

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON
8 MARCH 2016 AT WEST OFFICES, YORK**

Present

Mrs Sheenagh Powell (SP)	Lay Member, Audit Committee Chair
Mr David Booker (DB)	Lay Member
Dr Tim Maycock (TM) - part	GP Governing Body Member

In attendance

Mrs Cath Andrew (CA)	Senior Manager, Mazars
Mrs Michelle Carrington (MC) – part	Chief Nurse
Mrs Helen Kemp-Taylor (HKT)	Head of Internal Audit
Mr Mark Kirkham (MK)	Director, Mazars
Mr Steven Moss (SM) – part	Local Counter Fraud Specialist
Mrs Rachel Potts (RP)	Chief Operating Officer
Mrs Tracey Preece (TP)	Chief Finance Officer
Ms Michele Saidman (MS)	Executive Assistant
Mrs Lynette Smith (LS)	Head of Corporate Assurance and Strategy
Mr Tom Watson (TW)	Internal Audit Manager

Preceded by a meeting of members with Internal Audit.

SP noted that discussion at the pre-meet had focused on Internal Audit plans; no specific issues had been identified.

The agenda was considered in the following order.

1. Apologies

There were no apologies.

2. Declarations of Interest

Declarations of interest were as per the Register of Interests. There were no declarations of members' interests in relation to the business of the meeting.

3. Minutes of the meeting held on 8 December 2015

The minutes of the meeting held on 8 December were agreed.

The Committee:

Approved the minutes of the meeting held on 8 December 2015.

4. Matters Arising

Counter Fraud: Standards for Commissioners 2015-16 – Security Management Briefing for CCGs: TP reported that she was the Executive Lead for Security Management and advised that the North Yorkshire CCGs were finalising arrangements for a North Yorkshire approach to buying security management services. SM confirmed agreement to such an arrangement.

Quality: SP noted that MC would attend the Committee when items warranted her presence. SP additionally noted that she and DB would discuss with LS the respective roles of the Audit Committee and Quality and Finance Committee to ensure appropriate consideration of both finance and quality.

Note business of other committees, review inter-relationships – Partnership Commissioning Unit audit: TW reported that the field work was complete and, following quality assurance, the draft report would be circulated during week commencing 14 March at the latest. DB referred to the request from the Quality and Finance Committee for an urgent report in view of financial pressures that had resulted from issues relating to the Partnership Commissioning Unit systems and processes. Detailed discussion ensued on these concerns in view of the fact that the forthcoming report related to all four North Yorkshire CCGs. TP advised that NHS Vale of York CCG's concerns, which were shared by the other CCGs, had been incorporated in the brief for the audit. TW agreed to circulate the draft report to SP, RP and TP at the same time as it was issued to the Partnership Commissioning Unit.

Report on suspension of standing orders and waiver to tender: In respect of the Attain staff to whom this related TP reported on benchmarking information and decisions taken at Senior Management Team. One of these staff was leaving the CCG at the end of March 2016 and would be replaced by a band 8 post, achieving substantial savings. The contract for the wheelchair and equipment service procurement lead had been extended to the end of December, i.e. the end of the procurement and first three months of mobilisation; partner agencies were sharing the associated costs. The CCG would contract directly if possible with the third person, the procurement lead, for 2016/17 at a lower rate for reduced days per week which would be worked on a flexible basis.

4.1 Review of External Audit Effectiveness

This was covered in item 11.1 below.

4.2 Audit Committee Effectiveness Assessment

TW reported that four responses had been received to the annual review of the Committee's effectiveness which had been sent to members and attendees. It had incorporated two surveys – Audit Committee Effectiveness Self Assessment Exercise – Committee Processes and Audit Committee Effectiveness Self Assessment – Themes. Questions with one or more 'No' response in the former and 'Disagree' in the latter were discussed. Following clarification no further action was identified in respect of the Committee processes survey but there was concern on the 'themes' survey regarding the questions 'Members hold their

assurance providers to account for late or missing assurances’ and ‘When a decision is made or action agreed I feel confident that it will be implemented as agreed and in line with the timescales set down’.

LS commented that a number of the ‘Don’t Know’ responses related to regulatory and legal processes noting that a horizon summary document was produced for Senior Management Team with required actions. She agreed to provide a similar report for consideration by the Committee. SP also proposed an induction or briefing on the role of the Committee.

4.3 Internal Audit and Counter Fraud Effectiveness Review

TW reported that four responses had been received from the 12 CCG officers who had received the survey, although a number of questions had only received three responses. The areas with a ‘No’ response were discussed. In view of the responses relating to Internal Audit terms of reference TW agreed to present the Internal Audit Charter at the next meeting and, following discussion about the Chair and Committee being advised promptly on areas of significance or changes to the audit plan, it was agreed that any draft reports with Limited Assurance should be circulated to Committee members as well as the responsible Executive Officer. When such reports were presented to the Committee a Director level attendee should be present for this item.

Other matters were noted as completed, outstanding, agenda items or had not reached their scheduled date.

The Committee:

1. Noted the updates.
2. Noted the results of the Audit Committee Effectiveness Self Assessment and requested an initial horizon scanning report.
3. Requested that the Internal Audit Charter be presented at the next meeting.
4. Noted the results of the Internal Audit and Counter Fraud Effectiveness Review.
5. Agreed that draft reports with Limited Assurance should be circulated to Committee members as well as the Executive Officer and that when such reports were presented to the Committee the relevant Director level attendee should be present.

5. Audit Committee Work Plan

TP highlighted that the accounts meeting date of 28 April had been added to the work plan and noted the requirement for further dates to be added for 2016/17. She agreed to discuss the latter with SP outside the meeting.

TW reported that the final submission of the Head of Internal Audit Opinion was required on 22 April which did not align with the overall accounts approval process of submission in draft to NHS England. Final agreement of the Head of Internal Audit Opinion would therefore be completed “virtually” by email.

The Committee:

1. Noted the updated Audit Committee work plan.
2. Noted that further meeting dates would be agreed.
3. Agreed that the final Head of Internal Audit Opinion would be completed “virtually” by email.

6. Counter Fraud

6.1 Draft Counter Fraud Plan 2016/17

In presenting the draft Counter Fraud plan SM noted that this was in accordance with the NHS Anti Fraud Manual and the NHS Protect Standards for commissioners. The four key principles were Strategic Governance, Inform and Involve, Prevent and Deter, and Hold to Account. Eight days had been allocated but in the event of additional reactive work being required SM would liaise with SP and TP. SM confirmed there would be a separate security plan.

6.2 Counter Fraud Update Report

SM presented the report which provided an update on proactive and reactive work undertaken to date in 2015-16. In regard to the 2014-15 National Fraud Initiative SM noted that no erroneous or fraudulent payments had been identified relating to NHS Vale of York CCG. However a similar review conducted on behalf of NHS Scarborough and Ryedale CCG had identified £73,626.93 of duplicate payments processed by the Partnership Commissioning Unit of which £42,844.18, relating to approximately eight invoices, had been on behalf of NHS Vale of York CCG. SM advised that these control and system issues were included in the current Internal Audit work relating to the Partnership Commissioning Unit who were also aware of them. Although SM noted that some of the data was historical, from October 2014, HKT agreed to look into the extent of the testing for the current audit in response to members’ concerns. TP additionally noted that Neil Lester, a senior finance colleague, had joined the Finance and Contracting Team on a six month secondment and would undertake detailed analysis of the Partnership Commissioning Unit’s work from the CCG’s perspective.

SM referred to the revision of Counter Fraud Standards for Commissioners highlighting that the Counter Fraud Plan for 2016/17 reflected the change relating to providers no longer being required to complete an Organisational Crime Profile. The commissioner was therefore no longer required to review the submission.

SM noted that the reactive counter fraud work related to investigation into an intellectual property issue confirming that the Committee would be informed of the outcome.

The Committee:

1. Approved the Counter Fraud Plan 2016/17.
2. Noted the counter fraud update report.
3. Requested that HKT look into the extent of the testing for the Partnership Commissioning Unit audit.

SM left the meeting

7. Finance Governance

7.1 Year End Update

TP reported that Section 75 Agreements, as per the requirements of the Better Care Fund, had been signed and sealed with all three local authorities. Discussion was taking place to agree the transactional approach in the respective annual accounts and related disclosures. A meeting was being arranged with External Audit and the CCG's Finance Team had attended a number of training events relating to pooled budgets. TP noted that the CCG hosted the contract with City of York Council but that North Yorkshire County Council and East Riding of Yorkshire Council hosted their respective contracts. Presentation within accounts was being agreed.

In respect of the Service Auditor Report on Yorkshire and Humber Commissioning Support TP noted that Deloitte were undertaking final testing and that a draft report was expected at the end of March, followed by the final report in April. In view of the one month extension of the contract with Yorkshire and Humber Commissioning Support to the end of March TP sought and received support from members for a bridging letter for the additional month. CA additionally noted that this arrangement would not have material impact on the CCG's accounts.

TP advised that the CCG would require a Service Auditor Report for North East Commissioning Support Services.

7.2 Month 9 Financial Statements Submission

TP referred to the report which comprised the summary statements from the Month 9 submission file, analytical review of 2015-16 month 9, and the month 9 exception reporting template for the CCG Annual Governance Statement and Annual Report and Accounts 2015-16. She explained that the variance between months 9 and 12 data was due to the fact that the Partnership Commissioning Unit gross/net accounting was done in the ledger as at month 12 and reported that no feedback had been received from NHS England in response to the exception reporting relating to the forecast financial outturn and performance against Constitution standards.

7.3 Draft Head of Internal Audit Opinion

HKT reported that the draft Head of Internal Audit Opinion as at 22 February 2016 had been caveated to Significant Assurance for systems and processes, following discussion of the CCG's financial position and categorisation as an organisation in turnaround. She noted that much of the working was standard and that this was an interim statement based on work done to date which would be updated to reflect the position as at 31 March 2016. In respect of the need for a prompt response from the CCG to audits currently being completed TP assured members that this requirement would be fully communicated.

7.4 Draft Accounting Policies

TP referred to the draft Accounting Policies which were based on the latest model provided by NHS England and adapted for local issues. She provided explanation on a number of aspects of the notes relating to Critical Accounting Judgements and Key Sources of Estimation Uncertainty and noted that 'Going Concern' was a separate agenda item but was referred to in regard to the report to the Secretary of State for Health under section 30 of the Local Audit and Accountability Act 2014 due to the CCG's anticipated breach of financial duties. TP advised that minor amendments may be required prior to submission in light of further NHS England guidance or local issues that required clarification. Final Note 1 Accounting Policies would form part of the submission of the draft accounts on 22 April which would be reported to the Committee at its 28 April meeting.

TM left the meeting

7.5 Consideration of 'Going Concern Status' 2015-16 Accounts

TP reported that she had confirmed with NHS England that, despite being in turnaround, the CCG was required to form a view as to its going concern status as this governed the basis on which accounts were prepared and services commissioned. She noted that this was part of a suite of documents relating to Director Declarations that would be presented for approval by the Governing Body. The report included information pertaining to areas set out by the Financial Reporting Council in the publication '*Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009*', namely: forecast and budgets; timing of cash flows; contingent liabilities; products, services and markets; financial and operational risk management; financial adaptability; and documentation. TP noted that national information relating to CCGs in turnaround and a summary of pertinent areas relating to financial planning would be added to the report.

In response to members seeking clarification of the role of the Committee in this item MK explained that it related to confirmation of assurance of the robustness and reliability of management's preparation of the accounts. TP additionally confirmed that this did not relate to approval of the financial recovery plan.

7.6 Review of Losses and Special Payments

TP noted that there were currently no losses or special payments but there was the potential for write offs relating to overseas visitors as a result of new guidance. She advised that, although any such payments would be added to the ledger, she did not anticipate any material effect.

7.7 Update and Assurance on Key Financial Policies

TP reported that, following approval subject to minor amendments at the last Committee meeting, the final Detailed Financial Policies had been approved at the February Governing Body meeting. The policies would now be reviewed annually.

7.8 Financial Control Environment Assessment Action Tracker

TP referred to the action tracker developed as a result of the Financial Control Environment Assessment completed and submitted in September 2015. She noted that all actions were either complete or had been fully incorporated in to either the main Finance and Contracting Action Plan or the CCG Turnaround Action Plan, therefore this would be the final separate update to the Committee to avoid duplication.

TP confirmed that a number of dates that read 2016 should read 2015 and vice versa. She also noted that the update of the financial risk register on to Covalent was behind schedule but was being addressed.

7.9 Report to the Secretary of State under Section 30 of the Local Audit and Accountability Act 2014

TP advised that the letter sent by Mazars to the Secretary of State for Health on 22 January 2016 - presented for information - related to the CCG's projected performance against its statutory duty to ensure expenditure in a financial year did not exceed income. The CCG's forecast outturn for 2015-16 meant this duty would not be met, although the forecast year end deficit had subsequently improved from £7.3m to £6.3m.

The Committee:

1. Noted the year end update.
2. Agreed not to seek any further assurance on Yorkshire and Humber Commissioning Support than the Deloitte's Service Auditor Report to 29 February and bridging letter for March 2016
3. Noted that the month 9 accounts had been produced and submitted within NHS England guidelines.
4. Noted the draft Head of Internal Audit Opinion as at 22 February 2016 and the requirement for prompt response to audits being completed by 31 March 2016.
5. Noted the draft Accounting Policies which may be updated and amended for the year end accounts in light of further NHS England guidance or local issues that required clarification.
6. Approved the recommendation that management prepare the annual accounts for 2015-16 on a going concern basis.
7. Noted the information on losses and special payments.
8. Noted that the Governing Body had approved the Detailed Financial Policies.
9. Noted the progress and update on the Financial Control Environment Assessment Action Tracker.
10. Noted the report to the Secretary of State under Section 30 of the Local Audit and Accountability Act 2014.

8. Corporate Governance

8.1 Update and Assurance

RP reported that, as an organisation in turnaround, the CCG was currently assessed as “Not Assured” against the national CCG Assurance Framework and was having regular meetings with NHS England. The CCG had made progress on implementing the action plan produced in response to PwC’s Capacity and Capability Review. The 2015/16 forecast year end position was being finalised and plans for 2016/17 were in development.

Also in response to the PwC report the Senior Management Team meeting and Quality and Finance Committee agendas had been reviewed and refocused on turnaround. Primary Care Commissioning had been separated from the Quality and Finance Committee and internal processes were being reviewed.

8.2 Note Business of Other Committees and Review Inter-relationships and

8.3 Review assurance from other committees, Partnership Commissioning Unit and Commissioning Support (Third Party Assurance)

RP referred to the earlier discussion about the Partnership Commissioning Unit and reported that the CCG had signed contracts with the new Commissioning Support service providers. There were however still financial and IT risks with the latter which were recorded in the risk report; these were being addressed during the mobilisation.

In response to MK seeking assurance about the CCG’s recovery plans in terms of potential impact on and support from partner organisations RP advised that the schemes were aligned with the priorities of the local authorities and York Teaching Hospital NHS Foundation Trust. She also noted that discussions were taking place with the latter with a view to establishing a joint programme management office approach for the respective QIPP and Cost Improvement Programme. Detailed work was taking place to establish levels of confidence of delivery in advance of the CCG’s meeting with NHS England on 15 March following discussion with the Governing Body. The CCG’s internal arrangements had been reviewed and delivery of the recovery plan was being supported by all teams.

8.4 Review Assurance Framework

LS reported that a number of changes had been made since the Committee had considered the Assurance Framework in September 2015, including enhanced management of conflict of interests. The Governance Team had been restructured to increase control and support, the updated Constitution had been approved, and an improved system for capturing risk and reporting actions had been established. A new financial risk model had been developed which would be reflected in the next report.

In regard to the Partnership Commissioning Unit a revised process for reporting risk had been agreed. Additionally, their Business Manager would be working within the CCG one day a month to progress this work.

The CCG was implementing programme management office arrangements.

LS referred to the new national CCG Improvement and Assessment Framework. This would comprise four domains – Better Health, Better Care, Sustainability and Leadership – underpinned by individual assessment on the six clinical priorities of mental health, dementia, learning disabilities, cancer, diabetes and maternity. LS noted that there would be risks to the CCG associated with the targets but that detailed information was currently awaited.

LS confirmed that consideration was being given to ensuring staff were adequately informed of the new framework and associated assessments.

LS gave a presentation on Risk Management Assurance which included a risk summary, update and mitigation for events with each risk register detailed in a dashboard format. Senior Management Team had welcomed this approach and highlighted the need to focus on emerging risk.

Members sought and received clarification on a number of aspects of the report noting ongoing work to refine its presentation for assurance and clarity of accountability. The programme management office approach was welcomed. RP noted that the Covalent Steering Group had become the Programme Management Office Steering Group with representatives from each CCG team and supported by the Governance Team.

8.5 Review Register of Gifts and Hospitality

RP referred to the report which advised that one gift above the £25 threshold of declaration had been received, namely a conference ticket, by a member of staff in 2015-16.

8.6 Primary Care Commissioning Assurance

RP reported that a Part II Primary Care Commissioning Committee meeting had taken place on 2 February focusing on discussion of the Primary Care Home, subsequently renamed Vale of York Clinical Network. The next meeting of the Committee would be in public on 29 March; the agenda was currently being agreed.

A key element of assurance was provided by the Governing Body approval of the revised terms of reference following separation of the Primary Care Commissioning Committee from the Quality and Finance Committee.

The Committee:

1. Noted the updates and ongoing work.
2. Noted the development of the Assurance Framework and establishment of the programme management office approach.
3. Noted that one gift above the £25 threshold had been received by a member of staff in 2015-16.
4. Noted the update on Primary Care commissioning.

11. External Audit

11.1 Audit Strategy Memorandum

MK referred to the Audit Strategy Memorandum for the year ending 31 March 2016 which summarised the audit plan in respect of the audit of financial statements, including the audit scope, approach and timeline, significant key risk and key judgement areas, and value for money arrangements. Three appendices comprised respectively independence, materiality and key communication points. MK noted that the planning procedures had not identified the need for special audit consideration of any key areas of management judgement and highlighted the opportunity for members to request inclusion of other areas.

MC joined the meeting

11.2 Value for Money Risk Assessment

MK explained the requirements for value for money work which was based on the overall criterion "In all respects the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and substantial outcomes for taxpayers and local people." This was supported by sub criteria, assessed on 'red, amber, green rating', of informed decision making (currently 'amber'), sustainable resource development (currently 'red') and working with partners and other third parties (currently 'red'). The initial significant audit risk had been identified as the CCG's potential failure to meet its statutory financial targets.

11.3 Audit Progress Report

CA presented the report which included a summary of audit progress and information on national publications and other updates. She highlighted the detail provided in response to the review of effectiveness of external audit. This described work on quality control procedures, combined regulatory compliance and audit quality performance scores for which Mazars was one of only two companies that scored 'green', use of techniques, innovation in audit approach, and timely resolution of issues. CA noted that discussion with TW was planned to ensure avoidance of duplication.

The Committee:

1. Noted the Audit Strategy Memorandum for the year ending 31 March 2016.
2. Noted the Value for Money Risk Assessment.
3. Noted the Audit Progress Report and in particular the explanation in response to the review of the effectiveness of external audit.

12. Internal Audit

12.1 Draft Internal Audit Strategic and Operational Plans

TW explained that the draft Strategic Plan 2016/17 to 2018/19 and Operational Plan for 2016/17 had been developed in accordance with the North Yorkshire Audit Services internal risk assessment process, discussion with TP and presentation at the CCG's Senior Management Team meeting. He also noted that it aligned with the CCG Assurance Framework.

SP referred to the pre-meet when members had expressed concern at the Head of Internal Audit Opinion of Significant Assurance – as discussed at item 7.3 above – and the fact that QIPP was not specifically included in the plan in view of the CCG being an organisation in turnaround. Following discussion members requested that TW review the plan with the CCG's management team to enhance the scope in regard to governance and strategic commissioning and circulate the revised plan for approval "virtually".

12.2 Periodic Report

TW presented the periodic report which outlined progress between 1 December 2015 and 26 February 2016 and included an executive summary, an overview of assurance levels by audit area, an analysis of audit days, progress with the year's programme, and an Appendix comprising Internal Audit Reports. In respect of the latter there were three reports: Management of Conflict of Interests had received Significant Assurance, Quality Improvement and Management of Commissioning of Aftercare under Section 117 of the Mental Health Act had received Limited Assurance.

In regard to the Quality Improvement report MC provided context and explanation noting that, although changes had been implemented since September 2015 in that the terms of reference and membership of the Quality and Performance Sub Group with York Teaching Hospital NHS Foundation Trust, further work was required.

In respect of the Management of Commissioning of Aftercare under Section 117 of the Mental Health Act TW referred to the earlier discussion regarding the Partnership Commissioning Unit.

SP noted that she would refer to the Limited Assurance reports in her report to the Governing Body.

12.3 Audit Recommendations Status Report

TW reported that since the last meeting a further 13 recommendations had been completed; these included both CCG and Partnership Commissioning Unit recommendations. Of the 12 remaining outstanding recommendations one was rated as 'high' and related to the Partnership Commissioning Unit. Completion of all the recommendations was being sought by the end of the financial year. In this regard TP advised that internal communications were planned relating to all year end requirements.

12.4 *Planning for our Merger (North Yorkshire Audit Alliance Services)*

HKT presented the report which outlined the proposed approach, supported by both Boards, for planning for a merger between North Yorkshire Audit Services and West Yorkshire Audit Consortium. SP advised that she supported this subject to due diligence requirements and assurance about governance arrangements.

HKT explained that a unitary board was being established and that legal advice was being sought in terms of potential novating of contracts. A constitution was being developed and consideration was taking place regarding requirements such as risk sharing and contingent liabilities. On completion of this work there was the potential for staff merger.

The Committee:

1. Requested that the draft Strategic Plan 2016/17 to 2018/19 and Operational Plan for 2016/17 be revised and circulated electronically for approval “virtually”
2. Noted the Internal Audit Periodic Report for 1 December 2015 to 26 February 2016.
3. Noted the Internal Audit Recommendations Status Report.
4. Noted the planned potential merger of North Yorkshire NHS Audit Services and Yorkshire Audit Consortium.

9. Quality

9.1 Update and assurance on clinical governance and clinical audit arrangements and 9.2 update and assurance on quality and safety

MC reported that the Quality Strategy was in development and would be presented to the April Quality and Finance Committee with an associated annual work plan. An Infection Prevention and Control Strategy would also be presented to ensure that the CCG received assurance from providers and episodes of healthcare acquired infection reduced.

MC reported on the Clinical Research and Effectiveness Committee noting a decision to establish a Research Sub Group for which a policy, currently being developed, would be presented to the Quality and Finance Committee for approval.

MC described a risk that had emerged regarding a backlog of Referral Support Service protocols due to resource issues. MC advised that the current processes were being mapped and discussion was scheduled to take place at the Senior Management Team meeting to consider how best to address this.

The Committee:

Noted the updates.

MC left the meeting

10. Information Governance

10.1 Information Governance Toolkit Assurance

RP referred to the report that comprised the Information Governance Toolkit Scores pending final review and sign off and the Information Governance Assurance Statement. She noted that the CCG was currently completing the requirements to demonstrate level 2 compliance with version 13 (2015-16) of the toolkit, due for submission by 31 March 2016. No issues had been identified to date.

10.2 Note Business of the Information Governance Steering Group

RP referred to the minutes at item 13.2 below.

10.3 Report on Information Governance Incidents

In addition to the information relating to Information Governance incidents in 2015-16 LS reported that the CCG had become aware of a further incident on 4 March. This related to a Freedom of Information response by Leeds and York Partnership NHS Foundation Trust which had the potential for patients to be identified. LS had escalated the incident to MC, as the CCG's Caldicott Guardian, and to Dr Jim Isherwood, Leeds and York Partnership NHS Foundation Trust Medical Director. She noted the expectation that the latter would escalate the incident to the Information Commissioner's Office and advised that if they did not do this the CCG would do so.

The Committee:

1. Approved the Information Governance Toolkit submission including the Information Governance Assurance Statement.
2. Noted the update on Information Governance incidents.

13. Minutes from Other Meetings

13.1 Quality and Finance Committee

13.2 Information Governance Steering Group

13.3 North Yorkshire Audit Services Alliance Board

The Committee:

1. Received the minutes of the Quality and Finance Committee of 19 November and 17 December 2015 and 21 January 2016.
2. Received the minutes of the Information Governance Steering Group of 17 December 2015.
3. Received the minutes of the North Yorkshire Audit Services Alliance Board of 22 September 2015.

14. Other Activities

14.1 Assurance of turnaround/financial recovery

TP advised that the turnaround action plan was presented to provide assurance to the Committee and referred to the earlier discussion. She noted that action plan was being regularly updated and had been shared with NHS England. Members requested that this be an earlier agenda item at future meetings. DB additionally referred to the revision to the format of the Quality and Finance Committee agenda, which now mirrored the turnaround action plan, and in response to SP referring to the Assurance Framework in terms of agendas, LS noted that most of the turnaround areas related to well-led organisation and sustainability.

14.2 Update on External Audit Procurement

TP reported that Chief Finance Officers were currently considering audit panels on the scale of Yorkshire and the Humber and referred to the letter of 24 December 2015 to Audit Chairs and Chief Finance Officers which formed the terms of reference. A core specification was being developed which would be adapted to incorporate local requirements. Cathy Kennedy, Chief Financial Officer/Deputy Chief Executive, North East Lincolnshire CCG, had proposed that a panel be established with representation from each Audit Committee. The first meeting of the panel would be in June 2016.

TP referred to the Healthcare Financial Management Association briefing which was previously considered by the Committee highlighting that no GPs could be part of the panel and noted that consideration was being given to sharing lay members across the Yorkshire and Humber CCGs. She sought and received confirmation of support for a joint approach and highlighted the need for Audit Committee Chairs to progress these arrangements in a coordinated way. SP noted that she would discuss this further with TP.

TP agreed to circulate the correspondence referred to and advised that the specification would be circulated when agreed. MK's offer to circulate an example timetable was welcomed.

The Committee:

1. Noted the Turnaround Action Plan which would be an earlier agenda item at future meetings.
2. Supported procurement of External Audit on a Yorkshire and Humber CCGs' basis.
3. Noted that TP would circulate correspondence relating to External Audit procurement and MK would circulate an example timetable.

15. Key Messages to the Governing Body

- The Committee received reports on the self assessment surveys on the effectiveness of the Audit Committee itself and also the effectiveness of the internal audit and counter fraud services.
- The Committee considered for approval the draft plans for internal audit and counter fraud service for 2016/17. The Counter Fraud Service plan was approved and will cover areas reflecting the NHS Protect Standards of Strategic Governance, Inform and Involve, Prevent and Deter and Hold to Account. The internal audit plan was referred back to the management team to further consider including work on QIPP assurance.
- The month 9 draft accounts, which were submitted to NHS England in February, were received and noted by the Committee. The draft head of internal audit opinion was submitted at the same time. This provided significant assurance however it included a caveat recognising the financial position of the organisation. The final head of internal audit opinion, which forms part of the governance statement, is required earlier this year by the 22 April 2016, which is the date of the unaudited accounts submission. This will be considered by the Audit Committee beforehand.
- The Committee considered a detailed paper outlining for agreement the case for producing the accounts for 2015/16 on a going concern basis. This was agreed in line with accounting guidance on the basis that services will continue despite organisational viability.
- The Committee followed up on the PCU audit on financial reporting in light of the volatile expenditure. Concern was expressed on the length of time it was taking to receive the report.
- Of concern was the receipt of two limited assurance audit reports:
 - The first related to Quality Improvement. The Chief Nurse attended the Committee with regard to the report and agreed with the findings and stated that whilst much had been done with regard to the Quality and Performance Sub Committee with York Teaching Hospital NHS Foundation Trust, there was more work to do.
 - The second related to Management of Commissioning of Aftercare under section 117 of the Mental Health Act. The AC asked that members of the PCU are asked to attend the AC to discuss this and the PCU financial report when it is issued.
- The Committee also requested that when limited assurance reports are issued they should be sent to members of the Audit Committee straight away rather than wait for the next Committee meeting.
- A third audit report regarding the Management of Conflicts of Interest was given significant assurance.

- The Committee received an update on the potential merger, now at due diligence stage, of the West Yorkshire Audit Consortium and the North Yorkshire Audit Service.
- The procurement of an external audit provider is due to be completed before the end of 2016 to begin to provide services from the 2017/18 financial year. The contract with Mazars will finish at the end of 2016/17.

The Committee:

Agreed that the above would be highlighted by the Committee Chair to the Governing Body.

16. Next meeting

28 April 2016 at 10am.

NHS VALE OF YORK CLINICAL COMMISSIONING GROUP AUDIT COMMITTEE

SCHEDULE OF MATTERS ARISING/DECISIONS TAKEN: 8 MARCH 2015 AND CARRIED FORWARD FROM PREVIOUS MEETINGS

Meeting Date	Item	Action Required/Decisions Taken	Responsible Officer/Body	Action Completed/ Due to be Completed by (as applicable)
8 December 2015	Review of Scheme of Delegation	<ul style="list-style-type: none"> Review additional financial controls implemented for 2015/16 	TP	May 2016 meeting
8 December 2015	Note business of other committees, review inter-relationships	<ul style="list-style-type: none"> Partnership Commissioning Unit audit to be undertaken as a matter of urgency 	TW	
8 March 2016	Matters arising - <i>Quality</i> :	<ul style="list-style-type: none"> SP and DB to discuss respective roles of Audit and Quality and Finance Committee 		
8 March 2016	Matters arising: Note business of other committees, review inter-relationships – Partnership Commissioning Unit audit	<ul style="list-style-type: none"> Draft report to be circulated to SP, RP and TP at the same time as issued to the Partnership Commissioning Unit 	TW	w/c 14 March 2016

Meeting Date	Item	Action Required/Decisions Taken	Responsible Officer/Body	Action Completed/ Due to be Completed by (as applicable)
8 March 2016	Matters arising: Audit Committee Effectiveness Assessment	<ul style="list-style-type: none"> Horizon scanning report to next meeting 	LS	24 May 2016
8 March 2016	Matters arising: Internal Audit and Counter Fraud Effectiveness Review	<ul style="list-style-type: none"> Internal Audit Charter to be presented at next meeting 	TW	24 May 2016
8 March 2016	Audit Committee Work Plan	<ul style="list-style-type: none"> Meeting dates to be identified Final version of Head of Internal Audit Opinion to be circulated and agreed "virtually" 	SP/TP HKT/TW	
8 March 2016	Counter Fraud Update Report	<ul style="list-style-type: none"> Extent of the testing for the current Partnership Commissioning Unit audit to be reviewed 	HKT	
8 March 2016	Update on External Audit Procurement	<ul style="list-style-type: none"> Correspondence to be circulated Example timetable to be circulated 	TP MK	