Annual Report 2017/18

Contents

This report is produced to inform current and future Members and clients about the work of Audit Yorkshire

1 | About Us

Audit Yorkshire was formally established on 1 July 2016 as a shared service consortium providing internal audit, counter fraud and advisory services to NHS organisations in Yorkshire. The strategic direction of Audit Yorkshire is overseen by a Board which comprises the Audit Committee Chair or Finance Director of each member organisation, together with the Head and Deputy Heads of Internal Audit.

These Members have come together for the purpose of ensuring the provision of a specialised internal audit and local counter fraud service.

The Board is supported by a constitution which describes Audit Yorkshire's purpose and values and how we measure our success, together with an operating charter by which we communicate who we are, what we do and what we stand for as an organisation, and which is the basis for our decision-making.

Member Organisations

Airedale, Wharfedale and Craven CCG, Bradford City CCG & Bradford District CCG

Bradford District Care Trust

Bradford Teaching Hospital NHS Foundation Trust

Calderdale & Huddersfield NHS Foundation Trust

Calderdale Clinical Commissioning Group

Greater Huddersfield Clinical Commissioning Group

Harrogate and District NHS Foundation Trust

Harrogate and Rural District Clinical Commissioning Group

Hambleton, Richmondshire and Whitby Clinical Commissioning Group

Mid Yorkshire Hospitals NHS Trust

North Kirklees Clinical Commissioning Group

Scarborough & Ryedale Clinical Commissioning Group

Vale of York Clinical Commissioning Group

Wakefield Clinical Commissioning Group

York Teaching Hospital NHS Foundation Trust

I am delighted to provide a short introduction to this report and to take the opportunity to thank Philip Ashton, the previous Chair of Audit Yorkshire, who did so much to manage the successful merger of the NYAS (North Yorkshire Audit Services) and WYAC (West Yorkshire Audit Consortium). He was closely involved in the development of Audit Yorkshire and did much to ensure that it has a firm platform for its future success.

The last year has seen much further work done in building the new organisation – the previous 2 separate teams have come together under a new, and appropriate, set of terms and conditions and a new operational culture has been created, within which colleagues have been able to recognise the greater opportunities to learn and develop their careers. Much credit for this must go to the management team, led by Helen Kemp-Taylor, who have worked tirelessly and have dealt most effectively with the many challenges that creating a new organisation like this will inevitably present.

The creation of Audit Yorkshire has enabled the new organisation to adopt a strategy of seeking growth through new contracts and the team have been very focused on identifying appropriate business development opportunities that have emerged. By adopting a very professional, selective approach to preparing new business proposals, Audit Yorkshire has been successful in gaining three important new contracts in Airedale NHS Foundation Trust, AGH Solutions Ltd and North Lincolnshire and Goole NHS Foundation Trust In addition, significant work has taken place to introduce new systems and working procedures across the organisation and this has resulted in improved efficiency and consistency, whilst generating high quality working papers and files. Clients are also now enjoying improved reporting which is focusing audit committees on the areas that represent most concern.

The Audit Yorkshire Board is a blend of Finance Directors and Audit Committee Chairs from member organisations and this construct has served us well as we focus on ensuring AY's long term financial and operational sustainability. My thanks go to the members of the Board, and to all colleagues within the organisation who have done so much to ensure its successful establishment.

I would especially like to thank Andrew Bertram and York Teaching Hospital NHS Foundation Trust (YTHFT) for their considerable commitment and support.

Chris Thompson
Chair of the Audit Yorkshire Board & Chair of
Harrogate & District NHS Foundation Trust's
Audit Committee

3 | Executive Summary

Welcome to our 2017/18 Annual Report. Audit Yorkshire has now been established for two years since the merger of its two predecessor consortia on 1 July 2016. This has been both an exciting and challenging time as we have been busy delivering a growing range of services to an increasing number of organisations, primarily across North and West Yorkshire.

We are proud to have delivered on our merger and integration plan, whilst delivering our Member and client plans, initiatives and projects agreed in our Business Plan and the effective collaborative arrangements we are developing. The progress we have made this year would not have been possible without the commitment, dedication and professionalism of our staff, and I would like to place on record my thanks to the team for this.

The Audit Yorkshire Board continues to support our approach and strategy, and together with our Member and client Audit Committees, facilitates our innovation and development. Moving forwards we will continue to focus on our strategic vision to:

- be regarded as the supplier of choice for internal audit and anti-crime services, based on a reputation of consistently delivering high quality, cost effective services.
- be regarded as an excellent organisation to work for.
- constructively challenge existing governance and control arrangements, and actively seek to innovate to ensure the best outcomes.

We aim to continue to improve the quality of our services, and expand our products and market share. To enable us to achieve this we have recognised that we need to embrace new ways of doing things as we must do more within financial constraints to really add value to our Members and clients.

We have agreed that we are successful when:

- Our Members, clients and stakeholders value their relationship with us.
- Our product and market portfolio is sustainably developed.
- Our operational quality and financial strength enable our future growth.
- Our balanced scorecard of measurements, focusing on the quality, efficiency and effectiveness of our service is met.
- Our team starts each day with a sense of purpose and ends the day with a sense of accomplishment.

I am delighted to report that Audit Yorkshire has had a successful two years, continuing to develop and improve services, whilst meeting all of its obligations to Members and clients.

The following report provides a summary of our performance against objectives and targets, agreed with the Board, together with other key initiatives.

Helen Kemp-Taylor
Managing Director & Head
of Internal Audit

4 | Strategy, Development and Achievements

Audit Yorkshire's main purpose is to provide a professional, high quality, cost effective, independent yet local internal audit, anti- crime, advisory and consultancy service to both Members and clients.

Our Strategy is based on our priorities of strengthening, reshaping and growing the business to meet our aims of:

- maintaining Audit Yorkshire as an effective and respected organisation

- developing our services to reflect changes in the NHS and current best practice.

- actively seeking to share best practice between Members and with others if appropriate, and to liaise on Audit Committee issues.

- creating enduring value for our clients.

The three year Strategy approved by the Board in 2016, is concerned with ensuring that Audit Yorkshire creates value in the long term for its clients, and particularly its Members, by determining a direction of travel by which it will fulfil its purpose and achieve its objectives. Our strategy is consistent with our capability (competence x capacity), and the need to manage our integration as well as an expansion to our product and market portfolio to ensure ongoing resilience and economies are achieved.

Underpinning the Strategy, five high level objectives have been agreed by the Board to improve the quality of the services provided, whilst delivering the annual audit programmes agreed with Members and clients within budgets. These objectives remain the focus for actions contained in our Business Plan:

- Develop the Audit Yorkshire brand and continue to validate our purpose and position

- Improve communication

- Strengthen quality and focus on continuous improvement.

- Attract, develop and retain the best to build a talented team

- Measure performance to add value

The following are some additional examples of where Audit Yorkshire continues to add value in more innovative ways.

Service Developments

Audit Committee Training Tool

Audit Yorkshire launched its new Audit Committee Training Tool in June 2017 and presented the final version to the Board in July. The training package modernised the training content to reflect the comments and requirements of our Board members. The training tool is available via the members' area of our website and a number of new Non-Executive Directors have fed back that they found it a really useful insight into the workings of NHS Audit Committees.

Investment in Audit Management Software

MKInsight

MKInsight was rolled out to the team in West Yorkshire and the link to the York network has been implemented. All staff are now using the MKInsight software to document audit work and record time. Initial feedback from staff is largely positive and staff appear to be grasping the basic principles of the software well.

We successfully moved to the latest version of MKInsight v10 on 7 August 2017 with the assistance of our host's IT team. This version of the software includes improved working paper and reporting functionality. We worked with the software supplier to develop our new reporting templates.

A new secure link has been created to allow business users to provide updates to internal audit recommendations on the tracking element of the software.

The focus for 2018/19 will be to roll out the automated recommendation tracking module to all West Yorkshire clients who have requested it.

Survey Monkey

The use of this online survey tool continues to grow year on year and this year we conducted 59 surveys. We have used SurveyMonkey in the last year to facilitate surveys for clients, including committee self-assessment exercises, individual assignment surveys and surveys to seek the opinion of our colleagues on audit practice. We will continue to develop the use of the software in 2018/19.

Computer Aided Audit Techniques (CAATs)

We attended a demonstration from CaseWare, the company who supply our IDEA data analysis software, on their Continuous Monitoring Software. CaseWare's Monitor software is designed to provide 'real time' monitoring of systems and data for errors, such as duplicate payments. The demonstration was attended with colleagues from 360 Assurance to explore the feasibility of using this latest technology to develop innovative assurance products for our clients.

IDEA is the data analytics tool we use across the internal audit and counter fraud teams. We have used IDEA in a number of audits and counter fraud investigations this year and have used the software to support a review of data matches from the most recent National Fraud Initiative. This supported the identification of a number of duplicate payments to suppliers at our clients that are now in the process of being recovered.

The group has agreed a strategy for delivery which is based around a CAATs lead to roll out and be accountable for the use of these techniques.

The key focus for 2018/19 is the development of continuous monitoring products and using our software to provide data analytics which monitor data in real time to highlight errors and inaccuracies.

Arrangements with Falanx Cyber Defence

Audit Yorkshire has a formal agreement in place with Falanx Cyber Defence to offer industry-leading cyber security services at a preferential rate to the NHS. We have received three enquiries to date to explore the services offered through this agreement.

We explored the opportunity to provide a Simulated Advanced Persistent Threat (APT) or phishing campaign through our agreement with Falanx. The exercise will have two key objectives: to create a first-hand experience in a safe and secure environment; and to assess the effectiveness of clients' security solutions. Falanx have developed a matrix pricing model, which takes advantage of efficiencies in running a campaign at scale, with cost reducing the more organisations involved. The service was promoted to all member organisations and further information is available if required.

Tendering

Audit Yorkshire has both Member and client organisations. Client organisations enter into fixed term contracts which are secured through successful tender submissions.

We frequently review tendering websites and associated portals to identify upcoming opportunities for additional business. The Audit Yorkshire Board approved the use of a 'to bid' tool, which is an effective decision tool which clearly and concisely assesses potential tender opportunities. This includes a summary of key dates and other information and determines the appeal and success ratings. These ratings are based on strategic direction, organisational knowledge and understanding and the likelihood of success. These are used to score the opportunity and provide a clear recommendation as to whether to pursue the opportunity and submit a tender bid.

We are proud to announce that we have been awarded contracts to provide:

♦ a counter fraud service to Local Care Direct - a social enterprise based in West Yorkshire.
♦ internal audit and anti-crime services to Airedale NHS Foundation Trust & AGH Solutions Ltd
♦ internal audit service to North Lincolnshire and Goole Foundation Trust (NLaG)

Collaborative Working

In order to share learning and enrich our skills and offerings, we collaborate with a range of organisations including 360 Assurance, TIAN, AuditOne and the Counter Fraud Managers Group on training, benchmarking and service improvements.

Briefings

In 2017/18 we produced seven briefings which were circulated to clients and made available on the Members Area of the website.

♦ *Client Briefing - Care Quality Commission - Driving Improvement (July 2017)*
In June 2017 the Care Quality Commission published a report identifying some of the key factors in the improvement journeys of eight NHS Trusts who had significantly improved their overall CQC rating. The report provided specific examples of the steps these Trusts took and the methods by which they became Well Led. In the report the CQC identified the key themes that had featured in the improvement journeys studied in the case studies. This briefing highlighted these themes and posed some questions that Trusts working to improve their CQC rating should consider.

♦ *Client Briefing – CCG Special Measures (August 2017)*
This briefing brought out the key learning from a general review of legal directions issued to CCGs placed in special measures. The briefing brought together available information in this area and provided a basis for CCGs to self-assess their own arrangements against the key themes identified.

♦ *Client Briefing - General Data Protection Regulation (GDPR) Client Brief and self-assessment survey (September 2017)*
Clients will be aware that Data Protection laws are being overhauled for the 21st century. In this briefing Susan Hall, who joined Audit Yorkshire as Information Governance Specialist Lead, summarised the planned reforms and offered practical help to comply.

♦ *Client Briefing – CCG Special Measures Part 2 (October 2017)*
This briefing built on the Client Briefing on this subject in August. In this follow up paper Audit Yorkshire provided an analysis of the reported financial position of the CCGs placed in Special Measures and in order to assess the impact of the Special Measures.

- *Client Briefing - Overseas Visitors (October 2017)*
  This briefing looked at the revised charging regulations in respect of Overseas Visitors and provided a summary of these changes.

- *Client Briefing – Moving the Goalposts (November 2017)*
  In this briefing Susan Hall, Audit Yorkshire's Information Governance Specialist Lead, reflected on the shifting regulatory framework for data security and protection and previewed NHS Digital's successor to the IG Toolkit.

- *Client Briefing - NHS Improvement & Care Quality Commission Well Led Framework (December 2017)*
  During the year Audit Yorkshire issued a client briefing on new guidance from NHS Improvement and Care Quality Commission on the well led framework. The briefing set out how the new guidance would affect NHS organisations - particularly the revised inspection approach likely to be adopted by CQC in response to the revised key lines of enquiry and prompts in the framework - and the need for Boards to carry out ongoing cyclical work to self assess against well led questions, given the introduction of annual assessment. The briefing also noted how Boards and Senior Leadership Teams can draw on the experienced team at Audit Yorkshire to help facilitate surveys and self assessments and to provide an independent view on the evidence underpinning self assessments made.

Corporate Social Responsibility

Audit Yorkshire recognises the importance of social value and how we, as employers, have a duty of care not just to our staff and clients but to the wider public. This is underpinned by our host Trust's values, which we all embrace:

- Caring about what we do

- Always doing what we can to be helpful

- Respecting and valuing each other

- Listening in order to improve

We work in partnership and respond to local needs, respecting differences and building on similarities, empowering people to be involved in decisions about how we provide services and encouraging others to behave respectfully in line with our values.

To deliver social value, Audit Yorkshire has committed to raising money for local and international charities throughout the course of the year. In 2017/18 several of our team members raised money for various charities. We also held a Macmillan Coffee Morning, raising a total of £188.52.

In 2018/19 we will partake in the Stand up to Cancer bake sale, Pretty Muddy 5k and a Christmas themed bake sale in December.

5 | Workstream Update

Undertaking Audits

The objective of this workstream was to develop a common and fresh approach to undertaking audit work, with the key aim of producing a common Audit Process Manual to be adopted across Audit Yorkshire. The workstream group considered all stages of the process for undertaking an audit - from the initial scoping of work through to the completion and reporting of work.

The common Audit Process Manual was published in Autumn 2017 and work was undertaken to ensure that all staff are familiar with the revised requirements. The Audit Process Manual has been incorporated within Audit Yorkshire's new Quality Manual.

A new template was developed for the purposes of reporting to Audit Committees. The revised format for reporting Audit Progress to Audit Committees was presented to the Board on 31 July 2017 and approved. The workstream group also looked to develop a new standard Internal Audit Report template – and the workstream agreed the key areas of content that will be incorporated within our Internal Audit reports. The report incorporates the wording of standard opinions/gradings of findings agreed at the Audit Yorkshire Board meeting.

A branding exercise was undertaken in order to strengthen the integration of Audit Yorkshire and to help provide a brand 'identity' for Audit Yorkshire. The objective was to create a distinct and attractive logo and brand which would be used within our documentation (including reports), presentations and for marketing purposes. A consultant was commissioned to create a range of options which could be further developed and explored. Following a consultation process with the Audit Yorkshire Management Team, the preferred option was further developed and refined. The new reporting formats now incorporate the new Audit Yorkshire branding and both templates are now in general circulation. Initial feedback from report recipients and Audit Committees has been very positive and we welcome any further feedback.

Technology and Data Optimisation Group (TDOG)

TDOG was formed to develop and monitor the data and technology function at Audit Yorkshire to ensure that it operates effectively and efficiently in order to support the needs of the client organisations. The group convened to discuss and review the delivery of IM&T work, in-house IT expertise and skills, training and collaboration with other NHS internal audit providers.

Work has been undertaken in the following areas:

♦ Development of an Audit Yorkshire IT Asset Register – an IT asset register has now been created which includes all equipment used by the organisation, including telecommunication and peripheral IT equipment. The spreadsheet has been made available to the administrators who ensure it remains up to date. We plan to extend the record to include information assets in compliance with the new GDPR regulations.

♦ IT Collaborations – We have continued to build and develop collaborative relationships with peers via networking events and more formal collaborations with public sector audit providers. We have met with and have shared documents with the IT lead at 360 Assurance. To date we have shared client briefings, CAATs testing schedules, IT audit scoping documents as well as discussing staffing and approach to IT audit. We are also in the process of trying to establish a collaborative relationship with the Government Internal Audit Agency (GIAA) as one of the group members is a previous employee and has extensive contacts.

IT Solution

Throughout the year we have experienced technical issues with the IT solution we use to access MKInsight, email and documents. The issues were escalated to the Director of York's Systems and Network Services team to resolve these performance issues.

Cyber Security

We have developed a cyber security strategy covering awareness and training, assurance and specialist support and we have continued to raise awareness of cyber security threats, preventative measures and promotion of Audit Yorkshire via newsletters, tweets and circulation of guidance.

The Cyber Security Strategy focuses on three key themes of work:
1. to raise awareness of cyber security threats and preventative controls through a programme of training and circulation of briefings. One of our anti-crime client briefings included articles on cyber security and we have undertaken anti-crime awareness presentations / workshops and circulated related fraud alerts to our clients.
2. to provide Members and clients with a reasonable level of assurance based on assessing processes and controls, in line with best practice - we collaborated with the IT lead at 360 Assurance and considered the respective audit approaches to cyber security and wider IT audit topics. Cyber security audits are planned for virtually all clients for 2018/19.
3. the opportunity to contract with an industry expert for detailed substantive testing at an advantageous negotiated rate

Information Governance and Data Protection

Susan Hall joined Audit Yorkshire in August 2017 as an Information Governance Specialist Lead.
Susan's background is in Information Governance (IG) and she worked for York Hospital NHS Foundation Trust for many years as their IG lead. Her role at Audit Yorkshire is to support our client organisations with their IG compliance, particularly with the implementation of GPDR.

Susan has successfully completed and passed a GDPR Practitioner Course, accredited by GCHQ, developed a number of internal staff briefings and external clients briefings, with the latter leading to a number of enquiries for GDPR support.

Estates and Facilities

The purpose of the Estates and Facilities work stream is to assess the current estates and facilities and determine whether they are fit for purpose, in particular:

- They support an enlarged, integrated team and encourage closer working.
- The design, layout and facilities of office space are fit for purpose and appropriate for our organisational needs.
- They provide a solution which enhances Audit Yorkshire's effectiveness in a value adding and efficient manner.
- The utilisation of work hubs where appropriate to enable effective and efficient working across our current clients and members. Where possible, arrangements should be formalised and documented.

The group undertook a survey of Audit Yorkshire colleagues to understand what work related factors were most important to the team, as well as commencing preliminary activity to better understand Audit Yorkshire's accommodation needs. Analysis of the responses clearly identified that those factors considered as most important were: commute time and distance; IT provision and the availability of safe and secure parking.

A range of potential options were identified and investigated in detail. One of the options for an alternative West Yorkshire office space is now no longer available. Unfortunately, there is shortage of suitably sized, located and priced alternative NHS accommodation in West Yorkshire that meets the needs of Audit Yorkshire.

On 20 February 2018 workstream representatives met with the current provider of accommodation on the Dewsbury Hospital site, which is used as a West Yorkshire base. Options for the internal reconfiguration and general improvements were discussed and the feasibility and costs are still being investigated.

Training and Development

We undertook a review of the performance and development framework to ensure expectations and competencies are clear. This pulls together the expected competencies by grade, the feedback and approval processes and the support and performance development tools where required. We also started work on drafting an outline of a Training Strategy which will link to this framework and also a Learning Framework. This will set out expectations in relation to training by grade and will incorporate any YTHFT training and learning requirements and opportunities. This work is to be completed as a project as part of the 2018/19 Business Plan.

We have been tracking the development of learning standards by the professional bodies alongside the creation of the Level 7 Professional Accountant Apprenticeship Standard. The Deputy Director of Internal Audit attended an Apprenticeship Information session which provided an update on the new Level 7 Apprenticeship schemes for ACCA, CIMA & ICAEW. A project is underway to review possible access to the apprenticeship levy to support the professional training of auditors. This will mean possible changes to our Trainee Progression Framework and will be aligned with the work to develop our Training Strategy.

A Mentor Group has been established to support mentors in their role in developing and supporting an Audit Yorkshire trainee. We held a Mentor 'Huddle' for the first time on 9 November 2017, to share our experiences, examples of good practice and learning opportunities.

At the same time our Trainees met to discuss their experiences so far in the Trainee role, including the local and corporate induction plan, training and study options, what has worked well and suggested areas for improvement. At the end of their session the Trainees met with the Mentors to provide their feedback.

Communication and Engagement

Website
We have continued to focus on our website (www.audityorkshire.nhs.uk) and in particular, the Members' section of the website which provides Newsletters and Client Briefings and the Audit Committee Induction (e-learning) package. Since June 2017 there have been 224 log-ins to the Members' area. We will continue to focus on improving this for 2018/19.

A Careers page was added to the website in June 2017 - this continues to feature in most popular pages and we have seen an increase in applications for vacancies as a result. We also improved the information available on the Associate Specialist and IM&T pages.

In 2017/18 we had 10,008 visits to our website, of which 5,397 visitors were unique.

Social Media
Our aim is to use social media to increase brand awareness, promote new and existing services, attract new clients and advertise training events. We have developed a strong presence on Twitter, regularly tweeting about the NHS, industry news and Audit Yorkshire events.

Blogs
We launched an Audit Yorkshire blog for clients, prospective clients, staff, prospective staff and the general public. Blog posts have been published regularly on our website and a rota was created so that all staff are involved in creating topical material.

This year we issued 15 blog posts which include:

♦ *Internal Audit Graduate Trainee Scheme* – A Trainee's Perspective (8 June 2017) One of our Internal Audit Trainees discusses Audit Yorkshire's trainee programme and their career progression.

- *Identity Fraud 3 part series (28 June 2017)* - This blog identifies what identity fraud is, provides advice on how to avoid it and tells you what to do if you find yourself a victim of identity fraud.

- *Merger experience (2 August 2017)* - a member of the team gives their view on Audit Yorkshire's merger.

- *The day in the life of an Administrator - (7 September 2017)* "A Day in the Life of…" explores what happens backstage at Audit Yorkshire.

- *The Fraud Triangle - NHS Fraud (20 September 2017)* - Why does it happen and how do we stop it?

- *Mindfulness (4 October 2017)* - Mindfulness involves paying attention to our thoughts and feelings so we become aware of them. But how does this translate to the workplace?

- *Environmental Auditing and Sustainability Issues (1 November 2017)* - One of our Senior Auditors discusses what Environmental auditing is and makes suggestions for areas for the NHS to consider regarding Sustainability and the Environment.

- *Pastures New (17 November 2017)* - After more than twenty years practising Information Governance in the context of an acute provider trust, this summer Susan Hall made the move to Audit Yorkshire as Information Governance Specialist Lead. In this blog, Susan reflects on her first four months in post.

- *Apprenticeships (22 December 2017)* – An Audit Yorkshire Manager's view on the development of the apprenticeship standards and what they mean for Audit Yorkshire and other organisations.

- *Lake Balaton to Audit Yorkshire! (2 January 2018)* – An Associate Senior Internal Auditor explains why he joined Audit Yorkshire's staff bank.

- *The Benefits of Effectively Describing Risks (30 January 2018)* – A Senior Internal Auditor gives their perspective on the benefits of describing risks effectively.

- *My Career in an Ever Changing Internal Audit Landscape (20 February 2018)*– Our longest serving member of staff considers her career and how the role and size of internal audit teams has changed during this time.

- *ACCA Exam tips (15 March 2018)* - One of our auditors discusses handy tips that helped them to pass the ACCA exams.

Newsletters

In 2017/18 we have issued one internal audit newsletter and two anti-crime newsletters. Feedback has been positive and this is something we will focus on for 2018/19.

Staff handbook

The Communication and Engagement group produced an Audit Yorkshire staff handbook. The purpose is to highlight key policies and procedures to ensure we maintain a consistent approach across Audit Yorkshire. The handbook also contains relevant and important information for all staff. In addition, we included a 'new starters' section which covers information about the NHS and regulators, background information about different types of clients, and an explanation of Internal Audit and Anti-crime.

Staff Resource Management

The objective of this workstream is to ensure that there are appropriate and robust management arrangements for strategic planning, annual planning and for the effective allocation of work to staff.

Initial arrangements were put in place at the point of merger to ensure a common approach across Audit Yorkshire with regards to strategic planning and to the planning of work and allocation of staff. These bespoke arrangements have helped ensure the service has been maintained at the agreed levels across the breadth of members and clients Audit Yorkshire serves. However, the implementation of MKInsight across all Audit Yorkshire sites provides an opportunity to strengthen these arrangements further.

We commenced a project to review our approach to obtain staffing resource. In particular we looked at the establishment of a bank of auditors and associate specialists. The aim is to create flexibility in the profiling of staffing resource and to secure access to additional and specialist skills as and when required. The key flexibilities gained from adopting this approach for recruitment were to strengthen our ability to:

♦ manage the peaks and troughs in demand over the normal audit cycle.
♦ secure additional temporary resource until we can secure permanent staff to meet the demand for additional chargeable pieces of work where requested by our members and customers
♦ obtain additional skills and expertise for time limited specific pieces of work requested by members and customers.
♦ obtain flexible resource to address productivity issues arising from sickness and other long-term breaks such as maternity and career breaks.
♦ appoint flexible skilled resource to free up management time to support the progression and development of trainees as part of our longer-term succession plan.

The Internal Audit and Anti-Crime Bank opportunities were advertised on NHS Jobs and this is something we will continue to do periodically. The advertisement encouraged interested potential applicants to come and meet with members of the Audit Yorkshire Team at the Recruitment Fair at York Hospital, which took place on Saturday 30 September 2017. We have already used this new facility to place an Associate Internal Auditor who has previously worked for us as an agency sourced temporary member of staff. The facility has allowed us to recruit this Associate at a much reduced in-house rate.

A number of recent public recruitment campaigns concluded successfully. We have secured As and When Contracts with 9 specialist staff – covering a range of specialisms from Audit, Nursing and Anti-Crime. These individuals have made a huge impact across our members and clients.

As part of the Business Plan in 2018/19 the group will consider:

♦ The approach to strategic planning - and make recommendations for further refinement.
♦ The current resource planning process and the options to streamline the process.
♦ The current staff planning and allocation process - including making recommendations to strengthen arrangements which ensure opportunities are taken to align plans to ensure benchmarking and good practice review opportunities are maximised.

6   Workshop and Events

Non-Executive Director Event

A key part of Audit Yorkshire's remit is to provide support to Audit Committees and we have done this by running an annual event for the past 12 years. To facilitate learning and networking these events have all been provided at no cost and have been made available to Audit Committee members and other interested parties across Yorkshire and the Humber.

These events are always well attended with usually up to 60 delegates attending.

Audit Yorkshire held its annual Audit Committee event at the Principal Hotel, York on Monday 5 March 2018. The event was well attended, with 47 delegates from across NHS bodies in Yorkshire.

THE EFFECTIVE AUDIT COMMITTEE
...keeping you in touch with issues that matter

The day was chaired by Helen Kemp-Taylor and the agenda consisted of:

- An opening presentation on the '*CQC's new Well Led Requirements and what this means for the Audit Committee*' presented by Lorraine Bolam, Interim Head of Hospital Inspection, CQC.

- A presentation on Bradford District Care Trust's Experience of the New Inspection delivered by Liz Romaniak, Director of Finance, Contracting & Facilities and Deputy Chief Executive, Bradford District Care Trust

- A presentation on '*Integrated Support and Assurance Process: complex and novel contracts'* by Paul Twigg, Senior Finance Lead - Strategic Finance, NHS England

- A joint presentation on '*Sustainability and Transformation Partnership'* which was delivered by Anthony Kealy - Policy Lead, West Yorkshire and Harrogate STP, Stephen Gregg - Governance Lead, WY&H Joint Committee of CCGs and Chris O'Neill - STP Programme Director, Humber Coast and Vale.

- A closing presentation around '*North East Lincolnshire's experience of working in partnership'* which was presented by Bev Compton, Director of Adult Services NE Lincolnshire Council

The majority of speakers were very well received and rated as 'excellent'

"*Good cross section of views and knowledgeable speakers".*

"*Excellent range of speakers"*

"*All very useful, interesting presentations"*

"*Highly topical, all round very good day"*

"*As Helen said - these themes are really key*"

The key words to describe the event were; *informative, interesting* and *valuable.*

Controlling Risk and Deterring Fraud Workshops

We continue to run our award-winning workshops aimed at giving supervisors and managers the practical skills to ensure that internal controls are efficient and effective within their departments and to reduce the risk of fraud. The training has been very well received and we believe that engagement with staff around communicating potential fraud concerns has improved as a result.

In 2017/18 auditors and local counter fraud specialists (LCFSs) delivered three hour-long lunchtime workshops intended to provide participants with:

- ♦ A working knowledge of the importance of internal controls and the potential consequences of control failure, including real examples of fraud perpetrated against the NHS and how they could have potentially been prevented,

- ♦ An understanding of the Trust's internal audit department and the role of the LCFS,

- ♦ Details of where to go for advice concerning control issues and how and where to report suspicions.

Bespoke Training

We have delivered Governance Workshops to the Governing Body members and Senior Management at one of our clients, which featured the Governing Body Assurance Framework and operational governance.

7 | Performance

Delivery of Audit Plans

All agreed audit plans were delivered in accordance with Internal Audit Standards, with completion of all relevant work in time for the Head of Audit Opinion to be produced in support of the respective Annual Governance Statement.

Financial Performance

Audit Yorkshire's financial objective is to minimise the cost of providing the service, matching income and expenditure and to retain, where possible, a surplus for developing services. Turnover in 2017/18 was approximately £2m, aligned to the delivery of some 7,500 audit and anti-crime days. Staffing accounts for around 90% of our overall operating costs. During 2017/18 some one off costs associated with the merger and integration were incurred including the roll-out of MKInsight (audit management software) across West Yorkshire, which were met from reserves.

Quality Assurance

In order to ensure that there is an effective internal audit function in place, regular feedback is sought from key stakeholders. This is via a combination of client feedback questionnaires that are issued for every audit report and also formal surveys of Audit Committee members, executive directors and senior managers across member organisations. Any suggestions for further improvement are proactively followed up with our clients.

The results of the surveys conducted in 2017/18 reflect very positively on the overall performance of internal audit in supporting the Audit Committees and senior management.

Key Performance Indicators

Audit Yorkshire is in the process of developing the information received through MKInsight, to enable us to monitor and report comprehensively across the patch. The following table summarises Audit Yorkshire's overall achievement of the performance indicators for 2017/18.

Performance Indicator	Actual (2017/18)	Target met?	Target (2017/18)
Percentage of work completed vs. planned.	100%*	✓	95%
Percentage of requests for unplanned work responded to within five days.	100%	✓	90%
Percentage of draft audit reports issued within target times.	97%	✓	90%
Management responses received within 15 working days of the issue of the draft report.	87%	X	100%
Percentage of final audit reports issued within five working days of receipt of management responses.	99%	✓	90%
Follow up of all "high" rated recommendations to be performed within one year of the audit taking place.	100%	✓	100%

all days delivered, taking into account amendments to plans that were reported throughout the year.

Proactive Work

Audit Yorkshire has always believed that the best way to tackle fraud and corruption is to prevent it from happening in the first place. This belief is reflected in the proactive work undertaken by Audit Yorkshire's counter fraud team for all of its clients. We have ensured that our proactive work is tailored to each client's requirements, but common aims include;

♦ Ensuring that control and management weaknesses exploited by fraudsters are addressed and loopholes closed to future attempts.
♦ Ensuring each organisation has a strong anti-fraud culture to make staff aware of how and where to report suspicions of fraud.
♦ Utilising a variety of different media to make staff aware of the potential consequences of defrauding the NHS.
♦ Introducing Counter Fraud Policies and Protocols and fraud-proofing relevant policies.

The counter fraud team has continued to raise fraud awareness across its clients and looks to build on good practice and develop new initiatives. A recent initiative was the creation of the anti-crime newsletter which is circulated to all of Audit Yorkshire's clients. The newsletters provide the reader with the most recent information regarding countering fraud in the NHS, details of recently concluded investigations and information on how to avoid becoming a victim of fraud. Other innovations include using social media to raise fraud awareness and the creation of a counter fraud blog.

Counter Fraud Resource

The cornerstone to our continued success is ensuring we have the right people in place to undertake counter fraud work and in the past year the counter fraud team has recruited two new Local Counter Fraud Specialists (LCFSs).

One of the new LCFSs has recently joined Audit Yorkshire after working as a Detective Constable for North Yorkshire and the other was previously employed as an investigator for West Yorkshire Police's Economic Crime Unit with previous experience working as an LCFS in the NHS.

Despite the recent recruitment of two excellent LCFSs, Audit Yorkshire is aware that applicants for LCFS vacancies with the right qualification, experience and attitude are difficult to recruit. To counter this problem Audit Yorkshire created the Anti-Crime Trainee post, with a view to putting successful candidates through the Accredited Counter Fraud Specialists qualification and developing their skills, culminating in the trainees becoming fully-fledged LCFSs.

During 2017/18 two of our trainees successfully completed the trainee scheme and two more trainees were selected from a field of nearly 200 applicants. Both trainees are progressing very well and their previous experience working for the Police and Trading Standards has put them in good stead for their new role.

Liaison with other organisations and agencies

During 2017/18 the counter fraud team has liaised with a number of agencies to assist in countering fraud, bribery and corruption. This includes liaising with police forces in North and West Yorkshire and Kent as well as the Home Office, NHS England and Trading Standards.

The team has also liaised with local officers and the Controlled Drugs Officer regarding the theft of prescriptions and prescription frauds.

Representatives from the team have also attended the Yorkshire and Humber Local Intelligence Network and have attended Yorkshire and Humber Fraud Forum training sessions. The Head of Anti-Crime Services has also been appointed as the Vice Chairman of the National Counter Fraud Managers Group and has been invited to become a member of the NHS Counter Fraud Authority's Quality Assurance Review Group.

Compliance with the counter fraud standards

We have worked closely with our clients in undertaking a mandated self-review of compliance with the NHS Counter Fraud Authority's Standards for providers and commissioners – fraud, bribery and corruption. The assessment process is a means of evaluating an organisation's effectiveness in dealing with the fraud, bribery and corruption risks it faces.

To demonstrate Audit Yorkshire effectiveness in supporting its clients with compliance with the standards, during 2017/18 two of Audit Yorkshire's clients were selected for quality assessment by NHS Counter Fraud Authority's inspectors and both assessments identified good practice and demonstrable compliance with the standards.

Security management

Audit Yorkshire continues to provide a number of its CCG clients with a security management service, which is delivered by a fully accredited Local Security Management Specialist. Work undertaken as part of this service includes undertaking security risk assessments, providing guidance re all elements of security management and reviewing the clients' compliance with the security management standards.

1. Develop the Audit Yorkshire Brand and Continue to Validate our Purpose and Position

- Developed a Business Model (including longer term business strategy, annual business plans and team plans)

- Improved client engagement, profile and understanding of Internal Audit through charter, protocols and briefings

- Reviewed corporate headquarters and local work hubs

2. Improve Communication

- Developed an Audit and Anti-Crime newsletter for publication

- Developed a staff brief to improve communication across the team

- Reviewed and update the website

- Organised annual Audit Committee event

- Developed Audit Committee induction Tool

- Developed a 'house style' reporting format

5. Performance Measurement

- Achieved breakeven in 2017/18
- Reviewed information to enable the use of a scorecard of performance
- Reported routinely on performance to the team and Board

3. Strengthen Quality and Focus on Continuous Improvement

- Rolled out Audit Management software (MKInsight) across West Yorkshire staff to ensure consistent efficient and high quality output

- Facilitated agile and mobile working

- Reviewed of computer aided tools to ensure effective and efficient functionality

- Reviewed audit methodology to ensure it reflects best professional practice

4. Resources and Staff Development

- Developed and introduced a revised Training and Development Strategy (including a competency framework)

- Aligned job descriptions

- Standardised Operational Protocols

We Value:

Customer Satisfaction   Respect our customers to retain their loyalty and trust and seek to exceed their expectations.

Excellence   Committed to being the best we can be.

Integrity   Maintain credibility by ensuring our actions always match our words.

Audit Yorkshire

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