

Council of Governors: 19.4.18

Agenda Item: CGo.4.18.18

## Report from the Chair of the Audit and Assurance Committee

<b>Presented by:</b>	Barrie Senior Non-Executive Director	<b>Author:</b>	Jacqui Maurice, Head Corporate Governance
<b>Previously considered by:</b>	Board of Directors held 8 March 2018		

Key points	Purpose:
1. This paper provides a brief summary of the key matters that were discussed at the meeting of the Audit and Assurance Committee held on 6 February 2018.	To discuss and note
2. The confirmed minutes from the Audit and Assurance Committee meeting held on 6 February are attached at Appendix 1.	To discuss and note

### Executive Summary

1. This paper provides a brief summary of the key matters that were discussed at the meeting of the Audit and Assurance Committee held on 6 February 2018.
2. **Key Matters discussed**
  - A 'limited assurance' internal audit report in respect of the Short Stay Ward
  - The lack of adequate measurable targets within the business case for the 'New Hospital Wing' Project
  - The 'significant assurance' opinion on the General Data Protection Regulations internal audit being heavily dependent upon future actions ahead of the 25 May 2018 implementation deadline
  - Revaluation of the Trust's land and buildings on a tight timescale for the purposes of the 31 March 2018 accounts
  - Lessons learned from the delayed issue of GP letters following EPR implementation
  - Actions being taken to achieve the acceptable segregation of waste within the Trust following a 'no assurance' internal audit report
  - The intention to enhance the Committee's terms of reference and to seek approval thereof at the 3 April Committee meeting and then the 10 May Trust Board meeting.
3. **Agenda Items**
  - 3.1 **External Audit**  
External Audit reported that audit planning work was well under way, with only a small number of matters still under discussion with Finance.
  - 3.2 **Internal Audit Progress**  
Internal Audit presented their progress report.  
  
A summary of progress against the agreed Internal Audit Plan for 2017/18 was provided.  
  
The Committee considered and accepted the reasons for and proposals to defer a number of audit reviews specified in the 17/18 Internal Audit Plan into 18/19, representing 92 days of planned audit effort.  
  
The Committee discussed each of the audit reports finalised since the December 2017 Audit Committee meeting:

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- BH/21/18 Patient Led Assessment of Care Environment – Significant Assurance  
The Committee noted the report.
- BH/22/18 Freedom to Speak Up (FTSU) – Significant Assurance  
The Committee noted the report, noting that, in the opinion of Internal Audit, the Trust's approach to FTSU investigation handling, reporting and lessons learned is not yet fully embedded.
- BH/23/18 New Hospital Wing – Benefit Realisation– Significant Assurance  
The Committee noted the report and expressed some concern that the benefits expected from this major project set out in the business case were not sufficiently measurable. The Committee was reassured that business cases do now include specific, measurable and time-framed expected benefits.
- BH/24/18 CQC Compliance – Well Led Framework  
The Committee noted this update report, provided as planned without an audit opinion.
- BH/25/18 Short Stay Ward – Limited Assurance  
The Committee noted this report, focusing on the limited assurance obtained by Internal Audit regarding ward processes/Standard Operating Procedures and performance monitoring. The Committee was reassured by the Acting Chief Operating Officer that the audit recommendations arising from this review are being addressed as quickly as possible.
- BH/26/18 Data Protection Act – Significant Assurance  
The Committee noted this report and the fact that the Significant Assurance opinion is dependent upon a significant amount of effort and achievement so as to achieve compliance with the new General Data Protection Regulation legislation ahead of the 25 May 2018 implementation deadline.
- BH/27/18 Information Commissioner Office (ICO) Follow-Up – Significant Assurance  
The Committee noted the satisfactory results of this follow-up of the consensual ICO review in November 2016.
- BH/28/18 Medicine Optimisation – Significant Assurance  
The Committee noted the results of this review.
- BH/29/18 Standards of Business Conduct and Conflicts of Interest – Significant Assurance  
The Committee noted the results of this review.

### 3.3 Follow up of Internal Audit Recommendations (BH/30/18)

The follow up report showing progress made against all agreed recommendations made in Internal Audit reports was discussed by the Committee. The Committee expressed the view that, whilst acknowledging management workloads, more should be done more speedily to implement all internal audit recommendations.

### 3.4 Counter Fraud Progress Report

The Committee noted the continuing and increasing efforts by the Local Counter Fraud Service to prevent and detect fraud within the Trust.

### 3.5 Annual Accounts Update 2017/18

The Committee received an update regarding the statutory accounts, annual report and quality report processes and timescales.

The Committee was further advised regarding progress to adopt an amended

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approach to valuing the Trust's land and buildings. The tight timescale for completing this exercise, and the likely results thereof, were questioned.

**3.6 Exception reports**

The latest year to date analysis of tender activity and of losses and special payments were noted.

**3.7 Use of external auditors for non-audit purposes**

The Committee considered and approved a policy designed to ensure Trust compliance with National Audit Office guidance as to the nature and extent of non-audit work that the Trust's external auditors can provide. The policy sets out permitted and prohibited activity, a total annual monetary limit as to non-audit fees (70% of audit fees) and a £25k accumulated annual limit above which any non-audit work requires prior Audit Committee approval.

**3.8 CQC Compliance Process**

The Committee received a presentation from the Director of Governance & Corporate Affairs providing a progress report and reassurance regarding compliance actions arising from the 2014 and 2016 CQC inspections.

**3.9 Clinical Correspondence Electronic Circulation Assurance**

The Committee received an update from the Director of Informatics (DoI) regarding the reason for the delayed distribution of a significant number of GP letters following the implementation of EPR. The DoI explained the remedial actions and lessons learned both by the Trust and the CCG. The Committee was reassured that no instances of resultant patient harm had been identified.

**3.10 Waste Segregation Update**

The Acting Chief Operating Officer and the Director of Estates & Facilities provided an update, in the light of a recent internal audit report, on actions to ensure appropriate segregation of waste throughout the Trust. The Committee was reassured that positive action was being taken and looks forward to further progress reports.

**3.11. Audit Committee terms of reference and annual workplan**

The Committee Chairman deferred these items to the April Committee meeting to provide him with the opportunity and time to enhance the terms of reference and make related changes to the 18/19 workplan.

In the light of the anticipated changes to the terms of reference, all future 'general' Audit Committee meetings are now scheduled for up to 3 hours duration.

**4. Escalation to the Corporate Risk Register and/or Board of Directors**

There were no items requiring formal escalation.

The Council of Governors is asked to note the report presented to the Board of Directors on 8 March 2018

The confirmed minutes from the Audit and Assurance Committee meeting held on 6 February are attached at Appendix 1.

**Financial implications:**

No

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**Regulatory relevance:**

<b>Monitor:</b>	Quality Governance Framework
	Risk Assessment Framework

<b>Equality Impact / Implications:</b>	<p><b>Is there likely to be any impact on any of the protected characteristics?</b> (Age, Disability, Gender, Gender Reassignment, Pregnancy and Maternity, Race, Religion or Belief, Sexual Orientation, Health Inequalities, Human Rights)</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If yes, what is the mitigation against this?</p>

<b>Other:</b>	
<b>Strategic Objective:</b> <i>Reference to Strategic Objective(s) this paper relates to</i>	To provide outstanding care for patients
	To deliver our financial plan and key performance targets
	To collaborate effectively with local and regional partners

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## Appendix 1

### AUDIT AND ASSURANCE COMMITTEE MEETING MINUTES, ACTIONS & DECISIONS

<b>Date:</b>	Tuesday, 6 February 2018	<b>Time:</b>	14:00-16:00
<b>Venue:</b>	Listening for Life Lecture Theatre Listening for Life	<b>Chair:</b>	Mr Barrie Senior Non-Executive Director
<b>Present:</b>	<b>Non-Executive Directors:</b> <ul style="list-style-type: none"> <li>- Mr Barrie Senior, Non-Executive Director (BS)</li> <li>- Dr Trevor Higgins, Non-Executive Director (TH)</li> <li>- Ms Selina Ullah, Non-Executive Director (SU)</li> </ul>		
<b>In Attendance:</b>	<ul style="list-style-type: none"> <li>- Mr Matthew Horner, Director of Finance (MH)</li> <li>- Mr Michael Quinlan, Deputy Director of Finance (MQ)</li> <li>- Ms Helen Kemp-Taylor, Audit Yorkshire (HKT)</li> <li>- Ms Karina Rogers, Audit Yorkshire (KR)</li> <li>- Ms Adele Jowett, Audit Yorkshire (AJ)</li> <li>- Mr Paul Hewitson, Deloitte (PH)</li> <li>- Ms Donna Thompson, Director of Governance and Corporate Affairs (DT) for agenda items A.2.18.14, A.2.18.15 and A.2.18.16</li> <li>- Ms Cindy Fedell, Director of Informatics (CF) for agenda item A.2.18.15</li> <li>- Ms Sandra Shannon, Acting Chief Operating Officer (SS) for agenda item A.2.18.8</li> <li>- Ms Sandra Shannon, Acting Chief Operating Officer (SS), Mr Paul Featherstone, Director of Estates and Facilities (PF), Ms Charlotte Keasey, Acting General Manager, Facilities, for agenda item A.2.18.16</li> <li>- Ms Fiona Ritchie, Trust Secretary (FR)</li> <li>- Ms Juliet Kitching, Minute Taker (JK)</li> </ul>		

No.	Agenda Item	Action
<b>A.2.18.1</b>	<b>Apologies for Absence</b> There were no apologies for absence.	
<b>A.2.18.2</b>	<b>Declaration of Interest</b> There were no declarations of interest reported.	
<b>A.2.18.3</b>	<b>Minutes of the meeting held on 5 December 2017</b> The minutes were accepted as a correct record subject to the following change: A.12.17.8: Final sentence should read, 'BS questioned if there were any required or proposed changes to accounting policies or the application of accounting policies and MQ updated the Committee.'	
<b>A.2.18.4</b>	<b>Matters Arising</b> The following actions from the action log were closed: A.12.17.5 (05.12.17) – Internal Audit Progress Report. A.12.17.5 (05.02.17) – Internal Audit Progress Report.	

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	<p>A.12.17.7 (05.12.17) – Annual Report and Quality Report 2017/2018. A.12.17.8 (05.12.17) – Foundation Trust Annual Reporting Manual 2017/18. A.12.17.11 (05.12.17) – Review of arrangements for use of External Auditors for Non-Audit Purposes. A.12.17.17 (05.12.17) – Any Other Business – Terms of Reference review to be added to February 2018 agenda.</p>	
<b>A.2.18.5</b>	<p><b>External Audit Annual Plan</b> PH updated the Committee. The annual plan has been issued to the Committee and planning work is underway with the Finance team. Work is progressing and there are no significant items to bring to the Committee's attention. However, a small number of issues are currently under discussion with the Finance team prior to finalising the audit strategy.</p>	
<b>A.2.18.6</b>	<p><b>Benchmarking and Sector Developments Report</b> PH presented Deloitte's report on Benchmarking noting how the Foundation Trust's (FT) results compare with Deloitte's other NHS clients (anonymised), together with the sector development section that identifies key areas of activity and new requirements within the FT sector.</p> <p>BS noted the report front sheet stated the purpose of the report was to discuss and note, however, the agenda listed its purpose as 'to note and gain assurance'. The document is to discuss and note. This will be corrected.</p> <p>The Benchmarking work reflected the FT's performance compared with others to 30 September 2017. The process includes an ongoing assessment of internal and external factors affecting the organisation showing how the FT's results compared with others. This background picture was noted to be useful.</p> <p>The FT's performance regarding efficiency savings, in Quarter 2 was noted. MH highlighted the FT has, out of all of the Trusts audited by Deloitte, the highest level of Cost Improvement Programme (CIP) achieved in the first six months. Information on the turnover and liquidity profile of Trusts within that grouping would be useful. PH will circulate information on CIP expressed as a proportion of expenditure.</p> <p>The Committee noted:</p> <ul style="list-style-type: none"> <li>• The sector is experiencing increasing working capital pressure with higher debtor and creditor levels.</li> <li>• The sector is behind plan on delivery of efficiency savings with the FT achieving 93.1% of its planned savings.</li> <li>• The use of resourcing risk rating for the Trust.</li> <li>• Quarter 3 results will be circulated as soon as these are available.</li> </ul> <p>Regarding sector developments the following were noted:</p> <ul style="list-style-type: none"> <li>• The annual reporting manual shows little change.</li> <li>• The National Audit Office now requires auditors to report on value for money risks in the same way as financial statement audit risks.</li> <li>• A report will be presented to a future Board of Directors' meeting regarding the apprenticeship levy in order to detail where the opportunities are.</li> </ul>	<p>Trust Secretary 2018/01</p> <p>Deloitte - PH 2018/02</p> <p>Trust Secretary 2018/03</p>

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	<ul style="list-style-type: none"><li>Off payroll disclosures – The requirements have been updated for the IR35 changes from April 2017 on determining employment status. KR assured the Committee the FT’s IR35 processes and controls are in place following a recent audit.</li><li>Reporting value for money – A potential change on how the audit opinion appears was noted.</li><li>CIP delivery has been flagged up as a risk. Deloitte will consider whether this needs to be reported in their audit report.</li><li>Internal Audits with a limited assurance opinion will be considered by Deloitte in due course.</li></ul> <p>The report was noted by the Committee.</p>																							
<b>A.2.18.7</b>	<p><b>Quality Report</b></p> <p>PH reported that the Quality Report Audit guidance has been released but has yet to be finalised and this is being discussed with the Corporate Compliance Manager and the timetable for information will be shared when available. Governors have selected the ‘Accident and Emergency Ambulance Handover Time’ as the local indicator for scrutiny and are arranging meetings with relevant staff to discuss how that indicator is brought together, challenged and reported.</p> <p>The mandatory audit requirements are out for consultation and the areas for inclusion will be either the four hour wait and the Summary Hospital-level Mortality Indicator (SHMI) or the four hour wait and Referral to Treatment (RTT).</p> <p>The Quality Report will be submitted to the Quality Committee prior to sign off.</p>																							
<b>A.2.18.8</b>	<p><b>Internal Audit Progress Report – Audit Yorkshire</b></p> <p>The Internal Audit report was discussed.</p> <table><tr><th>Audit</th><th>Status</th></tr><tr><td>BH/21/18 Patient Led Assessment of Care Environment</td><td>Significant Assurance</td></tr><tr><td>BH/22/18 Speak Up Guardian arrangements</td><td>Significant Assurance</td></tr><tr><td>BH/23/18 New Hospital Wing – Benefit Realisation</td><td>Significant Assurance</td></tr><tr><td>BH/24/18 Care Quality Commission Compliance – Well Led Framework</td><td>Not Applicable</td></tr><tr><td>BH/25/18 Short Stay Ward</td><td>Limited Assurance</td></tr><tr><td>BH/26/18 Data Protection Act</td><td>Significant Assurance</td></tr><tr><td>BH/27/18 Information Commissioner Office Follow-up</td><td>Significant Assurance</td></tr><tr><td>BH/28/18 Medicine Optimisation</td><td>Significant Assurance</td></tr><tr><td>BH/29/18 Standards of Business Conduct and Conflicts of Interest</td><td>Significant Assurance</td></tr><tr><td>BH/30/18 Follow-up of Internal Audit</td><td>Not</td></tr></table>	Audit	Status	BH/21/18 Patient Led Assessment of Care Environment	Significant Assurance	BH/22/18 Speak Up Guardian arrangements	Significant Assurance	BH/23/18 New Hospital Wing – Benefit Realisation	Significant Assurance	BH/24/18 Care Quality Commission Compliance – Well Led Framework	Not Applicable	BH/25/18 Short Stay Ward	Limited Assurance	BH/26/18 Data Protection Act	Significant Assurance	BH/27/18 Information Commissioner Office Follow-up	Significant Assurance	BH/28/18 Medicine Optimisation	Significant Assurance	BH/29/18 Standards of Business Conduct and Conflicts of Interest	Significant Assurance	BH/30/18 Follow-up of Internal Audit	Not	
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Recommendations (3)	Applicable
<p>On page 1 of the Internal Audit Progress Report the Committee noted the third paragraph containing historical out of date data from the last meeting.</p>	
<p>TH noted the request from management for changes to the 2017/2018 plan and the following deferrals were discussed:</p>	
<ul style="list-style-type: none"> <li>• Safeguarding, domestic violence – Management have requested the deferral of this review due to current winter pressures in the Accident and Emergency Department and the recent introduction of the Electronic Patient Record (EPR). KR had discussed with the Executive Directors the effects that the EPR implementation has had on recording safeguarding matters. The team are working through the EPR issues and an action plan is in place to improve the situation. A further three to four months were requested to embed and strengthen controls. Concern was expressed by SU as this appeared to contradict information that had been provided to the Board of Directors. The review is with the Chief Nurse.</li> <li>• Regarding the establishment of accountable care and acute collaboration, MH highlighted the arrangements in place for the partnerships and that the governance processes are still in their infancy and there is nothing substantial to audit at the present time.</li> <li>• KR circulated two further audit areas for deferral to 2018/19 – Safe procedures: NAT SIPS and Collaborative working: pathology, justifying the reasons for deferral and that these have been discussed with the Director of Finance.</li> </ul>	
<p>The Audit and Assurance Committee approved the requests submitted for deferral.</p>	
<p>The Internal Audit Key Performance Indicators (KPIs) and targets achieved were noted. All reports are finalised with the Executive Lead for each audit, however, some recommendations may sit with other Executive Directors. The high level of performance was noted.</p>	
<p>KR noted that, if the additional days are deferred, 92 days will be deferred into next year, leaving 30% of the plan still to be completed which is in line with the normal position at this point of the year. All audit work is expected to be completed when the annual governance statement is signed off. All significant reviews should be fully complete when the Head of Internal Audit opinion is finalised. The summary of performance against the 2017/2018 plan was discussed.</p>	
<p><i>Summary of performance against 2017/18 Internal Audit Plan</i></p>	
<p>Service Line Reporting/PLICS – It was noted that management have requested this review is deferred to February 2018 as the PLICS system is under development and has only just become available, with outputs undergoing a process of validation.</p>	



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	<p>Board Assurance Framework and Risk Management Framework – This is currently in the planning process stage and management will look at this in March 2018, due to current workloads. KR noted this is one of the key reviews that will form the basis of the Head of Internal Audit opinion.</p> <p>An audit of Clinical Audit was planned for Quarter 2, with the fieldwork only now underway. The review will focus on divisional clinical audit.</p> <p>Business Continuity – KR noted this considers when fundamental systems are not available and how business continues to operate normally. The FT has to submit on an annual basis an EPRR self-assessment return in October/November which is signed off by the Board of Directors.</p> <p>The Committee noted the Internal Audit reports completed since the last Audit Committee meeting:</p> <p>BH/25/18 - Short stay ward report - Limited assurance. SS noted the report discussing compliance with procedure identifying there were no issues which impacted on patient care. The view was the short stay ward fulfilled the function intended giving positive outputs, but lacked systems for collecting the evidence. KPIs and Standard Operating Procedures (SOPs) are being compiled in order to provide evidence to demonstrate that the unit was fulfilling the intended function on a short stay ward. This includes developing a standard data set and KPIs for ongoing monitoring. It was also recommended that other areas of patient care were reviewed to ensure the appropriate SOPs were in place.</p> <p>BH/21/18 - Patient led assessment – Significant assurance. The level of follow-up and the number of actions not yet completed were noted. A PLACE Steering Group has been instigated to oversee at an operational level. The level of attendance of the Patient First Committee was noted.</p> <p>BH/22/18 – Freedom to Speak Up (FTSU) – Significant Assurance. The Committee noted the report, noting that, in the opinion of Internal Audit, the Trust's approach to FTSU investigation handling, reporting and lessons learned is not yet mature considering the developing nature of the area.</p> <p>BH/23/18 - New hospital wing – Significant assurance. The Committee noted this report and expressed some concern regarding the assurance available. It was noted that the benefits expected were not adequately specified in the original business case. MH noted all business cases now include a benefits realisation pro-forma with a baseline and an expected level of improvement. FR noted the Major Projects Committee would now be consulted regarding business cases for any major projects.</p> <p>BH/26/18 - Data protection compliance and General Data Protection Regulation (GDPR) – Significant assurance. A session on GDPR was due to take place at the Board of Directors' meeting on 8 February 2018. The audit opinion provided is contingent on future actions. KR noted the different mechanisms now in place to ensure oversight of the action plan going forward. The audit plan for 2018/2019 will be compiled in February 2018 and a re-audit of this area will be added to the plan.</p>	
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	<p>BH/27/18 – Information Commissioner’s Office (ICO) follow up - Significant assurance. The ICO undertook a review last year. The FT responded and Internal Audit were asked to give an independent assurance around responses and available evidence to support that.</p> <p>BH/28/18 - Medicine optimisation – Significant assurance. KR noted the amount of improvement that has taken place in this particular area. The issues around reconciliation in Pharmacy were noted.</p> <p>At this point the Committee considered it would be useful to have access in Boardpad to all finalised audit reports (including audit scope/planning documents).</p> <p>BH/29/18 - Standards of business conduct and conflicts of interest - Significant assurance. KR noted the new requirements over the last twelve months, and how they have been adapted into the Trust. This was noted to be an overall strong area of significant assurance with two recommendations.</p> <p>The reports ‘with no opinion’ BH/24/18 Well Led Framework and BH/30/18 Follow-up of Internal Audit Recommendations (see below) were noted. KR is to circulate questions 7 and 8 which appeared to be missing from BH/24/18 Well led framework report.</p> <p>KR noted meetings are scheduled with the Executive Directors in February regarding 2018/2019 Internal Audit planning with the intention of creating a three year strategic plan and a 2018/19 Annual Plan. Following discussion with MH the report will be presented for approval at an Executive Management Team meeting. BS requested to meet with KR and MH at the appropriate time and ahead of the 3 April Audit Committee meeting to discuss. (SU and TH to be invited to attend).</p> <p>MH noted that the Audit and Assurance Committee has always asked the other Committees of the Board for any areas they wish to be included in the audit plan.</p>	<p>Trust Secretary 2018/04</p> <p>Audit Yorkshire - KR 2018/05</p> <p>Audit Yorkshire KR/Director of Finance MH/BS 2018/06</p> <p>BS 2018/07</p>
<b>A.2.18.9</b>	<p><b>Follow up of Internal Audit Recommendations</b></p> <p>KR discussed the report (BH/30/18) providing the Committee with an update on the implementation of Internal Audit Recommendations, showing the progress made against all agreed recommendations made in the Internal Audit reports issued in 2017/2018 and 2016/2017 along with any outstanding from 2015/2016. The report has been submitted to an Executive Management Team meeting.</p> <p>SU expressed concerns around the management of contracts and negotiations and the fact these are still not implemented and have an agreed revised date. MH noted this item was fully discussed at the December Audit and Assurance Committee with the challenge being of reaching agreement with counterparts. The focus of agreeing/establishing contracts and baselines with Airedale and Calderdale and Huddersfield is underway. A number of discussions have been held around systems and procedures which need to be in place to ensure recouping the appropriate</p>	

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	<p>amount of income.</p> <p>MH noted that the West Yorkshire Association of Acute Trust group is trying to establish a standard contract across all of the Trusts. Management are aware of all issues as these are submitted to the Executive Management Team.</p>	
<b>A.2.18.10</b>	<p><b>Counter Fraud Progress Report</b></p> <p>The Counter Fraud progress report provided details of the work carried out by the Local Counter Fraud Service since the last Audit Committee and was noted by the Committee. The working arrangements between Counter Fraud and Internal Audit regarding fraud matters were noted.</p> <p>AJ gave a brief oversight into her work in terms of themes and lessons learned.</p>	
<b>A.2.18.11</b>	<p><b>Foundation Trust Annual Accounts Update 2017/18</b></p> <p>MQ noted the Statutory Accounts 2017/2018 timetable and approach, with a view to them being presented to the Committee in May 2018. Changes to the Accounting Manual and International Accounting Standards were noted, none of which were significant.</p> <p>MQ explained the issues around the challenge of Deloitte providing the external audit ISA260 by mid-May. The Committee discussed the May meetings. FR voiced her concerns over the organisation of new dates and imminent changes in personnel, and the deadlines for the accounts being finalised prior to the Board meeting on 24 May 2018.</p> <p>The Committee agreed to move the first May meeting to 18 May 2018, with the second meeting taking place on 23 May 2018 as previously planned.</p> <p>POST MEETING NOTE – Audit and Assurance Committee will move from Tuesday, 15 May 2018 to Friday, 18 May 2018, 9.30 am to 12.30 pm. The second meeting will take place as planned on Wednesday, 23 May 2018, 10 am to 12 noon.</p> <p>MQ highlighted the future plans for the Department of Health Group Accounting Manual 2017/2018 and noted the accounting changes. The areas of IFRS 15, revenue recognition, and IFRS 16, leases, were noted as these may have some impact.</p> <p>Regarding IFRS16 and changes to lease accounting in 2019/20, MQ noted there would be no risk of early adoption but the Government accounting manual does not clearly clarify implications for NHS organisations. A scoping exercise will be undertaken around benchmarking and the FT's use of resource metrics. The impact is currently uncertain.</p> <p>MQ discussed the land and buildings revaluation exercise. Early signs are that the value of land and buildings have increased by 3% along with the completion of a new hospital wing. A complete revaluation is being undertaken in conjunction with District Valuers.</p>	


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	<p>The FT currently accounts for land and buildings at a Modern Equivalent Value (MEV). Following agreement at the Executive Management Team meeting the District valuers are being consulted to look at a modern equivalent alternative value prior to the annual accounts being finalised. The potential risks associated with an alternate MEV as regards:</p> <ul style="list-style-type: none"> <li>• Reduction in available capital</li> <li>• Timescales for the 2017/18 accounts</li> <li>• Error risk</li> <li>• Savings realisation</li> </ul> <p>were noted, with an update expected at the 3 April Audit Committee meeting.</p> <p>Regarding the consolidation of Bradford Hospitals Charity accounts, the FT is once again not to consolidate when preparing the accounts for the FT, on the basis that the Charity and its accounts are not material in the context of the Trust's accounts. It was noted however that, should the FT establish any further subsidiary companies which it did wish to consolidate, then the Charity would then have to be consolidated also: consolidation/the preparation of group accounts cannot be done selectively.</p>	<p>Deputy Director of Finance MQ 2018/08</p>
<b>A.2.18.12</b>	<p><b>Exception Reports</b></p> <p>MQ presented the tender report, including both Procurement and Estate Tenders, and losses and special payment reports. No breaches were noted. No instances of Standing Financial Instructions being waived have been reported. The 2017/2018 average number of monthly invoices are slightly increased from last year.</p> <p>MH noted the Freedom of Information request recently received regarding overseas visitors.</p> <p>BS requested the name of the Executive Director responsible for each tender be documented in the table going forward. MH noted all tenders are pre-authorised and he has approval authority to sign off up to £30,000. Amounts in excess require both MH's and Professor Clive Kay's, Chief Executive, signature.</p> <p>The Committee noted the report.</p>	
<b>A.2.18.13</b>	<p><b>Review of arrangements for use of External Auditors for Non-Audit Purposes – Update</b></p> <p>MQ presented the Policy which had been updated in line with the National Audit Office guidance on the use of External Auditors for Non-Audit Services, including a '70% of audit fee' cap for non-audit work (Appendix A), the permitted and prohibited work types (Appendix B) that may/may not be undertaken by the External Auditor, and an annual £25k cumulative spend limit above which Audit Committee pre-approval must be obtained.</p> <p>The report was approved.</p>	
<b>A.2.18.14</b>	<p><b>Care Quality Commission (CQC) Compliance Process</b></p>	

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	<div data-bbox="375 241 443 309" data-label="Image">  </div> <p>A.2.18.14 - CQC Compliance Presentat</p> <p>DT was welcomed to the meeting and explained the actions in place to assure the Committee and the Board of delivery against both the Care Quality Commission (CQC) fundamental standards and compliance actions. The key operational group overseeing this is the CQC Steering Group which reports on a regular basis to the Quality Committee to provide progress reports against fundamental standards.</p> <p>As part of the overall assurance process, an internal audit was undertaken last year, against the fundamental standards, with the report carrying 'significant assurance' opinion. After the CQC 2014 review there were approximately 30 compliance 'must do' actions and following the CQC review in 2016 there were 11 actions. Response matrixes were compiled. Each action had an operational manager lead, an executive lead and a responsible operational committee for reviewing progress and compliance against detailed key performance indicators.</p> <p>A process of assembling assurance was undertaken with various sign-offs through Committees and Steering Groups of the compliance actions. DT noted the CQC's level of involvement and engagement with the FT over the last twelve months. As a result there is now ongoing assurance around how to deliver against the fundamental standards, with daily compliance alert triggers, where the risk and complaints teams meet to look at any issues which are brought to their attention through Datix, complaints or claims. The issues are escalated to either the weekly meetings, the learning and surveillance hubs or to the Quality of Care Panel to identify a confidence level against the standards.</p> <p>Members of the FT meet with the CQC engagement officers with formal agendas focussing on general and particular issues for discussion.</p> <p>The Committee noted and gained assurance from this update.</p>	
<p><b>A.2.18.15</b></p>	<p><b>Clinical Correspondence Electronic Circulation Assurance</b></p> <p>CF had been invited to discuss the issue which occurred at the implementation of EPR (September 2017) regarding the failure to send on a timely basis a significant volume of clinical correspondence to General Practitioners (GP), which was not identified until early December 2017. It was identified that the letters were sent to an 'integration engine' within EPR but did not get subsequently despatched until the problem was identified. The issue was related to 'go-live'. The CCG has been involved with this incident from its discovery. A Serious Incident process was initiated. The issue is now fixed and additional monitoring is in place, however, the CCG identified the GPs did not have a mechanism in place to ensure that if communication was not received they could alert the FT.</p> <p>The Committee noted the report.</p>	
<p><b>A.2.18.16</b></p>	<p><b>Internal Audit Waste Segregation update</b></p>	

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	<p>SS, PF and CK were welcomed to discuss the results of the 'no assurance' internal audit report presented to the December 2017 Audit Committee meeting and the February 2018 update paper now presented to the Committee.</p> <p>The Committee noted that appropriate waste segregation requires everyone in the Trust to play their part. Part of the solution was for supervisory/management personnel randomly and regularly to inspect waste bags and bins and point out any incorrect segregation.</p> <p>Challenging discussions had been undertaken throughout the course of developing the audit plan. The action plan focusses on the steps required to achieve the required standards, with improved communication systems and education of staff, eg domestic and portering staff. Governance structures will be implemented in respect of various waste groups with appropriate escalation processes. Additional key appointments are being made within Estates to assist the checking and reporting process. The procedures will be re-audited independently to identify if the changes are embedded around March/April 2018, however, the Committee noted some issues will take longer to fix.</p> <p>PF noted a Waste Producers Group has been established where it is expected each Division will be represented.</p> <p>The update was noted by the Committee.</p>	
<b>A.2.18.17</b> <b>A.2.18.18</b>	<p><b>Review of Audit and Assurance Committee Terms of Reference</b></p> <p><b>Audit and Assurance Committee Workplan</b></p> <p>BS proposed both of the above items be postponed until the April meeting to allow BS to finish his initial discussions with Executive Directors and other Committee chairs.</p>	
<b>A.2.18.19</b>	<p><b>Any Other Business</b></p> <p>A.2.18.19.1 – BS noted that given changes he will be proposing to the Terms of Reference and the work plan of the Committee, it is envisaged the meetings will take longer than the allocated two hours. The meetings will, therefore, be extended to three hours.</p> <p>A.2.18.19.2 – FR informed the Committee that she was leaving the FT at the end of February 2018. MH thanked FR for her assistance to the Audit and Assurance Committee over the years. TH noted FR had made significant improvements to the meetings.</p>	Trust Secretary 2018/09
<b>A.2.18.20</b>	<p><b>Matters to escalate to Corporate Risk Register</b></p> <p>There were no items to escalate to the Corporate Risk Register.</p>	
<b>A.2.18.21</b>	<p><b>Matters to escalate to the Board of Directors</b></p> <p>There were no matters to escalate to the Board of Directors.</p>	
<b>A.2.18.22</b>	<p><b>Attendees for subsequent Audit Committee meetings</b></p> <ul style="list-style-type: none"> <li>Tanya Claridge, Assistant Director of Governance and Risk</li> </ul>	
<b>A.2.18.23</b>	<p><b>Review of meeting</b></p> <p>The meeting was noted to have been a good meeting with plenty of content.</p>	

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<b>A.2.18.20</b>	<b>Date and time of next meeting</b> Tuesday, 3 April 2018, 2 pm to 5 pm	
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**BRADFORD TEACHING HOSPITALS NHS FOUNDATION TRUST**  
**ACTIONS FROM AUDIT AND ASSURANCE COMMITTEE MEETINGS 6 FEBRUARY 2018**

Date of Meeting	Agenda Item	Required Action	Lead	Timescale	Comments/Progress
5/12/2017	A.12.17.5	<b>Internal Audit Progress Report</b> BH/17/18: Waste Segregation: Audit Yorkshire will liaise with DT's team to undertake a further audit in this area in February/March 2018.	Audit Yorkshire	3 April 2018	
06/02/18	A.2.18.6	<b>Benchmarking and Sector Development Report</b> BS noted the report front sheet stated the purpose of the report was to discuss and note, however, the agenda listed its purpose as 'to note and gain assurance'. The document is to discuss and note. This will be corrected.	Trust Secretary 2018/01	3 April 2018	Agenda updated – action concluded
06/02/18	A.2.18.6	<b>Benchmarking and Sector Development Report</b> PH will circulate information on CIP expressed as a proportion of expenditure.	Deloitte - PH 2018/02	3 April 2018	
06/02/18	A.2.18.6	<b>Benchmarking and Sector Development Report</b> A report will present to a future Board of Directors' meeting regarding the apprenticeship levy in order to detail where the opportunities are.	Trust Secretary 2018/03	3 April 2018	Item noted. To be added to future BOD agenda. Date TBC
06/02/18	A.2.18.8	<b>Internal Audit Progress Report</b> The Committee considered it would be useful to have access in Boardpad to all finalised audit reports (including audit scope/planning documents).	Trust Secretary 2018/04	3 April 2018	Boardpad reading room set up to view all finalised audit reports – action concluded
06/02/18	A.2.18.8	<b>Internal Audit Progress Report</b>	Audit Yorkshire	3 April	Report circulated. Action complete

Date of Meeting	Agenda Item	Required Action	Lead	Timescale	Comments/Progress
		KR is to circulate questions 7 and 8 which appeared to be missing from BH/24/18 Well led framework report.	KR 2018/05	2018	
06/02/18	A.2.18.8	<b>Internal Audit Progress Report</b> BS requested to meet with KR and MH at the appropriate time and ahead of the 3 April Audit Committee meeting to discuss. (SU and TH to be invited to attend).	Audit Yorkshire KR/ Director of Finance MH/ BS 2018/06	3 April 2018	Meeting arranged for 26.3.18 12-1pm. Action complete
06/02/18	A.2.18.8	<b>Internal Audit Progress Report</b> MH noted that the Audit and Assurance Committee has always asked the other Committees of the Board for any areas they wish to be included in the audit plan.	BS 2018/07	3 April 2018	
06/02/18	A.2.18.11	<b>Foundation Trust Annual Accounts Update 2017/18</b> Following agreement at the Executive Management Team meeting the District valuers are being consulted to look at a modern equivalent alternative value prior to the annual accounts being finalised. The potential risks associated with an alternate MEV as regards: <ul style="list-style-type: none"> <li>• Reduction in available capital</li> <li>• Timescales for the 2017/18 accounts</li> <li>• Error risk</li> <li>• Savings realisation</li> </ul> were noted, with an update expected at the 3 April Audit Committee meeting.	Deputy Director of Finance MQ 2018/08	3 April 2018	

Date of Meeting	Agenda Item	Required Action	Lead	Timescale	Comments/Progress
06.02.18	A.2.18.19.1	<b>Any Other Business</b> BS noted that given changes he will be proposing to the Terms of Reference and the work plan of the Committee, it is envisaged the meetings will take longer than the allocated two hours. The meetings will, therefore, be extended to three hours.	Trust Secretary 2018/09	3 April 2018	Future meetings extended – action concluded