

**Minutes of the Extraordinary Audit Committee  
Monday 19 June 2023 at 10:00am until 11:00am  
Via Microsoft Teams**

**Present:**

Mr Martin Wright, Non-executive Director (Chair of the Audit Committee)  
Dr Frances Healey, Non-executive Director  
Mr Cleveland Henry, Non-executive Director

**In Attendance:**

Mr Kieran Betts, Corporate Governance Assistant (meeting support)  
Ms Miriam Blackburn, Quality and Patient Safety Lead (for item 10)  
Mrs Sharron Blackburn, Deputy Head of Internal Audit, NHS Audit Yorkshire  
Mr Gerard Enright, Financial Controller  
Mrs Dawn Hanwell, Chief Financial Officer, and Deputy Chief Executive  
Ms Helen Higgs, Managing Director and Head of Internal Audit, NHS Audit Yorkshire  
Mrs Cath Hill, Associate Director for Corporate Governance  
Mr Jonathan Hodgson, Internal Audit Manager  
Mr Rashpal Khangura, Director of Public Sector Audit for KPMG  
Mr Jonathan Saxton, Deputy Director of Finance  
Dr Sara Munro, Chief Executive  
Ms Salma Younis, Senior Manager, KPMG

		<b>Action</b>
	<p><b>Welcome and Introduction</b></p> <p>Mr Wright opened the meeting at 10.00am and welcomed everyone.</p>	
<b>23/050</b>	<p><b>Apologies for absence</b> (agenda item 1)</p> <p>No apologies were received from members of the Committee.</p> <p>Apologies were received from Waseem Munir, Head of Clinical Governance and Quality; and from Nichola Sanderson, Director of Nursing, Quality, and Professions; who were invited to attend the meeting.</p>	
	The Committee was quorate.	
<b>23/051</b>	<p><b>Declarations of any conflict of interest in respect of agenda items</b> (agenda item 2)</p>	
	No one present declared a conflict of interest in respect of agenda items.	

**23/052 Annual Accounts 2022/23** (agenda item 3)

Mrs Hanwell introduced the draft audited annual accounts 2022/23 to the Committee and reported a financial position of a £1.5 million surplus, which she noted was ahead of the financial plan but within tolerance levels. She highlighted to the Committee the main material elements of the report which included:

- An increase in provisions as a result of the Trust taking on the contract for Parkside Lodge.
- Cash was £122.4 million, and cash liquidity remained high.
- Financing cost was net £1.5 million, which was in part due to an extra £2.8 million received from an increase in interest rates over the year.
- Adding the Trust leases onto the accounts in accordance with International Financing Reporting Standard (IFRS) 16.

The Committee noted the contents of the report and agreed to approve the annual accounts ahead of them being presented to the Board of Directors on the 22 June 2023 for adoption.

The Committee **received** the Annual Accounts 2022/23 and was **assured** on the main components of the accounts. On that basis it **agreed** to recommend to the Board that these be adopted.

**23/053 ISA 260 Report including the letter of representation** (agenda item 4)

Mr Khangura provided the Committee an overview of the work conducted by the external audit team which included the production of the International Standard on Auditing (ISA) 260 Report, the letter of representation, and the Value for Money audit. He informed the Committee that the ISA 260 Report's purpose was to provide an opinion on whether the financial statements provided by the Trust demonstrated a fair and true view on the financial performance of the Trust and its position as of 31 March 2023. He added that the process had been amended based on feedback received, and that this had included onsite visits from the external audit team. The Committee heard that the reports were being finalised and were on schedule to be completed before the 30 June 2023 deadline.

Ms Younis presented the ISA 260 Report to the Committee. The Committee heard the key areas of risk that the audit had looked at, which included: revenue recognition; expenditure recognition; property plant and equipment valuations; and management override of controls. She reported that all of these risks were rated satisfactory with no recommendations made and only two observations noted. She added that there had been no significant control deficiencies identified by the audit. The Committee heard that there had been no adjusted audit differences made but that there was an unadjusted £2.1 million provision for redundancies made by the Trust which did not meet the International Auditing Standard 37 for Provisions, Contingent Liabilities, and Contingent Assets. The Committee noted that this provision was above the reporting threshold but below the materiality levels and was assured as to why this was unadjusted. The Committee noted the content of the report and was assured that there were no significant control issues identified.

Finally, Ms Younis presented the letter of representation which she informed the Committee consisted of all of the mandated representations that are required to be asked for as part of the ISA 260. She added that this was required to be signed by the Board and returned to KPMG in order for the report to be finalised. The Committee agreed to recommend to the Board that the letter of representation was signed off and returned to KPMG.

The Audit Committee **received** the ISA 260 Report and was **assured** that there were no significant control issues identified by the report. It also **agreed** to recommend that the Board of Directors sign and return the letter of representation to KPMG.

**23/054 External Auditors Annual Report (agenda item 4.1)**

Ms Younis outlined the finding of the external auditors' annual report to the Committee. She explained that this consisted of the Value for Money risk assessment which had identified no significant risks, as reported at the April 2023 Audit Committee meeting. She added that since this meeting, the risk assessment had been updated to evaluate the Trust's financial plan for 2023/24 and no significant weaknesses had been identified.

The Committee considered the contents of the report. It was noted that the report stated that CQC peer reviews were reported to the Quality Committee, however, Dr Healey informed that this was only a recommendation by the internal audit team and that this did not occur in 2022/23. Ms Younis noted this correction.

Mr Khangura thanked the Trust's finance team for their support throughout the auditing process. He assured the Committee that KPMG remained independent and did not conduct any non-audit work with the Trust.

The Committee **received** the External Auditor's Annual Report and **noted** the content of the report.

**23/055 Internal Audit Annual Report and Head of Internal Audit Opinion 2022/23 (agenda item 5)**

Mrs Sharron Blackburn presented the Internal Audit Annual Report to the Committee which summarised the work conducted by the internal audit team throughout the 2022/23 financial year. She highlighted the fact that Audit Yorkshire remained independent, and the work conducted remained in-line with the public sector internal audit standards. She added that two internal audit reports had been completed in draft and two others had the initial fieldwork completed since the annual report had been finalised and confirmed that these would be included in the 2023/24 annual report. Finally, she explained that two Key Performance Indicators had been met and two had not been met, noting in

particular that only 72% of management responses had been received by Audit Yorkshire within 15 days of completion of the fieldwork.

Ms Higgs next presented the Head of Internal Audit Opinion to the Committee, which overall expressed an opinion of significant assurance. She drew the Committee’s attention to the number of outstanding audit recommendations which had yet to be implemented by the Trust, noting that while none of these consisted of major recommendations, that 29 of the 173 recommendations made remained overdue had a revised date. The Committee noted that this issue had been discussed at Audit Committee meetings throughout the year, including at the January 2023 meeting where a benchmarking report was received which compared the Trust’s performance in this area with similar partner organisations. The Committee explained that it was hoped that a higher level of control on granting extensions for implementation dates would help address this issue going forward.

The Committee **received** and **considered** the assurance provided by the Internal Audit Annual Report and Head of Internal Audit Opinion which gave the overall opinion of significant assurance.

**23/056 Annual Governance Statement 2022/23 (agenda item 6)**

The Committee **received** the Annual Governance Statement for 2022/23 and was **assured** that it presented a correct view of the governance systems in place for the control of risk and was consistent with the Head of Internal Audit Opinion and the understanding expressed by the external auditors. The Committee **agreed** that the Statement should be presented to the Board for ratification.

**23/057 Annual Report 2022/23 (agenda item 7)**

Dr Munro presented the Annual Report for 2022/23 to the Committee, highlighting that the process for its production and the timetable for its circulation internally and externally was described in the supporting paper. The Committee identified a number of minor errors contained within the document, such as reference to “CQC essential standards” but which should be “CQC fundamental standards”, and reference to “West Yorkshire and Harrogate Health and Care Partnership” instead of the correct title “West Yorkshire Health and Care Partnership”. The Committee agreed that Kerry McMann, Head of Corporate Governance, should correct these errors in the final version of the report. In addition, Mrs Hanwell noted that narrative on finance and use of resources was omitted from the report and agreed that whilst this was not mandatory to be included, that she would add this narrative to the finance section for completeness.

KM

DH

The Committee reviewed the data within the annual report on the Trust’s performance relating to its contractual and local targets. Dr Healey suggested further narrative could be added to the report to detail the positive work taking place to actively improve in these areas, such as appraisals and reducing time for

service users to start treatment or receive a diagnosis. Dr Munro noted that the Trust's Communications Team would produce the Annual Review based on the contents of this report, and that this would be a more accessible document which would include this additional narrative detail.

The Committee **received** the Annual Report 2022/23 and was **assured** of the process undertaken and the compilation of its contents. It **agreed** to recommend that the Board of Directors adopts the narrative in the Annual Report 2022/23, subject to the identified amendments being made.

**23/058 Compliance with NHS England's NHS Foundation Trust Code of Governance** (agenda item 8)

The Committee heard that the report demonstrated how the Trust was compliant with the Code of Governance or explained the rationale for any non-compliance. The Committee noted that there were only two provisions for which the Trust was non-compliant and noted the explanation provided for each of these provisions. The Committee was assured that the Trust was compliant with the Code of Governance.

The Committee **received** the statement of compliance with the Code of Governance and was **assured** that the Trust was compliant with the Code of Governance. The Committee **agreed** to recommend to the Board that correct procedures were in place and that the 'comply or explain' elements had been correctly shown in the Annual Report 2022/23.

**23/059 Assurance on the process for the declarations required by the NHS England's Provider Licence Conditions** (agenda item 9)

The Committee **received** and **noted** the processes to obtain the confirmation of compliance and **approved** the positive confirmation for each of the licence conditions, prior to this being presented for ratification by the Board of Directors.

**23/060 Assurance on the production of the Quality Report and Account** (agenda item 10)

Ms Miriam Blackburn presented the Committee with the process by which the Quality Report and Account 2022/23 had been developed. She informed the Committee that since the circulation of the paper that the Trust had received positive written feedback from Healthwatch, in addition to the Humber and North Yorkshire Health Provider Collaborative and the West Yorkshire Integrated Care Board as stated in the paper. The Committee noted this update and requested that this feedback was circulated to members of the Board of Directors ahead of the 22 June 2023 meeting. Ms Miriam Blackburn confirmed that this feedback would be added to the final version of the Quality Account.

The Committee noted that this was the first year where the Audit Committee was responsible only for seeking assurance on the development process of the Quality Account, and that seeking assurance on the content of the account was now the responsibility of the Quality Committee. It noted that going forward the Audit Committee would seek this assurance at its April meetings.

The Committee was **assured** on the process by which the Quality Report and Account for 2022/23 was produced.

**23/061 Key Messages and Any Matters to be Escalated to the Board** (agenda item 11)

Mr Wright noted that he would be raising the following areas to the next Board meeting:

- The Committee received the Audited Annual Accounts 2022/23 and agreed to recommend that the Board adopt these accounts.
- The Committee received the ISA 260 Report and was assured that no significant control issues had been identified.
- The Committee agreed to recommend to the Board that the Chief Executive signs and returns the letter of representation to the external audit team.
- The Head of Internal Audit Opinion had been received and reported an overall position of significant assurance.
- The Committee received the Annual Governance Statement and agreed to recommend to the Board that the Chief Executive signs off the statement.
- The Committee received the Annual Report 2022/23 and was assured by the process to develop it and its content and agreed that it should be adopted by the Board, subject to some small amendments.
- The Committee was assured the Trust was compliant with the Code of Governance and agreed to assure the Board that the “explain” elements of the code was included in the Annual Report.
- The Committee was assured that the Trust was operating in compliance with each of the NHS England Provider License Conditions and agreed to recommend that the compliance statement be ratified by the Board.
- The Committee was assured on the process for the production of the Quality Report and Account 2022/23.

**23/062 Any Other Business** (agenda item 12)

The Committee did not discuss any other business.

Mr Wright thanked everyone for attending and closed the meeting at 10:45am

**Date and time of next meeting:**

Tuesday 18 July 2023 at 9:30am until 12:30pm