

## Yorkshire and the Humber Strategic Health Authority

### Audit Committee

#### Minutes of the Meeting Held on 16 December 2009

**Present:**

Mr I Walker	Chairman
Mr K Ramsey	Non-executive Director
Mrs S Harkness	Non-executive Director
Mr G Johnston	Non-executive Director (Observing)

**In Attendance:**

Mr P Lundy	Audit Commission
Mrs J Matthews	Audit Commission
Mr P Woodhouse	Audit Commission

Mr N Bell	Internal Audit
Ms F Dingmar	Internal Audit
Ms S Murray	Internal Audit
Mr M Walters	LCFS

Mr R Cooper	YHSHA
Mr M Curtis	YHSHA
Mr M Joyce	YHSHA
Mr T Parsons	YHSHA
Prof. S Proctor	YHSHA
Ms J Dally	YHSHA (Secretary)

#### **09/121**      **Chairman's Opening Remarks**

The Committee noted Mr Walker's appointment as substantive Chairman. Mrs Harkness was welcomed as an interim member, pending the formal appointment of Mr Johnston to the Committee which was expected to be confirmed by the Board at its next meeting.

#### **09/122**      **Apologies for Absence**

No apologies had been received.

#### **09/123**      **Minutes of the Meeting Held on 28 September 2009**

The minutes of the meeting held on 28 September 2009 were agreed as a correct record.

#### **09/124**      **Matters Arising**

##### **09/96**      **Matters Arising: 09/71 Write-off of Unrecoverable Debts**

Mr Curtis reported that the Siemens debt had now been settled. Negotiations were continuing with the Department of Health.

### **09/102 Internal Audit Progress Report**

Following a query raised at the last meeting about the questionnaire on data quality, Ms Murray reported that the following had been non-responders: East Riding of York PCT; North Yorkshire and York PCT; Sheffield Care Trust.

### **09/103 Annual Performance Review of Internal Audit**

Mr Curtis reported that following a stock-take of internal audit services by the Director of Finance from Mid-Yorkshire Hospitals, feedback had been provided to the Directors of Finance network. Rob Cooper had written out posing a series of questions to gauge support for a reconfiguration of audit services and a joint approach to training and development.

The Committee noted the position and asked that an update be brought to the next meeting.

**Action: Mr Curtis**

### **09/106 Annual Audit Letter**

It was reported that Rob Cooper had written to Paul Lundy in response to the Audit Commission's report following the Review of SHA Governance earlier in the year. Mr Lundy confirmed that he had also met with Bill McCarthy in September to discuss his intentions to address the findings of the review. As a result, Mr Lundy was satisfied that the SHA was addressing the recommendations appropriately and there was no requirement for further follow-up at the present time. The position would be revisited in 12 months, although in the interim a number of the themes of the review would fall within the scope of the Use of Resources assessment.

Mr Curtis agreed to copy the letter to all Board members.

**Action: Mr Curtis**

### **09/110 Performance Management**

The Committee received an action plan to address the findings of the review of performance management reported at the last meeting.

Mr Woodhouse reported that Auditors had not yet had an opportunity to meet with the Acting Director of Performance & Delivery to discuss the report.

Considering the action plan, Members commented that they would expect that actions to address recommendations 5 and 6 would be ongoing.

The Committee asked that the Acting Director of Performance and Delivery be invited to attend the next meeting to report on management of performance across Yorkshire and the Humber and risk in his portfolio areas.

**Action: Secretary**

**09/112      Use of Resources and Auditors Local Evaluation**

Responding to a query raised by Mr Ramsey at the last meeting, Mrs Matthews confirmed that the scores reported for Leeds PCT were as reported and had been subject to consistency checking.

**09/125      Update on Risk from the Director of Patient Care & Partnerships**

The Committee welcomed Prof. Proctor to the meeting.

Prof. Proctor commented that of the 20 priorities identified by the Board for 2009/10, she was lead director for 4: Quality and Safety; Innovation; Safeguarding; Carbon Reduction, and had a key role in a number of others. Five key risks were identified:

**i)      Patient Safety Following the Dr Foster Report**

There was a serious threat to public confidence in local services as a result of the latest Dr Foster report, which had identified Scarborough and Hull & East Yorkshire (HEY) as amongst the worst performing trusts in the country. Prof. Proctor assured the Committee that both organisations were taking the results of the survey very seriously and working hard to understand why they had fared so poorly.

A major factor for both trusts was inappropriate coding, which meant that causes of death could be wrongly attributed giving misleading data on outcomes. Coding capacity was a particular issue at Scarborough. At HEY the issue was around inaccurate coding arising from poor medical record-keeping.

A huge amount of work was in progress at both trusts to address these issues. At HEY the Medical Director was developing a template to improve clarity of medical records, including death certification and coding.

Board assurance on safety and quality was being reviewed by both organisations. In SNEY following review the assurances were considered to be robust. Work to review assurances was in progress at HEY as part of the FT pipeline process but was being accelerated.

Prof. Proctor outlined areas of specific concern for each organisation.

ii) **Management of Extreme Serious Untoward Incidents (SUIs)**

This risk was around preparing communications plans for the publication of high-profile cases, such as the former Leeds Teaching Hospitals nurse, Colin Norris, and sharing the lessons learned from the inquiry, which was not yet in the public domain. The first of a series of events for Medical and Nursing Directors and Deans to review the lessons learned from the Norris inquiry had been held.

The ongoing risk for the next six months was not the media but around the SHA's role for advocacy and interpretation and specifically managing the interface with the Department of Health in respect of high profile incidents that are due to be reported.

iii) **Safeguarding Adults**

Prof. Proctor commented that many SUIs focussed on older people in acute care and Learning Disabilities service users. The SHA had run a workshop with input from the Patients' Association to facilitate the establishment of joint protocols to ensure the safety of vulnerable adults. In addition data was being prepared aimed at providing public assurance.

iv) **Regional Innovation Fund (RIF)**

118 bids (valued at approx £40m) had been submitted against the RIF, which this year is £1.9m, each with PCT support confirming alignment with strategic priorities. There had been a very rigorous short-listing process involving the SHA Clinical Advisory Group and *Healthy Ambitions* Delivery Programme Boards, leading to recommendations to the Regional Innovations Panel, with a second wave of approvals due in the New Year. As yet no assurance had been received from DH on funding for 2010/11.

In discussion, Members agreed that a major consideration should be the extent to which the proposal would achieve ongoing savings. Prof. Proctor confirmed that the criteria included consideration of return on investment in the short, medium and long term.

For proposals requiring significant front-end investment, other possible sources of investment were also being considered. Dialogue between neighbouring patches was also being encouraged to ensure the maximisation of benefits.

v) **Yorkshire and Humber Improvement Partnership (YHIP)**

The YHIP, valued at £2.5m per year, with governance arrangements including input from Social Care, Government Office and PCT chief executives delivers significant improvements across a range of services (including learning disabilities, offender health and social care; mental health; services for young people and children; services for older adults). The risk in this case is that there had been no

confirmation of future funding beyond March 2010, with the SHA holding liability for a number of staff on permanent contracts and an office base on York Science Park.

It had been agreed with Rob Cooper that the SHA would underwrite staff salary costs into April 2010 pending confirmation of the funding bundle from the DH.

Mr Curtis confirmed that he was a member of the Partnership Board's Finance Committee. A contingency plan was in place that would use part of the budget for redundancy costs if this became necessary.

Prof. Proctor commented that work was ongoing to develop business plans for the coming year which would align with local and regional priorities.

The Committee thanked Prof. Proctor for her attendance.

09/126

**Information Governance Update – Information Governance Toolkit Assurance Report**

The Committee received a report following an Internal Audit review of the adequacy of the self-assessment of compliance with data security measures (comprising eight of the requirements of the Information Governance Toolkit Assessment) by NHS organisations across Yorkshire and the Humber.

Audited findings were received from 27 organisations (non-FTs and PCTs) – one was outstanding due to audit staff sickness. Organisations had self-assessed 12% of their requirements as below the level required for compliance (level 2). Based on the findings of the audit, it was reported that this should have been 21%. In addition 3 organisations had action plans that were inadequate to achieve level 2. The majority of organisations found the biggest difficulty in moving from level 2 to level 3.

Mr Parsons commented that the audit report including the assessment of action plans was a valuable source of assurance for the SHA. The SHA would be following up with the relevant organisations where improvements were required to action plans, or where these were outstanding.

It was noted that FTs had been invited to participate in the audit. Although most had undergone an audit, reports had not been shared with the SHA. The SHA could view the annual toolkit assessments for FTs but had no access to audit reports validating these. In response to a question Mr Parsons reported that 3 FTs had assessed themselves at below required levels of compliance in 4 or more of the 8 core standards.

Commenting on common themes, Mr Parsons explained that the impact of changes in the requirements of the toolkit, particularly around the identification of Information Asset Owners and the requirements for processes confirming their responsibilities were proving challenging for many organisations.

It was noted that each organisations own Audit Committee would receive a copy of its own report.

The Chairman asked that the Committee's concern about variance in self-assessed and audit scores of more than 1 (i.e. from 3 to 1) should be reflected back to the organisations concerned with a request for an update on how these areas were being addressed.

**Action: Mr Parsons**

**09/127**

**Internal Audit Progress Report**

The Committee received a Progress Report from Internal Audit.

Discussion of the report focussed on YH07/2010, which was the audit of the adequacy of the SHA's own self-assessment of compliance with data security measures (comprising eight of the requirements of the Information Governance Toolkit Assessment). It was noted that the SHA's self-assessed scores had been reduced by 1 in 4 of the 8 areas of the assessment.

Mr Parsons referred back to points he had made under the previous item and added that a work plan had been agreed with the Health Informatics Service to identify the SHA's Information Asset Owners (IAOs), provide them with the appropriate training and facilitate risk assessment of information assets, which would then link into mainstream risk management processes.

The Committee was pleased to note that full assurance had been given in the audit review of Training of Undergraduate Medical and Dental Students (SIFT) (YH05/2010).

**09/128**

**Counter Fraud Progress Report**

The Committee received a progress report from the Local Counter Fraud Specialist (LCFS).

Presenting the report Mr Walters noted that a process of counter fraud risk assessment across the SHA had been started and a report would be brought to the next meeting. Other developments included an on-line counter fraud training package.

A report would also be brought to the next meeting on an ongoing counter fraud investigation relating to a former GP trainee.

The Committee was pleased to note the level three rating and positive report on Compound Indicators.

The Chairman asked that the report to the next meeting include a matrix of the most significant fraud risks and activities that would have the greatest impact on organisational culture.

**Action: Mr Walters**

**09/129**

**External Audit**

**i) Progress Report**

The Committee received a report summarising progress on the key aspects of the SHA's external audit for 2009/10

In response to a question about benchmarking analysis, Mr Curtis commented that the central mechanism for this would be based around QIPP packs, encompassing knowledge, ideas, financial and performance plans, which would be used to challenge patches. Mr Woodhouse confirmed that auditors would be able to assess how QIPP packs were being utilised in PCTs as part of the Use of Resources assessment.

The Committee agreed that it would be helpful if QIPP packs were shared with PCT Chairs. Mr Curtis undertook to facilitate this via the SHA Chairman.

Highlighting the key considerations set out in paragraph 45 of the report, the Chairman asked about the SHA's review of the Audit Commission's report on Use of Resources scores 2008/09. Mr Curtis explained that there had been discussion of the Use of Resources scores by SMT, with a focus on addressing those organisations which had not shown improvement in recent years. PCT improvement plans were being reviewed to ensure they would deliver the necessary improvement.

Mr Lundy said that he would explore with Mr Cooper a mechanism for producing a checklist of key considerations, with an executive response from the SHA being reported at each meeting.

**Action: Mr Lundy**

**ii) Audit Opinion Plan**

The Committee received the Audit Opinion Plan, updating the initial plan reported in June 2009. The plan set out the work proposed for the audit of financial statement 2009/10, based on the Audit Commission's risk-based approach to audit planning.

Specific opinion risks identified in table 1 of the report were noted as adoption of International Financial Reporting Standards and pressure to achieve the control total.

**iii) Strategic Performance Audit Plan**

The Committee received the Strategic Performance Audit Plan, which set out the work that the Audit Commission intended to carry out and demonstrated how this linked to the SHA's strategic objectives.

**iv) Workforce Development Project Brief**

The Committee received a project brief for a review of workforce development. The main focus of the work would be on the SHA's role in planning and developing the workforce within the local health economy.

In response to a question about the reference to work being undertaken by PA Consulting, Mr Curtis explained that this involved the development of a dashboard for measuring value for money.

**09/130 Publication of Contract and Tender Information**

The Committee received a report setting out the requirement under the Freedom of Information Act for proactive publication of contract and tender information via the SHA's website.

The Committee noted that the proposed publication arrangements set out in appendix 2 and the first summary for the period 1 April 2009 – 30 September 2009, had been approved by SMT.

**09/131 Stock Take of SHA Financial Reporting**

The Committee received a report setting out actions to address the conclusions of the report produced by Price Waterhouse Cooper following a review of SHA financial reporting.

The Committee endorsed the actions outlined in the paper. Mr Ramsey asked whether the same principles could be applied to reporting on performance. Mr Cooper said that work was ongoing to look at how reporting of finance and performance could be better integrated, specifically to reflect contract performance.

Mr Lundy asked about reporting on the discretionary virement of funds. Mr Cooper explained that resource limit transfers would be reported to SMT with exceptions been notified to the Board.

**09/132      Use of Resources Assessment 2009/10 – Progress Report**

The Committee received and noted progress with the 2009/10 Use of Resources Assessment.

**09/133      Audit Committee Handbook Self-Assessment Checklist**

The Committee received and noted the results of the 2009/10 Audit Committee Self-assessment checklist.

A minor typographical amendment was noted in paragraph 16.

**09/134      Government Banking System**

The Committee received and noted a report outlining impending changes to the main provider of banking transaction services of the Government Banking System.

**09/135      Tender Waivers**

No tender waivers were reported.

**09/136      Audit Committee Forward Work Plan**

The Audit Committee's forward work plan was received for information.

Under item 4 and in line with discussion under item 09/110, the Committee confirmed that the Acting Director of Performance should be invited to the next meeting. The Committee agreed to restart the programme of director attendance to discuss risk – starting with Performance and Delivery.

The Committee also requested that the Chief Executive be invited to attend at a convenient opportunity.

**Action: Secretary**

**09/137      Meeting Dates for 2010**

The following dates and times were agreed:

**Tues 16 March 2010**

8.30am pre-meeting with Auditors. Formal meeting at 9.00am

**Fri 28 May 2010** (agenda will focus on the Annual Accounts and Financial statements)

12.30pm pre-meeting with Auditors. Formal meeting at 1.00pm

Dates of meetings in September and December to be confirmed.

**Action: Secretary**

**09/138**

**Any Other Business**

**i) Contract with Shared Business Services**

Mr Curtis reported that the current contract with SBS was coming to an end. A paper would be taken to the SHA Board but the proposal would be discussed in advance with the Chairman of the Audit Committee.

**ii) West Yorkshire Audit Consortium (WYAC) Annual Report 2008/09**

WYAC's Annual Report for 2008/09 was tabled.