to look at how processes could be improved.

c) External Audit Annual Governance Report

On behalf of the Audit Commission, Mrs Matthews tabled the Annual Governance Report for 2007/08.

Mrs Matthews confirmed that the review had highlighted no significant problems and offered her thanks to SHA staff for their co-operation throughout the process. The small number of queries identified had been dealt with promptly.

Reference was made to paragraph 20 on page 8 of the report regarding allocation movements. It was noted that the SHA, along with other SHAs, handles substantial allocation movements as part of the normal financial and performance management of its wider area.

Mr Lundy confirmed that in terms of 'open governance' for accounting, the Audit Commission was continuing to work with the SHA to resolve any outstanding issues. It was agreed that NEDs would be kept updated as appropriate.

## **08/16 Assurance Framework and Risk Register**

i) Update

Ms Dally presented the latest version of the SHAs Assurance Framework and Risk Register which was welcomed by those present. Members queried the dates referred to in the fifth paragraph on page 3 of the covering paper about Scarborough and North East Yorkshire NHS Trust. Ms Dally agreed to check the dates for the next meeting.

Mr Walker had also raised a query about the risk associated with NPfIT on page 18 of the register. Ms Dally agreed to clarify whether there was anything further we could add to help mitigate the risk,

**Action: Ms Dally**

ii) Risks in Public Health

Mr Collier welcomed Professor Paul Johnstone, Trevor Dale and Carol Massey to the meeting to talk about the risks associated with Public Health. A paper was circulated to aide discussion.

The Committee recognised that although there was a lot of good work taking place across the patch, there were also a number of associated risks to achieve this. To add to the risks, Professor Johnstone also confirmed that, nationally, there was a shortage of Directors of Public

Health which was impacting on some of the wider public health agenda.

A question was raised about how we learn for the reviews of poor performing doctors. Professor Johnstone confirmed that work was continuing with Trusts and PCTs to establish areas of good practice which would allow them to share lessons learnt from individual cases.

It was also noted the Yorkshire and the Humber SHA was one of two SHAs to pilot a scheme which highlights localised business.

### **08/17 Risk Implications of the Corporate Manslaughter Legislation**

Mrs Gill gave an update on the risk implications of the Corporate Manslaughter Legislation. It was recognised that although health and safety was a responsibility for everyone, a commitment was needed from the senior team.

The Committee agreed that the health and safety leadership checklist was a useful tool to assess where the Authority sits in terms of compliance. It was agreed that a paper should be presented to the Board outlining the SHAs progress against each point.

#### **Action: Mrs Gill**

Mrs Gill also confirmed that as part of the SHAs commitment to e-learning, a tutorial on health and safety had been developed and would form part of the statutory on-line training for staff.

### **08/18 Blenheim House Refurbishment**

Mrs Gill presented the risk register relating to the Blenheim House refurbishment. The Committee noted the report and thanked Mrs Gill for her efforts.

### **08/19 Corporate Secretary Functions**

Following discussion at the meeting held in April 2008, the Audit Committee requested a paper setting out how, in the absence of a Corporate Secretary, the SHA was carrying out the functions associated with this role.

A schedule summarising the functions associated with the role of the Corporate Secretary as well as the wider corporate responsibilities was presented by Ms Dally.

Mr Curtis confirmed that the functions highlighted in the paper were currently carried out by a number of staff within the SHA but were all kept under constant review to ensure that our obligations were being met.

Mr Collier asked if the paper could be circulated to all NEDs and thanked Ms Dally for producing such a comprehensive paper.

**Action: Ms Dally**

## **08/20 Internal Audit Matters**

### a) Approve Internal Audit Plan 2008/09

Ms Murray presented the draft internal audit plan for 2008/09. The Committee noted the plan and suggested that Ms Murray may wish to include a line relating to the FRMS Plan / Changeover.

**Action: Ms Murray**

### b) Internal Audit Progress

Ms Murray presented a report relating to two audits which she had recently completed on Budgetary Control and Financial Management (YH01/2008) and University Payments (YH07/2008). The Committee noted report and that action plans within the report and asked to be kept informed of progress.

**Action: Ms Murray**

### c) Clinical Governance Report

The Committee received and noted the internal audit report relating to Clinical Governance (YH15/2008) but queried the 'action date' relating to the performance management of patient safety and Clinical Governance risks across the patch, including a clear conclusion on the level of assurance that could be provided to the Board.

The Committee noted that the date was shown on the action plan as a report to the Board in March 2009. Assuming this would be a report for the year ending, the Committee felt that it would also be helpful if the Board were to receive, at the earliest opportunity, a report for the year to March 2008.

Ms Dally agreed to liaise with the Director of Patient Care and Partnerships, Sue Proctor, as appropriate as Ms Murray agreed to amend the dates on the action plan to reflect discussions.

**Action: Ms Dally / Ms Murray**

## **08/21 Counter Fraud**

### a) Approve Fraud and Corruption Plan 2008/09

Ms Murray presented the draft fraud and corruption plan for 2008/09. Mr Collier queried whether there were networks in place which allowed common themes to be discussed. Ms Murray confirmed that she met regularly with other counter fraud specialists on a regional basis.

Given the reproduction quality of the report, Mr Collier asked if an electronic version could be circulated to all members. Mr Powell agreed to take the necessary action:

**Action: Mr Powell**

Subject to amending the word 'Trust' to 'SHA' throughout, the Committee approved the plan for 2008/09.

**Action: Ms Murray**

## **08/22 External Audit Reports**

### a) Review of External Audit – Self-Assessment

Mrs Matthews tabled the External Audit Self Assessment. The Committee noted the details of the self assessment against the assurances.

### b) External Audit Progress Report

Mrs Matthews presented the External Audit Progress Report which summarised the progress on the key aspects of the SHAs external audit for 2007/08.

The Committee were made aware that External Audit was still awaiting an Action Plan from NPfIT, in response to the recent Audit Report. Ms Dally agreed to liaise with Mr Molyneux with a view to him contacting Mrs Matthews to discuss when such a plan would be available. It was noted that a further progress report would be made to the Audit Committee at its meeting in September.

**Action: Ms Dally / Mr Molyneux**

Mr Curtis agreed to circulate the External Audit Patch Improvement Opportunities report to members for information.

**Action: Mr Curtis**

c) External Audit Review of Workforce and Training – updated action plan / progress report

Mr Collier welcomed the Director of Workforce and Education, Tim Gilpin, to the meeting.

Mrs Matthews referred to the follow up report to the 2007/08 audit. Concern was raised about the number of actions which had not been completed or where implementation dates had been set and not met.

Mr Gilpin confirmed that he was aware that some of the implementation dates had passed but assured the Committee that work was currently underway to address the issues raised. Referring to the particular actions highlighted on page 9 of the report, Mr Gilpin also confirmed that action R5 had been completed and the others were on-track to be completed within the timescales given.

It was agreed that a further review of progress against each recommendation would take place at the next meeting.

**Action: Mr Gilpin**

**08/23 Single Tender Waivers**

Mr Curtis presented a paper which highlighted expenditure approved under the competitive tender waiver rules.

The Committee noted the report but raised concern again about the number of tender waivers used by Communications and Public Relations. Mr Curtis agreed to contact the Director of Communications and PR, Karl Milner, with a view to him providing a rationale to the choice of suppliers for the contracts reported.

The Committee also asked Mr Curtis to monitor the use of tender waivers by Communications and PR in the future.

**Action: Mr Curtis / Mr Milner**

Following discussions at the last meeting, Mr Collier welcomed Nick Allan-Smith to the meeting to discuss the paper on 'Why Hedra as a single tender?'. Mr Allan-Smith outlined the key points in the paper and confirmed that NHS Yorkshire and the Humber was one of six SHAs using the same contract. The Committee was content with the information provided.

**08/24 Audit Committee Forward Work Plan**

The Committee noted the Audit Committee Work Plan for 2008/09.

**08/25 Any Other Business**

There was no other business to report.

**08/26 Date of next meeting**

The next meeting of the Audit Committee is scheduled to take place on Thursday 11 September 2008 at 1:00 p.m. Auditors will meet with non executive directors in private at 12:30 p.m.