

AUDIT COMMITTEE

**Minutes of the Meeting of the Audit Committee of the
Board of Directors of Sheffield Health & Social Care NHS FT
Tuesday, 18th April 2017 in the Rivelin Board Room, Fulwood House**

Open BoD 14 06 17 Item 14ia

Present:

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| 1. Mrs. Ann Stanley | Non-Executive Director (Chair) |
| 2. Mr. Mervyn Thomas | Non-Executive Director |

In Attendance:

- | | |
|---------------------------|--------------------------------------------------|
| 3. Mrs. Sue Rogers | Non-Executive Director |
| 4. Mr. Clive Clarke | Deputy Chief Executive |
| 5. Mr. Phillip Easthope | Executive Director of Finance |
| 6. Dr. Mike Hunter | Executive Medical Director |
| 7. Mr. James Sabin | Deputy Director of Finance |
| 8. Ms. Margaret Saunders | Director of Corporate Governance/Board Secretary |
| 9. Ms. Lisa Mackenzie | Client Manager, 360 Assurance |
| 10. Mr. Robert Purseglove | Local Counter Fraud Specialist, 360 Assurance |
| 11. Mr. Tim Thomas | Director, 360 Assurance |
| 12. Ms. Lizzie Wharton | Manager, KPMG External Audit Service |
| 13. Mrs. Jeanine Hall | PA (Minutes) |

Apologies:

- | | |
|--------------------------|-------------------------------------------------------------|
| 14. Mr. Leigh Bramall | Non-Executive Director |
| 15. Ms. Liz Lightbown | Executive Director of Nursing, Professions & Care Standards |
| 16. Mr. Kevan Taylor | Chief Executive |
| 17. Mr. Rashpal Khangura | Director, KPMG External Audit Service |

Minute		Action
01/04/17	Welcome & Apologies for Absence Mrs. Stanley welcomed members to the meeting and apologies were noted.	
02/04/17	Declarations of Interest No changes or additions to declarations of interest were reported.	
03/04/17	Minutes of the Audit Committee held on 31st January 2017 The minutes of the meeting held on 31 st January 2017 were accepted as a correct record and would be signed off for receipt at the May 2017 Open Board of Directors' meeting.	
04/04/17	Matters Arising & Action Log Members reviewed the Committee Action log and actions were confirmed and/or updated accordingly. A copy of the updated action log is attached to these minutes for members' information. i. <u>SFIs/Standing Orders Review – Role of Business Planning Group</u> Confirmed that the Business Planning Group Terms of Reference have now been refreshed but are awaiting finalisation of the ToRs for other committees. Once finalised, the Scheme of Delegation/Standing Orders etc will be reviewed to ensure they are in line with revised delegated limits of authority. This will then be received at the Audit Committee as part of the governance approval process.	

	Agreed to consider this action closed.	
Financial Statements & Annual Report		
05/04/17	<p>Accounting Policies Review 106/17 (Revised) Mr. Sabin requested endorsement by the Committee of the revised Accounting Policies for inclusion in the Annual Report 2016/17 following NHS Improvement issue of the model template policies and ratification of their use for the 2016/17 accounting year.</p> <p>He confirmed that this was updated from the version received by the Committee at its January 2017 meeting, but still does not include the pension note disclosure which is still to be issued and will be added once received (forming Note 1 to the Accounts).</p> <p>It was noted that KPMG External Audit have confirmed their agreement to the contents of this paper and Audit Committee members duly endorsed the updated schedule of changes.</p>	
06/04/17	<p>Draft Annual Accounts 2016/17 & Related Issues Deferred to meeting on 24th April 2017.</p>	
07/04/17	<p>Draft Annual Report 2016/17 & Related Issues Deferred to meeting on 24th April 2017.</p>	
08/04/17	<p>Draft Quality Account 2016/17 Deferred to meeting on 24th April 2017.</p>	
09/04/17	<p>Draft Annual Governance Statement 2016/17 Mrs. Saunders presented a further draft of the Annual Governance Statement, which she confirmed had been revised since receipt at the January meeting of the Audit Committee, but that a further update is still required prior to receipt of the final Statement by the Board at its extra-ordinary meeting on the 26th May.</p> <p>Mr. Easthope advised that Mr. Taylor, Chief Executive, was due to attend today's meeting specifically regarding this item but unfortunately had to give his apologies for the meeting. He assured members that Mr. Taylor has been fully involved in the development of the Statement through the Director of Corporate Governance and that Mr. Clarke was able to deputise for him on this matter.</p> <p>Members were asked to provide comment on the current draft either in meeting or via email.</p> <p>Ms. Wharton confirmed that the Statement would be reviewed as part of their year-end audit work to ensure it is consistent with their knowledge of the Trust and that it complies with all requirements.</p> <p>Members noted the further work intended to finalise the statement and agreed to provide comment on the draft content as appropriate.</p>	
10/04/17 (i)	<p>Losses & Special Payments Report 2016/17 Members received the annual schedule of losses and special payments for the year 2016/17. Mr. Sabin noted that this was provided for the Committee's attention and assurance in respect of internal controls and that upon review there were no areas of concern regarding internal controls or trends identified. He advised that a large proportion of the payments made in year related to payments made under legal obligation and damage to Trust property by service users.</p>	

	<p>It was confirmed that the write off of stock is included within the category “damage or loss to Trust property” in line with guidance provided by NHSi, however, it was suggested that in terms of our internal report, the inclusion of a category “damage/loss of Trust assets” is included to provide further clarity on this category. Agreed that this would be considered for future reports.</p> <p>Members duly ratified this paper.</p>	
<p>10/04/17 (ii)</p>	<p>Aged Debt Write Off Report 2016/17 Mr. Sabin presented this paper which requested the formal note of the write off of a number of aged debts (all being over 1 year old and under £500).</p> <p>Mr. Sabin confirmed that where necessary lessons have been learnt and relevant processes revised to reduce the need for future write off. Mr. Easthope further confirmed that the request for write off of these debts had received a strong level of rigour and that he is assured that processes have been changed and are being continually reinforced within the Trust.</p> <p>Members duly noted the information provided.</p>	
<p>11/04/17</p>	<p>Briefing Paper: Material Estimates 2016/17 Audit Committee members were asked to note and endorse the methodology utilised by the Trust in determining the carrying value of property, plant and equipment as at the 31st March 2017 and the valuation methodology adopted for provisions and other material estimates.</p> <p>It was confirmed that the Trust had not undertaken a full revaluation of its estate this year, one having been completed last year. A letter of comfort has however been received from our valuers identifying that they do not consider asset values to have materially moved in the area over the last year and that current net book values are appropriate.</p> <p>Mr. Sabin provided an overview of the potential provisions to be recognised within the accounts.</p> <p>Members considered the paper and it was confirmed that an outline paper had been received at the Executive Directors’ Group who were supportive of the methodology used and the areas that were being looked at in respect of potential provisions.</p> <p>It was confirmed that this paper is reviewed as part of the year-end audit by KPMG and Ms. Wharton confirmed that to date the areas outlined are those which they would expect as a result of their discussions but that they would further consider them and ensure there is a true basis for the provisions.</p> <p>In terms of the provision against restructuring and redundancy costs, Ms Rogers confirmed that the Workforce & OD Committee had received details of compulsory redundancy arrangements agreed in-year at its meeting earlier today, and following brief discussion Mr. Easthope agreed to keep that committee updated on the discreet numbers of further redundancy arrangements agreed as they arise.</p> <p>Mrs. Stanley noted the assurance in respect of the pension disclosure which it was felt was in accordance with what was expected. Mr. Sabin advised that the superannuation data was not received in time for inclusion in this paper and for completeness agreed to provide a further updated version of this paper, including this data to the Committee’s next meeting.</p> <p>Following consideration of the paper, members were happy to endorse the methodology utilised by the Trust in determining the carrying value of property,</p>	

plant and equipment as at the 31st March 2017 and the valuation methodology adopted for provisions and other material estimates.

Internal Audit

12/04/17

Internal Audit Outstanding Actions Follow Up Report

Members received the update on outstanding internal audit actions as at March 2017.

Mr. Clarke reiterated that a process is now in place to ensure that the Executive Directors' Group receive details of all high and medium actions/ recommendations and that all outstanding actions are escalated to him for follow up and reporting into this committee.

Mr. Clarke and other Executive Directors present provided a brief update on the follow up of outstanding actions.

In response to a query from the Chair regarding the decision to undertake a follow up review by Internal Audit; Ms. Mackenzie confirmed that this decision is made on a review by review basis in discussion with the lead manager and is predominantly based around the level and/or number of risks identified in the initial audit.

Members acknowledged the information in this report and the assurance provided that the follow up of actions is being taken seriously. However, they noted that there is still a degree of strengthening required around our ability to respond to agreed action implementation dates on a timely basis and that this is an objective that has already been acknowledged by for this Committee and the Executive Directors.

Discussion then took place regarding the tracking of agreed actions and Mr. Easthope confirmed that he is currently reviewing and revising internal processes with the aim of specifically linking actions to expected outcomes, ensuring ultimate reflection on the Board Assurance Framework.

Mr. Easthope also noted that he had recently led a discussion at the Trust Management Group with Directors across the Trust regarding the importance of the whole process of internal audit and challenging ourselves to be clear about the risks; clear about the audit scope and the actions that are subsequently agreed. It is important when agreeing timescales for the implementation of agreed actions that officers of the Trust do not set themselves up to fail by agreeing unrealistic timeframes for delivery.

The Chair noted that, in terms of strengthening internal processes, it had recently been agreed that Internal Audit Reports would also be received by the relevant Board sub-committee for review as appropriate.

In response to a query raised under this item at the January meeting of the Committee, in respect of the review of management of slips, trips and falls, Mr. Clarke confirmed that the falls risk ratings had been accurately assigned.

The Committee thanked Mr. Clarke for his report and formally noted the progress

13/04/17

360 Assurance Internal Audit 2016/17 Progress Report

Ms. Mackenzie presented the 360 Assurance progress report and provided a summary of the key messages.

She advised that in the last quarter a total of eight final reports have been issued and seven follow up reports and extended the thanks of the audit service for the

positive input from Trust managers and staff to achieve this outcome.

Of the final reports issued; it was noted that five had been issued with a limited opinion; two with a split significant/limited opinion and one piece of consultancy work in respect of the Provider Licence. With regard to the follow up audits, Ms. Mackenzie confirmed a 57% completion rate in respect of implementation of agreed actions/recommendations.

Members noted that whilst this completion rate is an increase on the previous position statement, it was acknowledged that significant improvement is still required in this area. It was confirmed that 360 Assurance are working closely with the Trust to look at new ways of tracking and developing this area of work and Ms. Mackenzie confirmed that 360 Assurance are currently in the process of implementing electronic working papers which includes a recommendation tracking element and which could provide additional support in this key area.

In terms of contract performance, Ms. Mackenzie confirmed that to date 93% of the plan has been delivered; which is on track to having the programme completed in advance of their annual report being issued.

Confirmed that there are currently four pieces of work left in progress, one of which it has been agreed will be deferred (IT Strategy); Financial Management which is currently at draft stage; and Policy Management and Trust Governance Arrangements which are well progressed and almost at draft stage. Completion of these four remaining audits is anticipated shortly.

General discussion then took place regarding the prioritisation and ownership of agreed audit recommendations/actions within the Trust, which it is acknowledged is not good enough at the present time. The Executive Directors have already commenced discussions with relevant officers/groups within the Trust regarding the importance of delivering any actions once agreed and how we can improve our performance. These discussions have included the need to ensure that proper attention is paid at the beginning of the process, when actions are being considered and agreed, to ensure they are appropriate/relevant and that delivery dates are realistic. It is also about ensuring that risk appetite within the Trust is appropriate; that a risk based perspective is taken and that there is direct engagement with the internal audit process, which is there to assist in identifying weaknesses and the appropriate solutions.

The outcome of the consultancy piece of work undertaken in respect of the Compliance with Legislation – Provider Licence was noted. Whilst it determined that the Trust has effective arrangements in place for assuring itself of compliance with the six Conditions requiring regular reporting to NHSi but does not have an adequate and effective system in place for assuring itself of compliance against the remaining twenty-two Conditions. Mrs. Saunders assured the Committee that the outcome of this work had now been received, action agreed and she is working to determine clarity on those Conditions which we have to report on and those which we could report on. She acknowledged the importance of this work and reiterated that it was work in progress.

In terms of the Information Governance Audit, which received a limited assurance, Ms. Mackenzie reiterated that the audit service have to take a view of the evidence at the point of doing the audit. In doing so they consider the information governance framework and the plans in place to ensure that the evidence is available by the time of the self-assessment submission and based on the information available at the time of the review a limited assurance was provided.

Mr. Easthope, as Executive lead, confirmed that since production of the Information Governance Audit Report, progress has been made but

	<p>acknowledged the outcome has to be provided at a point in time.</p> <p>It was agreed that the next step overall needed to be to consider the outcome of these audits in conjunction with the first draft of the 2017/18 Board Assurance Framework/Risk Register and whether the medium and/or high risks are appropriately reflected. It is important that there is a clear understanding by all involved of the expected outcome once agreed actions have taken place and that ultimately the Executive Directors' Group needs to be held to account for the completion of those actions.</p> <p>The Chair thanked 360 Assurance for a comprehensive progress report and members for their candid contribution to the debate.</p>	
14/04/17	<p>Local Counter Fraud Specialist Progress Report</p> <p>Mr. Purselove presented his final progress report for the year 2016/17. He confirmed that this provided a summary of work undertaken since his last report and he provided members with the background to the current open investigations and recent referrals.</p> <p>He noted the outcome of the completion of the self-review tool and was pleased to report an overall score of Green.</p> <p>Members noted the report and were duly assured that staff awareness of fraud is continually being addressed and that there is a rigorous process in place for investigating fraud.</p>	
15/04/17	<p>Local Counter Fraud Specialist Proposed Work Plan 2017/18</p> <p>Members received and acknowledged this report which provided details of the planned counter fraud work to be undertaken by the LCFS in order to ensure that action continues to embed a counter fraud, bribery and corruption environment within the Trust, while at the same time acknowledging that the problem of fraud, bribery and corruption cannot be totally removed and therefore needs to be addressed adopting a risk based approach (hence the completion of the risk assessment to inform the process).</p> <p>Mr. Purselove advised that two new risk areas considered as part of the risk assessment process - Bank & Agency Staffing and Cyber Crime. He also confirmed that the work plan that this risk assessment has informed incorporates a reduction of 20 days.</p> <p>He confirmed that the plan is reviewed on a regular basis in liaison with the Deputy Director of Finance.</p> <p>Members were pleased to receive and approve the plan for 2017/18.</p>	
16/04/17	<p>360 Assurance Interim Head of Internal Audit Opinion Statement</p> <p>The Audit Committee received the 360 Assurance Interim Internal Audit Opinion Statement and Mr. Tim Thomas advised that the draft statement indicates that a "Moderate Assurance" will be given that the Trust has generally a sound system of internal control, but there is some evidence of inconsistent application of controls which could put the achievement of the organisation's objectives at risk.</p> <p>He assured members that this opinion statement was not an easy one to write and it is important that members of the Trust acknowledge the underlying summary findings which support the statement. He confirmed that the draft opinion is based on a review and assessment of the design and operation of the Trust's Assurance Framework; the outcome of individual assignments within the 2016/17 Internal Audit Plan; and the extent to which the Trust has responded to audit recommendations as identified as part of the follow up work.</p>	

It has already been acknowledged that the development of the BAF and its operation is a priority area for further development during the coming year and that steps have already been taken to address this area. However, the draft opinion reflects the fact that the organisation was not in a position to utilise the BAF to its full over the year. Mr. Tim Thomas reiterated that it is important that the right resources are in place to ensure the success of the development of the BAF etc.

Mr. Tim Thomas confirmed that the draft statement recognised the significant action undertaken to develop the governance arrangements in the Trust.

In respect of the out-turn of the Internal Audit Plan, Mr. Tim Thomas advised that the statement acknowledges the Trust's positive engagement in the development of the internal audit plan and the inclusion of those areas of known difficulty or/and where new policies and procedures have been implemented.

In terms of follow-up of actions, it is accepted that there is a process in place, however, implementation rate has been low throughout the year. It is further accepted that the Audit Committee has been pro-active in raising the issue of responding to audit recommendations and the Trust now has an internal tracking process for follow-up audits. Whilst the low implementation percentile is disappointing, it is anticipated that these revised processes will be evidence during 2017/18.

The report acknowledges that the Trust's audit plan has been very well managed both at Audit Committee and Board level and that areas of concern have been identified and highlighted to the appropriate body as necessary. However, as noted above, the Trust now needs to show the tangible results of the work and processes put in place.

In terms of assurance for Committee members, Mr. Tim Thomas advised that he had submitted a redacted version of the draft statement to another Director of Audit for review and grading and the view was that a moderate opinion was appropriate.

General discussion then took place regarding the draft opinion statement. Members thanked Mr. Tim Thomas for his outline of the opinion and its basis and acknowledged that the opinion needs to be based on the 2016/17 year.

The Chair noted that whilst the outcome of this opinion feels like a retrograde step from last year; it was worth emphasising the weight of the opinion grounded on the status of the BAF throughout the year and note that the Trust has already acknowledged the improvements required in this area and put steps in place to address this important area.

Mr. Easthope felt the narrative of the statement provided a clear basis upon which the opinion is based and thanked Mr. Thomas and 360 Assurance for their discussions prior to issuing the draft.

Ms. Wharton advised that the work of Internal Audit feeds into the year-end work of KPMG on two fronts. The work on the financial statements and the financial systems which provide the basis of the annual accounts - she noted that the Trust's Financial Systems Audit received a significant assurance rating. Additionally, the Use of Resources Conclusion where the discussion and information received at committee is much more relevant and provides some of the basis for this conclusion. She advised that what has been helpful in the discussion today, is that it is not all about the moderate opinion statement overall, it is more about where the Trust is now. There is no concern that this will lead to a qualified opinion on the Use of Resources Conclusion.

External Audit

17/04/17

KPMG External Audit Interim Audit Report 2016/17

The Committee received the KPMG External Audit Interim Report, which Ms. Wharton confirmed summarises the key findings arising from the interim audit work and the work to support the value for money conclusion.

She confirmed that following the initial risk assessment in respect of the financial statements one of the potential significant risks related to the valuation of Trust land and buildings. As previously reported, the Trust has undertaken a desk top evaluation exercise this year, following last year's full evaluation, which has not identified any specific areas of risk in this matter. The report, therefore, confirms the approach to be taken regarding the valuation of material land and building balances.

One further area of risk assessment relates to the value for money conclusion, with two particular areas of focus (delivery of CIPs and response to the CQC inspection report). Ms. Wharton confirmed that the Trust's financial out-turn and CIP delivery will be reviewed as part of their work, but that based on the month 10 finance report to the Board, it has been noted that the level of reserves use is less than that set aside in the 2016/18 plan. Receipt of the CQC's final report and overall rating of "good" has also now been noted and KPMG will review the report and the Trust's response in detail and conclude whether this needs to remain a significant risk.

Ms. Wharton advised that the interim report presents two recommendations in respect of the presence of signed contracts for key contracts and ensuring sufficient resilience within the Finance Team; both of which have been noted and Trust leads identified.

The Committee thanked Ms. Wharton for this interim report.

Internal Control & Risk Management

18/04/17

Board Assurance Framework

Members received the current 2016/17 Board Assurance Framework (BAF) and it was confirmed that a refresh exercise is planned for the end of May 2017, and will incorporate many of the issues arising from discussions at today's meeting.

It was agreed that there needs to be a balance when developing next year's BAF between operational detail and the high level function required of the BAF. There is a need to focus on the high level nature of the BAF and ensure that need is met; without defaulting to the operational detail which is captured elsewhere.

It was noted that updates/amendments since last receipt of the BAF were identified in red typeface and members welcomed the highlight of these areas, as well as the cross reference to relevant Internal Audit reports.

Audit Committee members considered the proposed changes to the gaps for risk 1.1; line 14 and felt that this should remain scored as amber; and agreed that risk 4.4; line 32 should be rescored to amber from green.

Following these amendments, the BAF was approved for receipt at the forthcoming Board of Directors' meeting.

19/04/17

Corporate Risk Register

Members noted receipt of the updated Corporate Risk Register and changes made to the Register since it was last received.

	<p>Mr. Clarke confirmed that as agreed at the last meeting, he had reviewed risks 3611 and 2310 to ensure that the controls and actions indicated provided an up to date picture on the extent of the potential risk to quality. As a result of this review, 3611 has now been closed and the controls and risk description in respect of 2310 have been updated.</p> <p>The Committee noted the current Risk Register.</p>	
20/04/17	<p>Risk Management Strategy</p> <p>Mrs. Saunders confirmed that following agreement at the Board of Directors to review the Risk Management Strategy, the paper received by members outlined two potential approaches to this review. Namely, either to update the current 12 month strategy or adopt and customise a strategic approach which has been tried and tested by another organisation. Mrs. Saunders confirmed that the paper recommended the latter of these two options.</p> <p>Following discussion the Committee agreed to the second recommendation, on the understanding that areas of good practice already identified within the Trust would be incorporated in the final strategy.</p> <p>It was stressed that risk appetite is the domain of the Board of Directors and in supporting the second option (with elements of good practice already in operation within the Trust) it is important that the domain of the Board in terms of risk appetite is clearly identified and owned within the revision of the Risk Management Strategy.</p>	
Whistleblowing		
21/04/17	<p>Review of Arrangements for Whistleblowing</p> <p>As previously agreed, members received an overview of the annual review of effectiveness of the Trust's whistleblowing arrangements to provide assurance to the committee on the arrangements in place.</p> <p>Members noted the report and it was confirmed that following the appointment of the Freedom to Speak Up Guardian it is intended to provide an annual report to the Board through the Audit Committee.</p>	
Corporate Governance		
22/04/17	<p>Assurance Reports from Other Board Committees</p> <p>The Committee received the Annual Assurance Reports from the Workforce & OD Committee; Quality Assurance Committee and Finance & Investment Committee, which presented the outcome of the review of performance against terms of reference and will provide assurance ultimately to the Board of Directors on committee effectiveness and the Audit Committee on significant issues considered and assurance received in discharging their responsibilities.</p> <p>It was agreed that the process of compiling these reports had been a good exercise for each of the committees and had identified clear areas of learning for future years.</p> <p>It was agreed that the content of these reports provided this Committee with added assurance and enables the committee assurance reporting to be more meaningful.</p> <p>The Audit Committee Chair thanked all other committee Chairs for providing these reports, especially in the short timeframe available.</p>	
23/04/17	<p>Audit Committee Annual Report & Significant Issues Report (Draft)</p> <p>Members received the draft 2016/2017 Annual Report of the Audit Committee which has been prepared to provide assurance on committee effectiveness and</p>	

	<p>significant issues considered in discharging its responsibilities and identifying key areas for action during 2017/18 and concluded that, subject to the final meeting of the cycle on the 24th April 2017, the Committee had delivered the responsibilities as set out in the terms of reference.</p> <p>Noted that there were still areas of the report which required finalising following receipt of the draft annual accounts and report at the meeting on the 24th April.</p> <p>It was requested that the attendance schedule reflects the period of the financial year, rather than business cycle of the committee.</p> <p>Ms. Wharton agreed to provide Mr. Easthope with some recommended alternative wording for the section in relation to risks and areas of emphasis in the External Audit Plan on page 7 of the report.</p> <p>It was agreed that the final version of this report would be received at the Extra-Ordinary Board of Directors' meeting on the 24th May.</p>	LW Agenda
24/04/17	<p>Audit Committee Self-Assessment Checklist – Identification of Significant Issues</p> <p>Members received a summary of the recent self-assessment questionnaire completed by committee attendees, together with an analysis of the comments made as part of the process; a comparison with last year's position and suggested action.</p> <p>Action was agreed in respect of those areas of committee processes which still require improvement and it was agreed that these areas would, in part, inform the Committee's objectives for next year.</p> <p>It was agreed that the action leads should review their specific actions and that these would be reviewed at the Committee's meeting in July.</p>	July
Other		
25/04/17	<p>Review of Future Meeting Agenda Planner</p> <p>It was agreed that the Chair would review the forthcoming agenda planner off line and report back to members as necessary.</p>	
26/04/17	<p>Any Other Business</p> <p>i. <u>Single Tender Waiver Approvals</u></p> <p>The Committee received details of two single tender waivers requests which had recently been approved, as follows:</p> <ul style="list-style-type: none"> • Ligature Reduction Work on Inpatient Areas: Whilst this work was required as a matter of urgency and was in response to action outlined by the CQC the committee were of the opinion that three competitive quotes could have been requested prior to awarding the work. • Joint Alliance – Procurement and Development of Financial Ledgers <p>The Committee noted the approval of these single tender waivers.</p>	
27/04/17	<p>Evaluation of Meeting</p> <p>Members then went on to review the effectiveness of the meeting and determine what, if any, significant items should be noted as part of the committee's assurance to the Board of Directors.</p> <p>Significant Issues Report</p> <p>It was agreed that the following significant issues would be included in the report</p>	

	<p>to Board:</p> <ul style="list-style-type: none"> • Accounting Policies & Material Estimates 2016/17 • KPMG External Audit Interim Report • Interim Head of Internal Audit Opinion Statement • Internal Audit Progress Report for the year 16/17 • Board Assurance Framework • Risk Management Strategy • Board Sub-Committee Annual Assurance Reports • Audit Committee Annual Report & Significant Issues Report • Draft Annual Governance Statement 2016/17 <p>Changes to Level of Assurance Comments noted regarding the Board Assurance Framework and the improvement work being undertaken in respect of the BAF.</p> <p>Confirmation of Agreed Actions All actions will be incorporated in the Committee's action log and circulated to members as necessary for follow up.</p> <p>Meeting Effectiveness It was agreed that the meeting had been effective and had provided the opportunity for interesting and challenging discussion as necessary.</p>	
<p>28/04/17</p>	<p>Date, Time & Venue of Next Meeting Monday, 24th April 2017 9.30 a.m. Rivelin Board Room, Fulwood (Members only)</p> <p>Friday, 26th May 2017 12.30 p.m. Rivelin Board Room, Fulwood</p>	

AS/jch/April 2017 (approved AS) Amend AC May 2017

AUDIT COMMITTEE

**Minutes of the Meeting of the Audit Committee of the
Board of Directors of Sheffield Health & Social Care NHS FT
Monday, 24th April 2017 in the Rivelin Board Room, Fulwood House**

Present:

18. Mrs. Ann Stanley Non-Executive Director (Chair)
19. Mr. Mervyn Thomas Non-Executive Director

In Attendance:

20. Mr. Richard Mills Non-Executive Director
21. Mr. Clive Clarke Deputy Chief Executive
22. Mr. Phillip Easthope Executive Director of Finance
23. Mr. James Sabin Deputy Director of Finance
24. Ms. Tania Baxter Head of Integrated Governance
25. Mrs. Jeanine Hall PA (Minutes)

Apologies:

26. Mr. Leigh Bramall Non-Executive Director
27. Dr. Mike Hunter Executive Medical Director
28. Ms. Liz Lightbown Executive Director of Nursing, Professions & Care Standards
29. Mrs. Margaret Saunders Director of Corporate Governance/Board Secretary

Minute		Action
29/04/17	Welcome & Apologies for Absence Mrs. Stanley welcomed members to the meeting and apologies were noted.	
30/04/17	Declarations of Interest No changes or additions to declarations of interest were reported.	
Financial Statements & Annual Report		
31/04/17	<p>Draft Annual Accounts 2016/17; Remuneration Report; Financial Disclosures & Analytical Review</p> <p>Members noted receipt of the draft 2016/17 Annual Accounts; Remuneration Report; Financial Disclosures and Analytical Review for review and approval for submission in line with NHSi guidance by 9 am on the 26th April 2017.</p> <p>It was confirmed that the documents are still subject to External Audit comment as part of the year-end audit and to confirmation from NHSi of the Trust's achievement of the STF funding and the £ for £ matched funding (assumptions for these two elements have already been built into the accounts). However, Mr. Sabin advised that there had been a further announcement by NHSi in respect of Trusts also receiving a fair share of the remaining STF National Fund - the value of which is expected to be notified later today. Confirmation of this final element, which will affect the out-turn, is still awaited but is expected prior to submission of the draft Accounts.</p> <p>In terms of key points to note, Mr. Sabin confirmed that one of the key items to</p>	

	<p>note is in respect of discontinued operations, with a number of services being split out which are considered discontinued services. This element to the accounts (note 1.3) has been considered in light of the scale and value of some of the discontinued services, particularly in relation to Hurlfield View; Longley Meadows and also SCAIS. These three services have been badged as discontinued operations, and this additional disclosure has resulted in a slight difference in the presentation of the primary statements.</p> <p>A further change introduced this year, which affects the presentation of the accounts, involves the separate identification of any profit and loss on disposal of assets on the face of the Statement of Comprehensive Income.</p> <p>Mr. Easthope provided an overview of the Statement of Comprehensive Income and it was agreed that it is important to ensure that the Analytical Review provides a clear understanding of the changes.</p> <p>In terms of the Statement of Financial Position, as previously advised, a full revaluation of the estate has not been undertaken, one having been completed last year. A letter of comfort has, however, been received from the Trust's valuers providing an assurance regarding current estate valuation. A slight reduction in stock is noted due to the full year effect of the loss of the Equipment Service in 2015/16. Cash surpluses have grown as a result of the delay in the Trust's capital programme this year and the agreed NHSi surplus target.</p> <p>Mr. Sabin also noted the provisions in relation to restructuring and potential redundancies and the potential HMRC issue. All of which have been discussed at the Finance & Investment Committee.</p> <p>Noted that there were a number of presentational amendments required, which would be completed prior to the submission of the draft accounts.</p> <p>Mr. Easthope noted that there was a clarification required from himself in respect of the superannuation disclosures prior to submission, specifically in terms of reviewing the highest paid Director total year on year.</p> <p>The committee duly approved and ratified the draft accounts and remuneration report disclosures for submission in accordance with the NHSi timeframe.</p>	
<p>32/04/17</p>	<p>Draft Annual Report 2016/17 Noted that this was the version of the draft Annual Report received at April's Board of Directors' meeting and was still open for comment back to the Director of Corporate Governance.</p>	
<p>33/04/17</p>	<p>Draft Quality Report 2016/17 Noted that the most up to date draft Quality Report would be received by the Quality Assurance Committee later today. Ms. Baxter advised that this version had been made available to members in the shared google drive for their attention. She noted that whilst this version was 95% complete, there are still some areas that require confirmation/validation of figures for inclusion. This version will then be shared with the External Auditors for them to review as part of their external validation processes; together with Health Watch and the Scrutiny Committee.</p> <p>It was confirmed that the auditors have already commenced testing on the relevant indicators and Ms. Baxter advised that whilst the testing had commenced on the local indicator, it had been determined that the data from the local indicator was not included in last year's Quality Report. Ms. Baxter assured members that she had put steps in place to ensure that the data that</p>	

	<p>has been tested for this year's indicator is actually reported into the Quality Report.</p> <p>Ms. Baxter confirmed that she had also checked the current draft against the national guidance for this year, of what is required in respect of the Quality Report, and she has included some of the additional indicators suggested for consideration.</p> <p>The annexes to the Quality Report will be populated by the feedback from Health Watch, Scrutiny Board and other over-arching stakeholders and these will be completed over the next couple of weeks as the Quality Report is finalised.</p> <p>Whilst it was acknowledged that the draft was late in being received within the Trust governance processes, Ms. Baxter confirmed that she had agreed with the External Auditors that she would release a version to them following receipt at this afternoon's Quality Assurance Committee, and that they were agreeable to this timeframe.</p> <p>Members acknowledged receipt of the draft Quality Report and noted it was confirmed that Quality Assurance Committee members would be asked for feedback in a specific time window of 10 days to ensure comments are considered and incorporated.</p> <p>Agreed to undertake a post-mortem review of the overall process for the finalisation of this year's annual reporting documents.</p>	
Other		
34/04/17	<p>Any Other Business None.</p>	
35/04/17	<p>Evaluation of Meeting Members then went on to review the effectiveness of the meeting and determine what, if any, significant items should be noted as part of the committee's assurance to the Board of Directors.</p> <p>Significant Issues Report It was agreed that the following significant issues would be included in the report to Board:</p> <ul style="list-style-type: none"> • Ratified draft Annual Accounts • Received the current draft Quality Account noting the supporting timeframe of 10 days for submission of comments. <p>Confirmation of Agreed Actions All actions will be incorporated in the Committee's action log and circulated to members as necessary for follow up.</p>	
36/04/17	<p>Date, Time & Venue of Next Meeting Friday, 26th May 2017 12.30 p.m. Rivelin Board Room, Fulwood</p>	

AS/jch/May 2017 (Approved AS) Approved AC May 2017