

Yorkshire and the Humber Strategic Health Authority

Audit Committee

Minutes of the meeting held on 28 September 2009 at Blenheim House, Leeds

Present:	Mr I Walker	Chairman
	Mr K Ramsey	Non Executive Director
In attendance:	Mr P Lundy	Audit Commission
	Mrs J Matthews	Audit Commission
	Mr P Woodhouse	Audit Commission
	Mr N Bell	Internal Audit
	Ms S Murray	Internal Audit
	Mr M Walters	Local Counter Fraud Specialist
	Mrs W Ambler	YHSHA (09/116 only)
	Miss A Bharath	YHSHA (Minutes)
	Ms J Brittain	YHSHA (09/98 only)
	Mr R Cooper	YHSHA
	Mr M Curtis	YHSHA
	Ms J Dally	YHSHA
	Mr J Hunter	YHSHA (09/99 only)
	Mr M Joyce	YHSHA
	Mr K Milner	YHSHA
	Mr T Parsons	YHSHA (09/101 only)
	Mr R Powell	YHSHA
	Mr R Winder	NHS Cancer Screening Programme (09/100 only)
Apologies:	Mrs S Harkness	Non Executive Director

09/95 **Minutes from the meeting held on 3 June 2009**

The minutes of the meeting held on 3 June 2009 were agreed as a correct record.

09/96 **Matters Arising**

09/67 **Health Inequalities Audit Report**

Mr Lundy confirmed that there would be no follow-up report to the Health Inequalities Report as the findings would be reflected in the CAA work which would be concluded towards the end of the year.

09/85 (ii) Governance Arrangements

Mr Walker reported that Mr Collier had spoken with the Chairman of the SHA, Mrs Riddle, regarding the Audit Commission's offer to meet with members of the SHA to discuss Governance Arrangements. Mrs Riddle confirmed that she would speak to the Chief Executive to agree an appropriate way forward.

Action: Mrs Riddle

Mr Cooper suggested that it may also be appropriate for the SHA to have its own internal discussions to establish how the issues raised in the Report were currently being addressed.

It was agreed that Mr Lundy would scope out a follow-up piece of work which he would agree with Mr Walker following his scheduled meeting with the Chief Executive on 29 September where Governance would be raised as part of the discussions.

Action: Mr Lundy and Mr Walker

09/71 Write off of unrecoverable debts

Mr Curtis confirmed that the SHA was still working to recover debt from the Department of Health and Siemens Shared Services. The Committee noted that although the debt relating to Siemens was still outstanding, negotiations were now taking place with Dudley Hospital with a view to bringing the matter to a closure.

In terms of the debt from the Department of Health, the Committee agreed that the Director of Finance should escalate this with his senior counterparts at the Department.

Action: Mr Cooper

09/97 Leeds Teaching Hospital – losses and special payments

Following discussions at the meeting held on 3 June 2009, Mr Curtis referred to the response he had received from Leeds THT regarding the private patient income debts which had recently been written off by the Trust.

Following Mr Collier's departure, Mr Walker queried whether it was the Committee's responsibility to look into such issues. Although the Committee acknowledged that it was not a core issue for the SHA to consider, the report did not provide a full explanation of the events which had taken place.

It was agreed that Mr Curtis would forward this information onto Mr Collier in his new role.

Action: Mr Curtis

09/98

Resources Limit Transfer Approvals

At its meeting on 3 June 2009, the Committee agreed a proposal for the approval of resource limit transfers via the Senior Management Team (SMT). It was also agreed that a paper be brought to the September meeting which outlined the transfers made and requested to date together with a summary of how the proposed new system was working.

Ms Brittain presented a paper which outlined the information requested and suggested that the approvals process continued in the new format.

Mr Ramsay queried how the outcome of each transfer was being monitored by the SHA. Mr Cooper confirmed that each transfer is considered by the Senior Management Team and underpinned by an appropriate business case where appropriate.

Mr Cooper also advised that any areas of significant expenditure would be processed through the Board and that other areas of the SHA were responsible for the measurement and assessment of related outcomes.

The Committee agreed to the recommendations highlighted in the paper.

09/99

Learning and Development Activities for Non Executive Directors and Chairs

Mr Hunter presented a paper which gave an overview of the learning and development activities for non-executive Directors and Chairs across the patch.

Members were made aware that the newly formed Yorkshire and the Humber Learning and Development Committee is scheduled to meet twice a year to review and decide on development activity. It was noted that the Committee is supported by Mr Hunter who organises, commissions and implements the events and programme. The programme is a combination of Knowledge, Skills and Networking events.

Particular attention was drawn to the three new events taking place at the beginning of next year; Institute of Directors – Learning Strategic Change, Ethics in Healthcare Leadership and Strategy, Culture and Change.

09/100

Presentation - National Cancer Screening Programme

The Deputy Director of the NHS Cancer Screening Programme, Richard Winder, delivered a presentation on the work of the Programme which outlined the commissioning, contract process and

financial position of the Programme. A copy of the presentation was circulated for reference.

09/101

Information Governance Update

Mr Parsons presented an update on a number of matters of Information Governance both internal to the SHA and across organisations within the SHA area.

The Committee were made aware that version 7 of the IG toolkit was released on 1 July 2009 and contains the new 3-stage reporting process for the large NHS trusts (i.e. Acute Trusts, Foundation Trusts, Mental Health Trusts, Ambulance Trusts and Strategic Health Authorities).

The Committee's attention was drawn to the IG Toolkit Assessment: Improvement Plan which highlighted the March, July and aspirational scores, together with the actions and progress against all of the IG Toolkit standards. The following key points were noted;

In relation to the key standards for 2009/10, the SHA will need to take action to reach level 2 on the following key standards:

- 108 Following a refresh of the data flow mapping, the SHA was now compliant with level 2 on standard 208.
- 121 SIRO –
This requires the Senior Information Risk Owner (SIRO) to undertake training and assessment.
- 301 Information Security Risk Assessment and Management Programme –
The SHA needs to be able to evidence risk assessment of its major systems and inclusion of any risks identified in the SHA's risk management processes. Information Asset Owners, with responsibility for assessing managing risks associated with their systems, need to be formally identified.

Mr Parsons confirmed that the Improvement Plan was reviewed by the IM&T Strategy Group on a regular basis.

Mr Ramsay queried whether Business Continuity had been tested for the worst case scenario and why the item was scored level two and not level three. Mr Parsons confirmed that level three was challenging and there is a need to test the resilience across a number of areas.

Internal Audit Progress Report

Ms Murray presented a progress report on the work of Internal Audit. It was noted that a further seven audit reports had been discussed and agreed with management since the last meeting;

YH07/2009 – Data Quality

YH14/2009 – Emergency Preparedness

YH15/2009 – National Cancer Screening Programme Governance Protocol

YH16/2009 – Assurance Framework

YH17/2009 – Performance Management of Commissioning

YH18/2009 – Data Quality Assurance at Trusts and PCTs

YH02/2010 – Travel Expenses

Report one – Data Quality

Ms Murray explained that this report had been considered by the Committee before but had been updated with action dates.

The Committee was concerned to learn that only 17 organisations (77%) had returned their questionnaires. Ms Murray agreed to provide Mr Walker with a list of those Trusts who had and had not responded.

Action: Ms Murray

Report two – Emergency Preparedness

The Committee noted that the principal objective of this audit was to ensure that effective and tested business and continuity arrangements were in place to enable the NHS to continue functioning in the event of a major incident.

Mr Ramsay queried why no timescales for the audit had been included. Ms Murray confirmed that was an oversight but that the work had now concluded.

Ms Murray also advised that business continuity plans had been delivered and were now in place.

Report three – NHS Cancer Screening Programme Governance Protocol

The Committee was made aware that three audits relating to the NHS CSP had been undertaken over the past two years. Further audit days have also been scheduled. Members suggested that the additional days should perhaps focus on risk management and information governance arrangements.

Report four – Assurance Framework

Ms Murray reported that the SHA's assurance framework met a significant number of the good practice recommendations and examples had been incorporated into the Consortium's Good Practice Briefing document.

Report five – Performance Management of Commissioning

Ms Murray confirmed that the audit had indicated that the systems for performance management of commissioning were working well.

Report six – Data Quality Assurance at Trusts and PCTs

The Committee noted that responses to questionnaires had identified some areas of good practice in relation to verifying the quality of data. However, Ms Murray confirmed that it had been difficult to establish how robust these arrangements were and how consistent and widespread some of the good practice was.

Report seven – Travel Expenses

The Committee noted that the vast majority of claims considered during the audit complied with the SHA policy and Agenda for Change guidance. The findings of the audit will be used to develop the existing SHA guidance.

Process to review material objections to plans

The Committee was made aware that a process to review material objections to plans had been developed to comply with best practice guidance in the Audit Committee handbook.

The process was approved by the Committee.

09/103

Annual Performance Review of Internal Audit (WYAC) 2008/09

Mr Curtis presented a report on the annual performance review of Internal Audit for 2008/09. The Chairman expressed his thanks to colleagues from Internal Audit for the work they had undertaken throughout the year

The recommendations highlighted in the report were considered and agreed.

It was agreed that Mr Curtis would now formally write to PCTs and Trusts to seek views on whether there should be a collective approach to the Internal Audit provision to assure quality of Internal Audit provision.

Action: Mr Curtis

09/104 **Counter Fraud Update Progress Report**

The report presented by the Local Counter Fraud Specialist, Michael Walters, was noted.

The Committee was made aware that June 2009 was Fraud Awareness month and that an article about fraud had been included in the staff weekly bulletin which also included a link to the NHS Counter Fraud Service website.

09/105 **External Audit Progress Report**

The external audit progress report was noted.

Mrs Matthews made the Committee aware that in terms of the Value for Money and Financial Management Improvement Tool, the assessment for 2008/09 had shown an increase in scoring for three of the five areas reviewed. Two of the areas remained un-changed.

Mrs Matthews also reported that the draft Use of Resources (UoR) KLOE for SHAs had now been received and was currently being reviewed. Once that process was complete, the KLOE would then be shared with the SHA. The UoR assessment will be judged on the outcome of the evidence made available in 2009/10.

It was noted that the Audit Commission was currently in discussion with Internal Audit with regards to agreeing an appropriate way forward in respect of the interim work on financial systems.

09/106 **Annual Audit Letter**

Mr Lundy presented the Annual Audit Letter.

The Committee discussed and agreed the report and noted the key findings. Mr Lundy made reference to the quality of the Authority's financial statement and supporting working papers as being 'exemplary'. He also acknowledged that in terms of 'Use of Resources', the SHA had made a significant improvement on all indicators.

In terms of governance arrangements, the Committee agreed that the role of the Board needed to be clarified in order to ensure the correct balance between short term operational and long term strategic debate, with particular focus on VFM.

Mr Cooper expressed his appreciation to colleagues within the SHA for all their hard work and commitment in pulling together the evidence to support the work of the Audit Commission and for achieving such a credible Annual Audit Letter.

09/107 **Value for Money and Financial Management Improvement Tool**

The Value for Money and Financial Management Improvement Tool was noted. The Committee was made aware that the Audit Commission would be monitoring progress against the action plan.

09/108 **Your Business at Risk**

The Committee noted the above report and was pleased to learn that there had been a good response rate to the questionnaires circulated to staff

09/109 **PbR Data Assurance Framework: SHA Analysis Profile**

Mrs Matthews made reference to the PbR Data Assurance Framework: SHA Analysis Profile and, in particular, figure 4 on page 2 of the report which highlighted the significant progress made by trusts across the patch between the audits carried out between 2007/08 and 2008/09.

09/110 **Performance Management**

Mr Woodhouse outlined the above paper and gave an overview of the recommendations detailed on page 7 of the report.

The Committee proposed that an action plan be developed to compliment the paper and be brought to the next meeting for consideration.

It was agreed that the Acting Director of Performance and Delivery, Brian Hughes, should be asked to attend a future meeting to discuss how performance management is being delivered across the patch.

Action: Mr Woodhouse / Mr Powell (for forward plan)

09/111 **External Audit Recommendations – Follow-up Progress Report**

The Committee reviewed the report and agreed that the outstanding actions should be reviewed by the Chief Executive, Bill McCarthy, as part of the forthcoming senior management team time out session and development event.

Action: Mr McCarthy / SMT

09/112

Use of Resources and Auditors Local Evaluation

The Committee was asked to note the patch performance on Use of Resources and Auditors Local Evaluation (ALE) for 2008/9 and the proposed next steps.

It was noted that all organisations across the patch had either held or improved their position on the score board. Mr Curtis commented that half of the PCTs had achieved a score of 'good'.

The Committee was made aware that the final scores would be published nationally as part of the Care Quality Commission's work around use of resources and the quality of outcomes. Until that time, the national comparators were not available to the SHA.

Mr Ramsey queried why Leeds had scored three on good governance and two on everything else. Mrs Matthews agreed to review the scores and provide direct feedback.

Action: Mrs Matthews

09/113

Annual review of SOs, SFIs and the Audit Committee Terms of Reference

As a matter of good practice and in accordance with the NHS Handbook, the Authority's Standing Orders (SOs) and Standing Financial Instructions (SFIs) should be reviewed annually.

The Committee was asked to review and approve the amendments to the SFIs set out in the paper and to consider any revision to the Terms of Reference and to recommend any changes to the Board.

The key substantive areas of changes considered were:

- Quotation Wavers
- Manual Tendering
- Established Procurement Manual
- Clarifying wording around framework agreements

Subject to one or two minor changes, the suggested amendments to the SOs and SFIs were approved.

In relation to the Terms of Reference, it was noted that following a self assessment against the Audit Committee Handbook checklist earlier this year, it was considered appropriate for the Committee to undertake a full review of its Terms of Reference to take account of any governance development and to ensure that the work of the Committee continues to reflect its role and responsibilities.

Mr Walker commented that, in his opinion, he did not consider it to be within the Audit Committee's remit to review Risks and Assurances in detail but to have satisfaction that the appropriate systems were in place to manage them.

09/114 **IFRS – Implementation Update and Presentation of Accounting Policies**

Mr Curtis gave an overview of the progress to date and confirmed that Mrs Smith had discussed the policies with Mrs Matthews.

The Committee agreed the IFRS accounting policies.

09/115 **Assurance – SHA Risk and Assurance Report**

It was noted that the Director of Nursing and Patient Care, Professor Sue Proctor, will be attending the next meeting of the Committee to discuss her area of work and any associated risks.

Moving forward, it was agreed that directors would be called to the meeting as and when required rather than scheduling them into every session.

On reviewing the risk register, the Committee was concerned to learn that resources in certain areas were being temporarily diverted away from core business due to the work associated with swine flu. It was noted that Assurances on Swine Flu plans would be reported to the Board at its meeting on 29 September.

Mr Milner gave re-assurance that resources were being managed appropriately and that the SMT were monitoring the position closely.

09/116 **Review of Assurance Frameworks for NHS Organisations within the Region 2009**

Mrs Ambler provided an update on the above and stated that all of the 23 Frameworks reviewed were found to be satisfactory. However, it was noted that there was some loss of strategic focus in one or two organisations. As a result, Mrs Ambler confirmed that she was in the process of meeting with those organisations to reinforce/strengthen the strategic aspects of the Assurance Framework.

For those organisations which had been visited, progress and improvement had been seen.

The Committee agreed that Mrs Ambler be invited to a future meeting to discuss further the Trusts which are giving cause for concern.

Action: Mr Powell (for forward plan)

09/117 **Tender waivers, special payments and prompt payment codes**

Mr Curtis presented a report on Tender waivers, special payments and prompt payment codes. The report was noted.

In relation to the third tender waiver about the performance monitoring software, Mr Ramsay raised a query to why the waiver was signed by the Director of Finance when the Board had previously indicated that they would not be willing to support the work of Dr Foster as they did not feel it offered value for money.

Mr Curtis confirmed that this was a specialist piece of software which would offer benefit to the SHA in longer term.

09/118 **Audit Committee forward workplan – for information**

The Committee noted the audit forward plan and agreed for Professor Sue Proctor to attend the next meeting in December. It was also agreed to invite Brian Hughes to attend in March 2010 and invite the Chief Executive to one of the meetings.

Action: Mr Powell (for forward plan)

09/119 **Any Other Business**

There was no other business to report

09/120 **Date of next meeting:**

The next meeting of the Audit Committee is scheduled to take place on Wednesday 16 December 2009 between 12:30 and 4:30 p.m. in the Boardroom at Blenheim House.