

**MINUTES OF THE MEETING OF THE NHS VALE OF YORK CLINICAL
COMMISSIONING GROUP AUDIT COMMITTEE HELD ON 16 APRIL 2014
AT WEST OFFICES, YORK**

Present

Mr Keith Ramsay (KR) (Chair)	Lay Member and Audit Committee Chair
Mr John McEvoy (JM)	Practice Manager Governing Body Member

In Attendance

Miss Lucy Botting (LB)	Chief Nurse
Dr Mark Hayes (MH)	Chief Clinical Officer
Mrs Helen Kemp-Taylor (HK-T)	Head of Internal Audit
Mr Mark Kirkham (MK)	Director, Mazars
Ms Sharron Murray (SM)	Deputy Head of Internal Audit
Mrs Rachel Potts (RP)	Chief Operating Officer
Mrs Tracey Preece (TP)	Chief Finance Officer
Ms Michèle Saidman (MS)	Executive Assistant
Mrs Lynette Smith (LS)	Head of Integrated Governance

Apologies

Mrs Catherine Andrew (CA)	Senior Manager, Mazars
Dr Guy Porter (GP)	Consultant Radiologist, Airedale Hospital NHS Foundation Trust – Secondary Care Doctor Member
Mr Steven Moss (SMo)	Local Counter Fraud Specialist

Preceded by a 15 minute private meeting of the Committee members with External and Internal Auditors.

1. Apologies

As noted above.

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 15 January 2014

The minutes of the meeting held on 15 January were agreed.

The Committee:

Approved the minutes of the meeting held on 15 January 2104.

4. Matters Arising

Update on Commissioning Support Unit (CSU) Governance: KR referred to the audit of the CSU service undertaken by Deloitte, He requested that the information be circulated prior to the Audit Committee meeting on 2 June and that Jon Cooke (JC), Business Services Director, North Yorkshire and Humber CSU, attend the meeting.

Any Other Business: Development of a template was still required.

Waiver of Tender and Non Compliance Report: LS reported that she had received information on the gateway process from the CSU but would request a written statement on evidence of alternate providers to present to the Committee.

Corporate Governance: Partnership Commissioning Unit (PCU) Assurance: LS reported that work was ongoing in respect of the PCU governance arrangements and noted that a Service Level Agreement had been agreed in principle at the recent meeting of the PCU Management Board. KR requested that a report be provided for the next meetings of both the Committee and the Governing Body.

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

The Committee:

1. Noted the updates.
2. Requested that JC provide a report for and attend the next meeting.
3. Requested that LS obtain a written statement in relation to the waiver of tender and non compliance report.
4. Requested that a report on PCU assurance be provided for the next meetings of both the Committee and the Governing Body.

5. Review of Audit Committee Timetable

In referring to the Audit Committee Timetable TP noted that the main agenda item for the meeting on 2 June 2014 would be the annual accounts and associated documents. She also proposed that the Audit Committee Annual Report would be presented at the September, not the June meeting, and agreed to identify further meeting dates for 2014/15.

The Committee:

1. Noted the Audit Committee Timetable.
2. Agreed the change to presentation of the Audit Committee Annual Report.
3. Noted that TP would propose dates for meetings through 2014/15.

6. Counter Fraud

6.1 Draft Counter Fraud Plan 2014/15

HK-T reported that SMO had discussed the draft Counter Fraud Plan with TP. This had been produced in the absence of guidance that was currently awaited and was based on existing standards. The proposed ten days were allocated in accordance with the generic counter fraud areas: strategic governance; promoting an anti-fraud culture; preventing fraud; where it cannot be deterred, detecting fraud; professionally and objectively investigating suspicions of fraud where they arose; consistently applying a range of sanctions where fraud was proven; and seeking redress to recover funds obtained through fraud. HK-T noted that the planned days were flexible to take account of any requirements identified through the year.

TP referred to the inclusion by each of the North Yorkshire CCGs in 2013/14 of five or six days for work relating to the PCU advising that whilst commonality existed there was no requirement for each CCG to include the same allocation. Members requested that allocation for work with the PCU be incorporated in the Counter Fraud Plan. TP also reported that she considered 10 days to be slightly high and suggested a reduction to eight plus the five or six days (to be confirmed by TP) proposed for the PCU.

HK-T noted that the awaited guidance was expected to include fraud proofing in respect of care homes. The plan would be refreshed and presented again as appropriate.

TP additionally noted that guidance was awaited on NHS Protect Standards which would require consideration but she would expect this to be contained within contracted days.

6.2 Draft Local Anti-Fraud, Bribery and Corruption Policy

TP referred to the draft policy noting that in addition to the requirement for Pennie Furneaux, Policy and Assurance Manager, to check the detail a number of minor amendments were required in terms of specific timescales. Members also requested that the CCG's responsibility to provide awareness training for staff be incorporated prior to presentation for approval by the Governing Body.

The Committee:

1. Approved the Counter Fraud Plan 2014/15 subject to addition a reduction of two days overall plus five or six days (to be confirmed by TP) allocation to PCU work.
2. Agreed the Local Anti-Fraud, Bribery and Corruption Policy subject to the further requirements detailed.

7. Security

SM reported that no further information had been received since the last meeting; guidance was still awaited on CCG requirements to have a Local Security Management Specialist.

The Committee:

Noted the update.

8. Annual Accounts and Annual Report 2013/14

8.1 Accounts Production Update

TP reported that the Month 12 ledger had closed with achievement of the planned £2.056m surplus. There was minimal risk to this position from contracts which had in the main been agreed. The year end report would be presented at the Quality and Finance Committee the following day.

TP advised that work was ongoing to complete the accounts' templates notes to tight timescales due to late issue. The only potential risk to submission related to delay in receiving pensions information for three people.

8.2 Draft Accounting Policies

TP referred to the report which outlined the proposed accounting policies for the 2013/14 accounts. These were based on the standard set included in the Annual Reporting Guidance published at the end of March 2014. TP reported that, following discussion with CA, a number of amendments had been made where there was no relevance to the CCG which were detailed under the section 'Excluded Policies'. In this regard MK advised that the intention was for the CCG template to mirror the national accounts. He agreed to discuss the final presentation with TP outwith the meeting.

8.3 Draft Annual Governance Statement

RP advised that the Annual Governance Statement was a working draft in the format of the national template. MH confirmed his agreement to the information included to date and LS noted that additional detail would be incorporated in line with the latest guidance.

Members discussed further development of the draft in detail. KR emphasised that the challenges faced and mitigating actions taken should be included to describe the achievements of the CCG in 2013/14. He requested circulation of the revised Statement to members by email prior to submission on 23 April 2014.

8.4 Consideration of 'Going Concern Status' 2013/14 Accounts

TP referred to the report which was required as part of the accounts preparation noting that it had been considered by the Senior Management Team on 15 April. She advised that the financial information and risk were in line with reporting to the Governing Body.

In response to members' concerns relating to delivery of the draft 2014/15 Financial Plan TP noted that the plan submitted acknowledged risks and variation in finalising contracts; QIPP schemes would be discussed at the Governing Body workshop on 1 May 2014. Members also sought and received confirmation of the CCG's staff capacity to deliver the organisation's objectives.

TP highlighted that this item related to specific criteria that would affect the continuation of the organisation and did not aim to encompass all areas of planning and risk. She advised that QIPP governance was progressing noting that major schemes were mapped with contracts. She also advised that in respect of contingent liabilities discussion was taking place with the PCU for a level of provision in the NHS England accounts relating to continuing healthcare claims.

In regard to the Better Care Fund RP noted that in 2014/15 this was an enabler to reduce activity. The main risks would be from 2015/16.

MK highlighted that the question to be asked was whether the CCG had the ability to live within its statutory means noting concern relating to historic issues with the main provider. TP responded that progress was being made in this regard and that there was a common vision for the longer term. She also noted that a revised contract offer would be made after the Easter holidays.

8.5 Draft Annual Report

RP referred to the draft Annual Report presented as a working document for members' information. An updated draft would be part of the Annual Accounts submission on 23 April 2014.

8.6 Draft Head of Internal Audit Opinion for the year ended 31 March 2014

HK-T explained that this document emanated from two key areas: a fundamental review of the CCG's Assurance Framework and risk management system, and a risk based work programme carried out during the year. She reported an overall opinion of Significant Assurance.

Members agreed that consideration be given to including the Head of Internal Audit Opinion in the Annual Governance Statement.

The Committee:

1. Noted the accounts production update.
2. Approved the Accounting Policies 2013/14 including the proposed amendments, subject to discussion outside the meeting on compliance with the manual.
3. Approved the draft Annual Governance Statement requesting that the revised version be circulated by email prior to submission on 23 April 2014.
4. Approved the recommendation that management prepare the annual accounts for 2013/14 on a going concern basis.
5. Received the draft Head of Internal Audit Opinion for 2013/14.

9. Finance Governance

This item was covered under discussion at item 8 above.

10. Internal Audit

10.1 Draft Internal Audit Plan 2014/15 and 2015/16

SM presented the revised 2014/15 and 2015/16 draft Internal Audit Plan. The original three year strategic plan, commencing in 2013/14, had been refined in light of discussion with the Governing Body and subsequently with KR, TP and RP. The proposed 120 audit days for 2014/15 were defined under the headings: Governance, Risk Management and Performance; Quality and Safety; Commissioning; Stakeholders and Partnerships; and Financial Governance. Additionally the draft PCU Internal Audit Plan comprised 48 days; this required agreement with all the North Yorkshire CCGs.

Members sought and received assurance that the Business Intelligence audit would be presented at the June Committee meeting. TP noted that the audit work would inform the service specification with the CSU, in particular with regard to Business Intelligence.

10.2 Periodic Report

SM referred to the report which comprised an executive summary, overview of assurance levels by audit area, analysis of audit days, progress with the 2013/14 programme, and Internal Audit Reports on the Information Governance Toolkit - awarded Significant Assurance - and PCU Financial Reporting - awarded Limited Assurance. In regard to the latter SM confirmed that progress was being made against the recommendations and that monitoring would take place.

10.3 Audit Recommendations Status Report

SM presented the report which informed members of progress made in implementing audit recommendations agreed with management both in respect of recommendations transferred from NHS North Yorkshire and York

and recommendations generated from audit reports issued to the CCG. Members sought and received assurance that work was ongoing to complete outstanding recommendations.

In response to clarification sought by JM in respect of contracts with voluntary sector organisations TP reported that a full schedule had been established. Financial values for these contracts had been rolled forward with the addition of key performance indicators for monitoring of value for money.

The Committee:

1. Approved as presented the Internal Audit Plan for 2014/15 and provisionally for 2015/16.
2. Received the Internal Audit Periodic Report.
3. Received the Audit Recommendations Status Report.

11. Corporate Governance

11.1 Update and Assurance

RP reported that the Quarter Three Assurance Meeting with the Area Team had resulted in an outcome of assurance. The Quarter Four meeting was scheduled.

The CCG's Strategic and Operational Plans, submitted on 4 April, were currently undergoing the assurance process with the Area Team and NHS England; engagement sessions were also taking place with providers. Initial feedback from the process would be discussed informally prior to a formal meeting with providers to ensure triangulation of the plans.

Parallel to the above the Better Care Fund assurance process was taking place with the plans from City of York Council, North Yorkshire County Council and East Riding of Yorkshire Council going through their second peer review.

11.2 Review Audit Committee Terms of Reference

TP referred to discussion by the Governing Body of increasing Lay representation and highlighted consideration of membership of the Committee. She advised that she would update the terms of reference for approval.

RP reported that following consideration at the last meeting of best practice for Audit Committees a Lay representative with an accounting background would be sought and appointed through due process.

HK-T noted that publication of the new Audit Committee Handbook was expected in the next few months.

11.3 *Review assurance from other committees and Commissioning Support Unit*

KR referred to the assurance awaited from the CSU as noted at item 4 above.

11.4 *Assurance Framework*

RP presented the Assurance Framework for 2013/14 which had 39 risks identified, of which seven were classed as 'low risk', 15 as 'medium' and 17 as 'significant'. One of the risks identified had been realised '*The main provider will exceed its target for Healthcare Acquired Infections resulting in increased harm to patients.*' LS advised that the Assurance Framework would be refreshed in accordance with the final version of the Strategic Plan and noted that the CCG was implementing a risk management system which would provide more robust information.

11.5 *Review of Internal Audit*

TP agreed to discuss with HK-T progressing the annual review of Internal Audit and report to the September Committee meeting.

11.6 *Standing Orders Report*

RP referred to the report presented in view of a breach of Standing Order 3.2.1 due to the late circulation of papers relating to the Financial Plan, Strategic Plan and two year operational plan for the Governing Body meeting on 3 April 2014.

The Committee:

1. Noted the update and assurance.
2. Noted that the terms of reference would be updated and presented for approval.
3. Noted that the CSU assurance report would be requested for the next meeting.
4. Noted the Assurance Framework.
5. Noted that a review of Internal Audit would be undertaken and reported to the September meeting.
6. Noted the Standing Orders Report.

12. Information Governance

RP reported that Level 2 of the Information Governance Toolkit had been achieved as noted at item 10.2 above. Work was ongoing to identify information assets. The Internal Audit recommendations were being actioned via the Information Governance Steering Group.

The Committee:

Noted the update.

13. External Audit

13.1 Progress Report

MK referred to the report which included information on audit progress and national publications, events and other updates. He highlighted CCG Annual Reporting Guidance and the voluntary CCG Governance Code.

13.2 Director Declarations

MK presented the Request for Director Declarations for the year ended 31 March 2014 which detailed questions about arrangements for preventing and detecting fraud, complying with relevant law and regulations, and appropriateness of the going concern assumption. TP noted that responses would be informed through discussion with the Governing Body on 1 May 2014.

13.3 Local Audit and Accountability Act 2014

MK referred to the summary guidance for NHS bodies which had been discussed at the last meeting in terms of independence of Audit Committees. TP noted the earlier discussion relating to additional Lay representation and advised that the revised Committee terms of reference would be informed by this document.

MK reported that a judgement was awaited in respect of CCGs appointing their own auditors.

The Committee:

1. Noted the Audit Progress Report.
2. Noted the requirements pertaining to the Request for Director Declarations for the year ended 31 March 2014.
3. Noted the summary guide to the Local Audit and Accountability Act 2014.

14. Minutes from Other Meetings

The Committee:

1. Received the minutes of the NHS Vale of York CCG Performance and Finance Committee held on 18 December 2013, 23 January, 20 February and 20 March 2014.
2. Received the draft minutes of the North Yorkshire NHS Audit Services Alliance Board held on 28 March 2014.

15. Any Other Business

HK-T advised that the next North Yorkshire NHS Audit Services (NYAS) training day was on 15 July 2014 at the Royal York Hotel. The topic was governance and assurance.

KR congratulated NYAS on being awarded the contract by Leeds and York Partnership NHS Foundation Trust.

TP referred to the announcement earlier in the week of the death of Andrew Wilson highlighting his invaluable role both in the Finance Team and the CCG earlier in 2013/14 and again in recent weeks in relation to the accounts.

The Committee:

1. Noted the information.
2. Noted the impact of the role of Andrew Wilson on the Finance Team.

16. Key Messages to the Governing Body

- Annual Accounts and associated documents
- Financial resilience

The Committee:

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

17. Next meeting

9am on 2 June 2014.

NHS VALE OF YORK CLINICAL COMMISSIONING GROUP AUDIT COMMITTEE

SCHEDULE OF MATTERS ARISING/DECISIONS TAKEN: 16 APRIL 2014 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)
16 October 2013	Procurement Policy	<ul style="list-style-type: none"> • Cross reference to be included to the scheme of delegation when the procurement policy was next reviewed. • Reference to the Code of Conduct for GPs providing services under Conflicts of Interest. 	<p align="center">MA-M</p> <p align="center">LS/AW</p>	<p align="center">KR will discuss</p> <p align="center">Committee meeting subsequent to 2 June 2014, then to Governing Body</p>
16 October 2013	Waiver of Tender and Non Compliance Report	<ul style="list-style-type: none"> • Statement on evidence of contact with alternate providers within the national framework 	<p align="center">LS</p>	
15 January 2014 16 April 2014	Audit Committee Timetable	<ul style="list-style-type: none"> • Schedule to align with the annual accounts and business requirements. • 2014/15 meeting dates to be proposed 	<p align="center">TP</p>	<p align="center">2 June 2014 meeting</p>

Meeting Date	Item	Action Required/Decisions Taken	Responsible Officer/Body	Action Completed/ Due to be Completed by (as applicable)
15 January 2014 16 April 2014	Corporate Governance	<ul style="list-style-type: none"> PCU assurance to be provided 	LS	2 June 2014 meeting and 5 June Governing Body meeting
16 April 2014	Update on CSU Governance	<ul style="list-style-type: none"> Jon Cooke to be requested to circulate the audit report and attend the Committee 	MS	2 June 2014 meeting
16 April 2014	Draft Counter Fraud Plan	<ul style="list-style-type: none"> Dates to be incorporated for PCU work 	HK-T	
16 April 2014	Draft Annual Governance Statement	<ul style="list-style-type: none"> Revised Statement to be circulated by email to members prior to submission 	LS	
16 April 2014	Audit Committee Terms of Reference	<ul style="list-style-type: none"> Terms of Reference to be updated 	TP	

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16 April 2014	Review of Internal Audit	<ul style="list-style-type: none"> Annual review to be progressed 	TP/HK-T	September meeting