

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON
10 SEPTEMBER 2014 AT WEST OFFICES, YORK**

Present

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

In Attendance

Ms Caroline Alexander (CAI)	Strategic Planning and Assurance Lead (Interim)
Mrs Catherine Andrew (CAAn)	Senior Manager, Mazars
Miss Lucy Botting (LB)	Chief Nurse
Ms Sharron Murray (SMu)	Deputy Head of Internal Audit
Mrs Rachel Potts (RP)	Chief Operating Officer
Mr Chris Park (CP) – for items 9.4 and 9.5	Financial Accountant
Mrs Tracey Preece (TP)	Chief Finance Officer
Mr Tom Watson (TW)	Internal Audit Manager

Apologies

Mr Michael Ash-McMahon (MA-M)	Deputy Chief Finance Officer
Mr Mark Kirkham (MK)	Director, Mazars
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 2 June 2014

The minutes of the meeting held on 2 June were agreed subject to amendment of a number of minor errors.

The Committee:

Approved the minutes of the meeting held on 2 June 2104 subject to amendment of a number of minor errors.

4. Matters Arising

All matters arising were agenda items or confirmed as completed.

5. Review of Audit Committee Timetable

In presenting the updated Audit Committee Timetable TP reported that the new Audit Committee Handbook had been received after the issue of the meeting papers. She advised that a check would be undertaken to confirm all areas were incorporated appropriately both in the timetable and also the Committee's terms of reference. She noted in particular the need to ensure there was no duplication between the Audit Committee and Quality and Finance Committee in relation to clinical governance.

Amendments and clarification to the timetable were agreed, including: the annual review of the Committee's effectiveness would take place in December 2014 but be brought forward to September in 2015; the External Audit Completion Report be presented at the May accounts meeting; the outstanding annual review of Internal Audit be undertaken in December 2014 but during the summer of 2015; and the Annual Audit Letter from External Audit be added to the timetable for September each year. In regard to Audit Committee effectiveness SMu agreed to forward a questionnaire to TP for circulation to Committee members and the Governing Body. CAn proposed, and members agreed, the addition of an annual review of External Audit.

Members discussed the requirement for Audit Committees to be independent by 2016/17 including the appointment by the CCG of external auditors. TP noted that the appointment of DB was part of this development.

SMu agreed to discuss with RP audit effectiveness relating to GP practices outside the meeting.

In regard to CCG responsibility for Security SMu reported that guidance from NHS protect was still awaited in. She agreed to seek clarification for the December meeting of the Committee.

CAI advised that reporting of the Assurance Framework to the Governing Body was currently being reviewed following the implementation of the Covalent System. Reporting to the Audit Committee and Quality and Finance Committee could be considered within the same approach.

KR requested that the draft updated timetable, with changes highlighted, be circulated in advance of issuing of the papers for the next meeting.

The Committee:

1. Noted that the timetable and terms of reference would be checked against the requirements of the new handbook.
2. Agreed amendments to the Audit Committee Timetable.

3. Noted that SMu would provide a questionnaire on Committee effectiveness for TP to circulate to members of both the Committee and the Governing Body.
4. Requested that SMu seek clarification on the CCG's responsibilities for Security for the December meeting.
5. Requested that an amended draft updated timetable be circulated, with tracked changes, in advance of the next meeting.

6. Counter Fraud Update

SMu presented the report which provided information on the National Fraud Initiative 2014/15, reactive counter fraud work and the outstanding guidance from NHS Protect as referred to at item 5 above. In response to clarification sought by members SMu agreed to request that SMO confirm the status of Disclosure and Barring Service checks for appropriate staff and RP confirmed that the Partnership Commissioning Unit (PCU) was in the process of ensuring that all care homes were on the NHS Standard Contract. In regard to the latter members requested an update at the next meeting and SMu noted that the forthcoming Continuing Healthcare Audit would include this. RP additionally noted that a review of the voluntary sector contracts would be undertaken to ensure maximum efficiency in 2015/16.

The Committee:

1. Noted the Counter Fraud update.
2. Requested confirmation of Disclosure and Barring Service checks for appropriate staff.
3. Requested an update on care homes being on the NHS Standard Contract.

7. Security

This item was covered in discussion of item 5 above.

8. Audit Committee Draft Annual Report 2013/14, including review of Audit Committee Terms of Reference

TP referred to the draft Annual Report presented for approval prior to presentation in accordance with the requirement to formally report the work of the Audit Committee to the Governing Body. She noted that some areas were included as per stipulation and in line with the good practice template in the handbook. Following discussion it was agreed that further information be added to a number of the headings.

TP noted that the Committee Terms of Reference would be checked against the new Audit Committee Handbook. A number of amendments were agreed, including the addition of DB as Vice Chair of the Committee, the quorum to be attendance of three members, and that four standard and one accounts meeting would take place. TP agreed to give further consideration to proposals for further clarity and to ensure there was no duplication of the role

of the Quality and Finance Committee including the addition of assurance relating to the Commissioning Support Unit (CSU) and PCU.

TP agreed to circulate the amended draft Annual Report by email, with tracked changes, prior to publication of the Governing Body meeting papers.

The Committee:

Welcomed the draft Annual Report and requested that an amended draft be circulated by email, including tracked changes, prior to publication of the Governing Body meeting papers.

9. Finance and Governance

9.1 Update and Assurance

This was covered in discussion of other agenda items.

9.2 Review of Losses and Special Payments

TP advised that there had been no losses or special payments.

9.3 Audit Commission's Auditing the Accounts report 2013/14: NHS bodies

TP referred to the report which included information relating to responsibilities of NHS bodies and auditors, NHS Trusts and Clinical Commissioning Groups, and described challenges for 2014/15 and beyond. An appendix comprised a summary of NHS bodies named in the report. TP explained that NHS Vale of York CCG was named due to not meeting the business rule relating to a 1% surplus.

CAn noted that the report related to the financial position of the NHS. She confirmed that any organisation that did not achieve financial balance would fail the Value for Money criteria.

Discussion included concern about the forecast financial difficulties, particularly in respect of Trusts, and the external audit arrangements following the demise of the Audit Commission. LB welcomed the inclusion of scrutiny of Quality Accounts in the report advising that these reports would be signed off in April and presented at the Quality and Finance Committee, with consideration being given as to whether the Audit Committee also received them.

CP attended for items 9.4 and 9.5

9.4 Update on Scheme of Delegation

CP reported that the high level Scheme of Delegation had been amended in Section A – Financial Issues at:

- Item 8 'Accounts Receivable Authorisation' in accordance with audit recommendations and
- Items 4 and 5 respectively 'Tendering and Contract Procedures (including Leases)' and 'Authorisation for Payment' to include the PCU relating to Continuing Healthcare

Members sought and received clarification on delegation and virement procedures and PCU governance. In regard to the latter TP advised that the PCU operated within the NHS Scarborough and Ryedale CCG scheme of delegation, policies and procedures, and that the four North Yorkshire CCGs were represented on the PCU Management Board.

9.5 *Financial Procedure Notes 1-8*

CP presented the Financial Procedure Notes 1- 8 relating respectively to Payroll, Petty Cash, Cash Drawdown, Accounts Payable, Losses Compensations and Special Payments, Agreement of Balances, Journals and VAT advising that SMu's comments on previous draft versions had been incorporated. The Notes had been developed to expand on the CCG's Detailed Financial Policies and, following approval by the Committee, would be implemented, including identification of any training needs. CP highlighted that detailed operating procedures would be developed to complement the Notes for operational purposes and assured members that the Notes were formalisation of systems that were already established. He also advised that four further policies would be presented at the next Committee meeting in respect of Management Accounting, Control Accounts, Travel and Subsistence and Accounts Receivable/Receipting.

Members sought and received clarification regarding FPN1 Payroll and associated Human Resources responsibilities. They also noted in regard to staffing that Senior Management Team approval was required for funding relating to established posts or for new posts.

TP highlighted that, although the Financial Procedure Notes were operational, they emanated from audit recommendations and were presented to the Committee to provide assurance. Following presentation of Notes 9 to 12 at the December meeting the approval process for any amendments would be via Senior Management Team.

The Committee:

1. Noted that there had been no losses or special payments.
2. Noted the *Audit Commission's Auditing the Accounts report 2013/14: NHS bodies*.
3. Approved the amended Scheme of Delegation.
4. Approved Financial Procedure Notes 1-8:
 - FPN1 Payroll
 - FPN2 Petty Cash
 - FPN3 Cash Drawdown

- FPN4 Accounts Payable
 - FPN5 Losses Compensations and Special Payments
 - FPN6 Agreement of Balances
 - FPN7 Journals
 - FPN8 VAT
5. Noted that Financial Procedure Notes 9-12 – respectively Management Accounting, Control Accounts, Travel and Subsistence and Accounts Receivable/Receipting would be presented at the next meeting.
 6. Expressed appreciation to CP for his work in developing the Financial Notes.

Item 10 was discussed prior to items 9.3 and 9.4

10. Internal Audit

10.1 Periodic Report

SMu presented the Periodic Report for the period 1 April to 29 August 2014 which included an executive summary, overview of assurance levels by audit area, analysis of audit days, progress with the 2014/15 programme, and two appendices, Appendix A detailing the Internal Audit Reports and Appendix B North Yorkshire and Humber CCGs/North Yorkshire and Humber CSU Data Quality of Performance Management Data Report. She noted that a number of the completed reports in the former appendix related to work undertaken in 2013/14.

Reports and assurance levels were:

- Delivery of Commissioning Priorities – Limited Assurance
- Securing Improvements in Quality – Significant Assurance
- Payroll Follow Up – Significant Assurance
- Follow Up of Finance Controls – Significant Assurance
- Contract Management – Significant Assurance

SMu noted that further work would be undertaken in November 2014 regarding independent assurance when the CCG changed payroll providers. She confirmed that outstanding actions from the audit reports had been incorporated in the report at item 10.2.

KR sought and received confirmation that the 120 audit days budgeted for in 2014/15 would be utilised.

In respect of Appendix B, the summary report on the audit undertaken jointly by the East Coast Audit Consortium and North Yorkshire Audit Services, SMu highlighted that no error had been identified in regard to the core processes and controls. She noted that she had discussed this outcome with KR in view of the CCG's long standing and continuing issues relating to Business Intelligence (BI) - in terms of timeliness, interpretation and analysis - and the impact on reporting to the Governing Body and Committees.

RP and LB highlighted that the BI issues related in the main to data analysis and explained the complexities of the fact that data emanated from a number of sources. Work was currently taking place with the CSU to address the issues and with the Humber CCGs who were not experiencing the same concerns. Additionally, examples of performance reports from other CCGs were being sought to inform resolution of these issues.

Further discussion included the role of CSU staff embedded in the CCG and new members of LB's team who would support improved qualitative reporting. CAI noted that the Humber CCGs had, in addition to the core BI service, funded a bespoke service such as the services of an analyst for a specified period of time to access the BI portal.

It was agreed that the BI service specification currently under discussion, the formal action plan from Mark Dundon, Chief Information and Technical Officer at the CSU, the CCG's Quality and Performance Team structure, and an update on any forthcoming meetings with the CSU be circulated by email to members. KR emphasised the requirement for a resolution to the BI issues as a matter of urgency and requested that an update report be presented at the December meeting of the Committee. If a resolution was not achieved at that time KR would consider formal escalation to the Governing Body.

10.2 Audit Recommendations Status Report

SMu referred to the report which provided an update on the status of and progress in the CCG's implementation of audit recommendations. She tabled an updated status chart which illustrated that since the April Committee meeting 48 recommendations had been completed, 29 were outstanding and 45 had been added.

SMu noted that the only outstanding recommendation inherited from NHS North Yorkshire and York related to PCU continuing healthcare operating procedures. She confirmed that work was taking place to address this.

The Committee:

1. Received the Internal Audit Period Report 1 April to 29 August 2014.
2. Requested receipt by email of the BI service specification currently under discussion, the formal action plan from Mark Dundon, Chief Information and Technical Officer at the CSU, the CCG's Quality and Performance Team structure, and an update on any forthcoming meetings with the CSU.
3. Requested that progress with resolution of the BI issues be reported at the December meeting.
4. Received the Audit Recommendations Status Report.

11. Corporate Governance

11.1 Update and Assurance

RP referred to the Committee Review presented at the Governing Body Workshop on 4 September by Helen Sikora, Strategy and Assurance Manager. She confirmed that the actions relating to systems and processes were being implemented.

RP reported on two forthcoming provider inspections: the Care Quality Commission full inspection of Leeds and York Partnership NHS Foundation Trust week commencing 29 September and the Monitor inspection of York Teaching Hospital NHS Foundation Trust. Associated meetings and discussions had taken place with all parties.

RP advised that the CCG Quarter One Assurance meeting with the NHS England Area Team was taking place on 16 September; responses had been submitted as required to key lines of enquiry. CAI additionally noted that regular assurance was provided to NHS England regarding the Better Care Fund.

11.2 Review assurance from other committees and Commissioning Support Unit

RP referenced the Committee Review as at item 11.1 above. She noted that the CSU Service Level Agreement had been agreed in principle. All service specifications were being revised and included clarity of expectations and key performance indicators. They would be presented for sign off at the Governing Body meeting on 2 October 2014.

RP reported that a workshop of the four North Yorkshire CCGs and the CSU was taking place on 11 September to discuss the potential for the CCGs to undertake joint commissioning.

11.3 A Review of the New CCG Assurance Framework: 2014/15 Operational Guidance

RP presented the report which described the updated guidance issued by NHS England in June 2014 with emphasis on the themes of parity, inequalities and better care (integration). CAI advised that reporting of the six domains – Are patients receiving clinically commissioned, high quality services? Are patients and public actively engaged and involved? Are CCG plans delivering better outcomes for patients? Does the CCG have robust governance arrangements? Are CCGs working in partnership with others? And Does the CCG have strong robust leadership? – was being incorporated on the Covalent System. CAI described the versatility of Covalent reporting and noted that consideration would be given as to appropriate levels of reporting to the Governing Body, Audit Committee and Quality and Finance Committee.

In response to DB seeking information regarding public engagement CAI confirmed that engagement was embedded in all work programmes; this would be demonstrated through Covalent reporting. She welcomed DB's support in this regard due to his professional experience.

11.4 Sponsorship Policy

RP reported that the policies presented at items 11.4 and 11.5 had been considered and approved at the Senior Management Team meeting and were now presented for recommendation of approval to the Governing Body. CAI confirmed that the Sponsorship Policy was relevant for research as the CCG was responsible for innovation.

11.5 a) Policy on Business Conduct and b) Conflict of Interest Policy

SMu noted in regard to the Policy on Business Conduct that confirmation was required of the wording of the Nolan Principles, as this had recently changed, and that a procedure note from NHS England regarding Code of Conduct for GPs required incorporating.

In regard to the Conflict of Interest Policy confirmation was required regarding reference to NHS England guidance. Members also requested the addition of a clear statement relating to members' political activity. RP advised that the Register of Interests of Governing Body members had recently been published and that all other declarations were being checked for publication.

The Committee:

1. Noted the update and assurance.
2. Noted the ongoing work relating to the CSU service specifications and discussion of the potential for joint commissioning by the North Yorkshire CCGs.
3. Noted the report on the new CCG Assurance Framework and the work of the Governance Team to improve governance and assurance within the CCG.
4. In regard to the Sponsorship Policy:
 - a) Approved the Equality Impact Assessments and Sustainability Impact Assessments;
 - b) Recommended approval of the Policy to the Governing Body,
5. In regard to the Policy on Business Conduct and Conflict of Interest Policy:
 - a) Approved the Equality Impact Assessments and Sustainability Impact Assessments;
 - b) Recommended approval of the Policies to the Governing Body, subject to the amendments highlighted at 11.5 above.

12. Information Governance

RP reported that the Information Governance Steering Group met regularly and was implementing audit recommendations. The CCG was working closely

with the CSU, including a current focus on data security such as locked cabinets, and Information Governance training was regularly reviewed. RP advised there were no issues to report in this regard.

SMu noted that the Information Governance audit work would, in addition to the Information Governance Toolkit, include a staff survey to understand the level to which requirements were embedded.

The Committee:

Noted the update.

13. External Audit

13.1 Progress Report and 13.2 Annual Audit Letter

CAn advised that the Annual Audit Letter was the final part of the audit process and comprised a major element in the Progress Report which also included information on national publications, events and other updates. She highlighted that meetings were scheduled for the current year with Internal Audit and the CCG and noted that VFM guidance was expected from the Audit Commission in October 2014 from which a met / not met conclusion would be given.

KR welcomed the Annual Audit Letter and TP requested that MS circulate this to Governing Body members.

The Committee:

1. Welcomed the Annual Audit Letter.
2. Noted that the Annual Audit Letter would be circulated to the Governing Body.
3. Noted the Progress Report.

14. Minutes from other meetings

14.1 NHS Vale of York CCG Quality and Finance Committee

In referring to the minutes of the Quality and Finance Committee JM noted the continuing concerns about Yorkshire Ambulance Service performance, lack of quality out of hours data and capacity pressure in A and E. In regard to Yorkshire Ambulance Service KR expressed particular concern about performance in the City of York and LB advised that an overall recovery plan was currently being finalised which would be presented to the Quality and Finance Committee.

14.2 North Yorkshire NHS Audit Services Alliance Board

DB agreed to attend the meeting of the North Yorkshire NHS Audit Services Alliance Board on 18 September 2014 as KR was not available.

The Committee:

1. Received the minutes of the NHS Vale of York CCG Quality and Finance Committee held on 17 April, 22 May, 19 June and 17 July 2014.
2. Received the unconfirmed minutes of the North Yorkshire NHS Audit Services Alliance Board held on 12 June 2014.

15. Key Messages to the Governing Body

- Business Intelligence issues with the expectation of a resolution by the December meeting
- Financial Procedure Notes
- New CCG Assurance Framework and implementation via Covalent
- Policies
- Review of terms of reference and Committee working in accordance with the new Committee Handbook

The Committee:

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

16. Any Urgent Business

TP reported that MA-M would act up as Interim Chief Finance Officer during her forthcoming maternity leave and that Kathryn Shaw-Wright from NHS Hambleton, Richmondshire and Whitby CCG would backfill his current role on secondment until 30 April 2015.

Members wished TP well for her maternity leave.

17. Next meeting

9am, 10 December 2014

NHS VALE OF YORK CLINICAL COMMISSIONING GROUP AUDIT COMMITTEE

SCHEDULE OF MATTERS ARISING/DECISIONS TAKEN: 10 SEPTEMBER 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)
10 September 2014	Review of Audit Committee Timetable	<ul style="list-style-type: none"> • Questionnaire to be circulated on Committee effectiveness to members and also the Governing Body • CCG Security responsibilities to be reported to next meeting • Draft amended timetable to be circulated with tracked changes 	SMu/TP SMu TP	10 December 2014 In advance of 10 December papers
10 September 2014	Counter Fraud Update	<ul style="list-style-type: none"> • Staff Disclosure and Barring Service checks to be confirmed • Update on care homes being on the NHS Standard Contract 	SMu/SMo TP	10 December 2014 10 December 2014
10 September 2014	Audit Committee Draft Annual Report 2013/14, including review of Audit Committee Terms of Reference	<ul style="list-style-type: none"> • Amended draft Annual Report to be circulated by email with tracked changes prior to publication of Governing Body papers 	TP	w/c 15 September 2014

