

MEETING DATE:	11 December 2014	 North Lincolnshire Clinical Commissioning Group REPORT TO THE CLINICAL COMMISSIONING GROUP GOVERNING BODY
AGENDA ITEM NUMBER:	Item 8.10	
AUTHOR:	Therese Paskell	
JOB TITLE:	CFO& BS	
DEPARTMENT:		

AUDIT GROUP MINUTES: 4 JUNE 2014

PURPOSE/ACTION REQUIRED:	To Receive & Note
CONSULTATION AND/OR INVOLVEMENT PROCESS:	<i>The Audit group ratified these minutes at its October meeting</i>
FREEDOM OF INFORMATION:	<i>Is this document releasable under FOI at this time?</i> Public

1. PURPOSE OF THE REPORT:					
Gives assurance to the Governing Body that its subcommittee is fulfilling its workplan and terms of reference					
2. STRATEGIC OBJECTIVES SUPPORTED BY THIS REPORT:					
Continue to improve the quality of services	X				
Reduce unwarranted variations in services	X				
Deliver the best outcomes for every patient	X				
Improve patient experience	X				
Reduce the inequalities gap in North Lincolnshire	X				
3. ASSURANCES TO THE CLINICAL COMMISSIONING GROUP					
Contains assurances from CSU, Internal Audit and External Audit around the year end accounts and information in the annual report.					
4. IMPACT ON RISK ASSURANCE FRAMEWORK:					
<table border="1" style="display: inline-table;"> <tr> <td style="width: 20px;">Yes</td> <td style="width: 20px; text-align: center;">x</td> <td style="width: 20px;">No</td> <td style="width: 20px;"></td> </tr> </table>		Yes	x	No	
Yes	x	No			
Includes reference to Annual Governance Statement.					

5. IMPACT ON THE ENVIRONMENT – SUSTAINABILITY:

Yes		No	x
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6. LEGAL IMPLICATIONS:

Yes	x	No	
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Completing and auditing the accounts and annual report is a legal requirement

7. RESOURCE IMPLICATIONS:

Yes	x	No	
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Audits relate to the accounting of and use of resources

8. EQUALITY IMPACT ASSESSMENT:

Yes		No	X
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Not a plan/policy/guidance

9. PROPOSED PUBLIC & PATIENT INVOLVEMENT AND COMMUNICATIONS:

Yes		No	x
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Once ratified by the Audit Group the minutes are publicly available and goes to the next Governing Body

10. RECOMMENDATIONS:

The CCG is asked to: -

- Receive and note the audit group minutes and assurances contained within it.

MEETING:	NHS North Lincolnshire	 NHS North Lincolnshire Clinical Commissioning Group NHS NL CCG Audit Group
MEETING DATE:	Tuesday 4 th June 2014	
VENUE:	The Boardroom, Health Place, Brigg	
TIME:	13:30 – 17:00	

PRESENT:		
NAME	TITLE	SERVICE/AGENCY
Paul Evans (PE)	Lay member (Chair)	NHS North Lincolnshire CCG
Therese Paskell (TP)	Chief Financial Officer and Business Support	NHS North Lincolnshire CCG
John Pougher (JPo)	Assistant Senior Officer- Quality & Assurance	NHS North Lincolnshire CCG
Benita Jones (BJo)	Director of Audit Services	ECAC
Shaun Fleming (SF)	Counter Fraud Manager	ECAC
Paul Webster (PW)	Acting Audit Manager	ECAC
Jackie Rae (JR)	Manager, Public Sector Audit, KPMG	KPMG
John Prentice (JP)	Director KPMG	KPMG
Satpal Shekhawat (SS)	GP	Kirton Lindsey Surgery
Jon Cooke (JC)	Business Service Director	NY&H CSU
Tehmina Mubarika	GP	Ancora Medical Practice
Annette Watkinson (AW)	Finance Manager – Specialist Advice and Reporting	NY&H CSU
Amy Bahl (AB)	PA to CFO (<i>for the notes</i>)	NHS North Lincolnshire CCG

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	
1. APOLOGIES		
Apologies were noted from Catherine Wylie and Ian Reekie.	Noted.	
2. DECLARATIONS OF INTEREST		
The Chair has invited those with any Declarations of Interest to make them known to the meeting.		
There were no Declarations of Interest.		
The Chair made the members aware of his Deloitte alumni and as a result receives training and some information.	Noted.	
3. NOTES FROM THE AUDIT GROUP MEETING 14TH NOVEMBER 2013		
The minutes of the last meeting held on 4 th March 2014 were recorded as an accurate record and action log reviewed		
4. MATTERS ARISING FROM THE MINUTES		
There were no matters arising not covered on the agenda		
5. AUDITED ACCOUNTS		
<u>5.1. Presentation and Review of audited accounts and changes since the draft accounts</u>		
TP confirmed that the Audit Group members had been delegated by the CCG Governing Body to approve the accounts on their behalf.		

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<p>TP confirmed that changes to the draft accounts were made by AW as requested at the Governing Body meeting in April. TP and AW took the members through a page turn of the audited accounts. TP confirmed that the CCG did achieve all the statutory duties. TP used the same slides as for Governing body in April.</p> <p>TP explained the accounts and changes which were made since the draft accounts. TP explained and invited members for any questions on each page and overall.</p> <p>Clarity was provided surrounding pooled budgets. The NHS views that pooled budgets are not a joint venture.</p> <p>Issues were raised regarding the mapping of external audit fees and whether some changed guidance was expected. AW to check further guidance on this. Post meeting note: no further changes were required by the NHS for mapping of external audit fees.</p> <p>Spelling mistakes had already been amended on the report given to External Audit.</p> <p><u>5.2 Consistency Statement</u> TP explained that the Consistency Statement was new this year. It requires the CFO and COO to sign to say that the CCG have made sure that the accounts reconcile to the ledger. Included the minor change around other professional fees. TP and AC have signed. The document to confirm this.</p> <p><u>5.3 Letter of Representation</u> The CCG have been asked to write to auditors to give further representations on top of the accounts to explain and assure them that the Governing Body has fulfilled its responsibilities. TP explained the letter to ensure everyone was aware and understand that they are approving the statements within the letter.</p> <p>SF confirmed there were no issues regarding fraud that would affect the letter of representation.</p> <p>TP invited members to discuss anything they felt might affect the accounts. TP confirmed the CCG have included everything that's within the agreement of balances exercise.</p> <p>The Audit Group members agreed the letter of representation.</p>		
6. ANNUAL REPORT		
<p>The process of the annual report from the CCG perspective has been difficult this year, largely because nationally CCGs received some very late guidance and conflicting opinions about how things should be presented. TP expressed thanks to Jackie for her advice on interpreting this.</p> <p>The report has not gone in full to the Council of Members due to its length, but the member report has been circulated to GP members of the Governing Body to review. Items were then discussed at Council of</p>		

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<p>Members. This has been updated with some changes which TP highlighted to the Audit Group.</p> <p>The Audit Group members confirmed they were happy that there was nothing else that they were aware of to disclose to the auditors.</p> <p><u>Remuneration report</u> The duties have been confirmed in the overall report. No information was provided nationally from NHS Property Services for sustainability report, so this is not included in the annual report this year. This will be expected in future. TP gave an overview of remuneration report. There has been a debate nationally about what GP pensions should be disclosed, just the employed element or the Practice element also. There is a lot of interest in it nationally. In the end the BSA/pensions agency could not provide the Practice element. Pay multiples disclosed is also of interest to people.</p> <p>The CCG do pay Council of Members and General Practices a certain amount of money if they attend meetings. TP explained the payment in the remuneration report.</p> <p>The Chair invited any comments on this section of the report.</p> <p>JP confirmed that compiling information had been a bit of a problem.</p> <p><u>Annual Governance Statement</u> This is the first time Annual governance statement of the CCG. The guidance came in quite late. JPo thanked Internal Audit and JR for the support around this. There were two limited assurance reports being CSU contract management and Continuing Healthcare and MH placements but there are things in place to address those. The CCG had to declare compliance with the corporate governance code, which is new and also with the McPherson report. The Harris report looks at statutory functions and delegated authority and what systems are in place.</p> <p>Annual Report was less about compliance and more about what the members was doing and the essence of what the organisation was about. Felt like the guidance was very confusing and duplicating and directors would prefer shorter and clearer documents.</p> <p>All the details of the membership of Governing Body and Membership Body are in Annex 1.</p>		
7. EXTERNAL AUDIT		
<p>JP confirmed that the intention is, following the approval of accounts, External Audit will be in a position to issue an unqualified audit opinion on the accounts. Nothing significant to draw attention to.</p>		

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<p>In terms of use of resources there is an unqualified conclusion. Couple of recommendations, one is in terms of tightening up on the process with the CSU in terms of requirements e.g. working papers and to engage CSU support in terms of sorting out the AoB disputes with NLaG.</p> <p>No other matters to drawn attention to.</p> <p>Third party assurance reports have now been received and have been taken into account.</p> <p>JP invited questions on the report. There were no questions.</p> <p>JR informed that in order to finalise the paper need management responses before Friday in Appendix A.</p> <p>TP expressed thanks to everyone involved in the audit process.</p> <p>The Audit Group approved the audited accounts.</p> <p><u>7.2 Approval of statutory work fees for 2014/15 (£60k +VAT)</u> The Audit Group approved the External Audit fees for 14/15.</p>		
8. INTERNAL AUDIT		
<p><u>8.1 Annual Internal Audit Report</u> BJo gave an overview of the Progress Report.</p> <p>Since the last meeting of this group, completion of all the work has been undertaken and about to be finalised. Four reports were finalised, Francis 2, Performance Management, Healthcare Contract Management and QIPP. All were significant assurance but did revisit Francis 2 in light of progress that was made from Catherine.</p> <p>There are further reports which are finished and there are issues that are not new. IG Toolkit part, well-rehearsed on those issues; Budgetary Control, there are some outline details in the report in advance of the final report; CSU Contracting and Continuing Health Care were both limited assurance. BJo raised the point that overall there was significant opinion for the CCG but there were some areas with limited assurance.</p> <p>With regards to the IG Toolkit there was a lot of improvement in a short space of time and in the end the CCG got the populated toolkit up to level 2. It wasn't a strong significant opinion but it was significant and that was common across the four CCGs in this area.</p> <p>The CCG has achieved what it needed to achieve. September's meeting will be about whether the momentum is continuing.</p>		

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<p>TP confirmed that Chris Wallace has taken over the Toolkit. There is now an Information Governance Group who meets bi-monthly. It expected the evidence will be built up throughout the year and not waiting until the end of the year. There were no major system risks it was about getting policies updated to have the CCG name.</p> <p>CSU Contract Management and Continuing Health Care reviews were considered in detail in the Governing Body April meeting. It was highlighted this piece of work was requested by the CCG on a consultancy basis to advise the CCG. It was a difficult decision and mindful of the relationship with the CSU. It was agreed that this group would feed into and review of CSU KPIs. There will be drafts, and as they are done these will be circulated virtually for comment. It was agreed that the members would like to feed into it.</p> <p>Continuing Health Care was not a surprise at the Governing Body. This was a wide scoped piece of work it covered Continuing Health Care, Mental Health and Learning Disabilities as well. When the report has been finalised it will need to be gone through in some detail.</p> <p>BJo invited members for any comments or questions regarding the Progress Report.</p> <p><i>Would the progress report be updated?</i> It is a progress report that takes through the opinions been issued. BJo feels that the annual report should be the prime record as it evaluates the progress report in total context. The annual report will provide the final position.</p> <p>No other questions or comments were made.</p> <p>There is a legal dispute between NHS England and NHS protect. There is no indication of when this will be resolved so carry on until there has been an update on progress with this. SF confirmed that they are currently working to provide a standard; there won't be a huge difference in Commissioning Standards. Waiting on NHS Protect to get the new standards out.</p> <p>There was one outstanding investigation from last year. Still awaiting more information from CSU, so until the information is available there is no progression on that investigation. Action: SF to follow up with CSU.</p> <p>BJo presented the annual internal audit report. There is an extract from the opinion statement; they expand on some keys areas including follow ups and the overall opinions. Reflection of limited assurance reports too for reference. It is a standard format, similar to what has been seen in previous years. BJo welcomed any comments.</p> <p>PE raised the issue of CSU contract management where he had discussions with people who were dissatisfied but KPIs were being met. Jon Cooke confirmed the CSU are well on with the process of defining the KPIs but not at the stage of reporting the new ones yet. Detail should be finalised for next meeting for audit group to have a bigger discussion</p>		

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<p>on that report.</p> <p>To be added to the next agenda - get someone from CHC there as well, to give a specific. Action: AB to liaise with JC.</p> <p><u>8.3 Internal Audit and Counter Fraud Plans for 14/15 and approval of fees (£25k)</u></p> <p>A previous draft of the Internal Audit Plan went to Governing Body and had a fair review. It was important to see a 3 year plan. This is a flexible plan and if parameters change throughout the year changes can be made within the plan. Gap in business intelligence – internal audit doing a piece of work recharged to CSU, and will bring that once finalised.</p> <p>Progress report – the final page has a control schedule that details the pieces of work.</p> <p>It was acknowledged that Paul Webster will be moving on and Robert Bassham will be attending. Robert will be at the next meeting. The group expressed their thanks to Paul for his work over the last year.</p> <p>There was a reduction in fees recognising the extra non recurrent. The Audit Group approved the fees.</p> <p><u>8.2 13/14 Audit counter fraud report</u></p> <p>SF took the report as read. There were no questions or comments from members.</p> <p><u>8.2b NFI Report</u></p> <p>Every 2 years Audit Commission has a data match initiative. Started in late 2012. There has been a hold up in terms of who holds the data between CSU and Department of Health (DoH). It is agreed that the DoH will now deal with it.</p> <p>The report is only coming for information.</p> <p>There are no fraud issues to report and there is positive assurance generally. Question still remains where any monies, if they are recovered, would sit. SF to keep the group updated on the 15 matches. Action: SF</p> <p>CSU have purchased some duplicate payment tool that sits on top of the ledger and undertakes significantly more checks on a regular basis (not an NHS England initiative).</p> <p>Next NFI is due in Nov/Dec time – SF will look at it and let JC know if he thinks of anything else. This is in terms of the next NFI and what would come if it. Action: SF</p>		
9. AUDIT GROUP ANNUAL REPORT		
PE discussed the Audit Group Annual report and what it included.		
It was noted that the group was not quorate at this stage as TM had not yet		

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<p>arrived.</p> <p>The Extra-Ordinary Governing Body to review the accounts had not been counted towards the number of meetings.</p> <p>There were no questions.</p> <p>TP to check that there was mention of the survey which had been completed.</p> <p>All members agreed the audit group annual report subject to survey being mentioned.</p> <p>Action: AB to send to the Governing Body.</p>		
10. CSU & OTHER THIRD PARTY ASSURANCE, ASSURANCE MAPPING		
<p>It has been a challenging period for Deloitte and CSU who are really getting to grips with what the report requires.</p> <p>JC explained the types of reports and what they represented. Three potential conclusions from the service auditor approach. The first being reasonable assurance. The second providing reasonable assurance except for the specific exceptions identified and the third is not providing assurance.</p> <p>Clinical quality in the 6 month type II report received reasonable assurance with no exceptions. The balance in Type I and type II received reasonable assurance except for those items specifically identified as an exception. The report where there are exceptions refers to a qualification of opinion. This doesn't mean you have qualified accounts. This is literally on the generic sense of the term qualification and their opinion.</p> <p>A detailed action plan will be drawn up where there is an exception that will be shared with CCGs.</p> <p>Summary There is nothing that would cause undue concern. There is nothing that causes a failure of control. The CSU will be responding to every exception that has been identified, but do still have reasonable assurance of governance and controls. It's about the ability to improve the recording evidence and lessons to be learnt.</p> <p>Process to check validity of changes to supplier data - JC explained that they became aware that the partners SBS were not undertaking a periodic independent check back to the supplier. CSU undertook to deliver themselves, but at the time of the audit had not implemented that additional security. An Independent check is now in place.</p> <p>JC gave assurance that they are absolutely committed to a more timely process next year, so that Audit group do have more time to read these reports.</p> <p>Members agreed that they would like to see updates at the meeting, but if there are any big challenges, to be kept informed as and when they happen. It was agreed to include as a standard item on agenda, but for JC to raise any exceptions or give a verbal report on progress or changes. Action: AB and JC</p>		

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<p>BJo confirmed the purpose behind the original assurance mapping was to ensure that they are looking at the right things and that there would be assurance. They are now much better informed and can build that into the assurance mapping.</p> <p>JC confirmed that he had to explicitly requested that he wanted the Deloittes work to be shared to be transparent for all CCGs.</p> <p>Assurance mapping to be brought back as an oversight and a reference tool. Chair agreed that an overview be brought back to the meeting in September and can reflect fully on assurances for this year. November agenda to include the plan for what is expected further on in the year. Action: AB</p> <p>TP felt the CCG will be in a good position for next year.</p> <p>JC confirmed the agreement with Deloitte is that there will be an interim audit done in mid-year. Assuming that again, they are allowed to share the findings, it will give part year assurance.</p> <p>The interim audit will be taken around October so will be added provisionally to the agenda for December. Action: AB</p>		
11. UPDATE ON CSU MERGER & ASSURANCES RE SERVICES		
<p>JC confirmed that the merger is going well. JC gave an update on what the merger consisted of. The intention is to formally merge by 1st October 2014.</p> <p>Already a number of services are working very closely together. The leadership team are meeting on a regular basis. The CSU will continue to make sure there is that local presence and where appropriate, can consolidate some services and streamline processes. Continuing Health Care is an area where they can get some benefit, to have a much bigger provision. To combine and get the learning from elsewhere is a real benefit. The CSU are looking to work jointly with West and South Yorkshire invest a lot of surplus into delivering a new BI platform solution, so this will allow the CCG to develop the BIZ.</p> <p>JC gave assurance that they will not be marginalising any CCG clients. The CSU will keep the locality model, but will be working with CCGs to understand where it will be appropriate to centralise.</p> <p>JC was aware of the increase in pressure on the running costs. The idea of combining some functions and rationalising on senior management does give some efficiencies that will help.</p> <p>Chair invited comments. There were no comments.</p>		
12. CHC LEGACY BALANCES REPORT		
<p>JC gave an update. Generally the service around CHC has improved, , much better knowledge and understanding of information but still have to make further improvements and working with South Yorkshire</p>		

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<p>colleagues will help and support . This will go beyond peer review to integration of processes, as both operate on the same system for continuing care.</p> <p>The report gives a year end position for last year in line with the accounts, but it does not provide a budget position. It is a snapshot of the legacy balances.</p> <p>Nationally CHC is recognised as a problem. There is still a backlog. The report still does not include the changes that were added at the last two meetings.</p> <p>Discussions ensued regarding cases that are outstanding and it was agreed the profile of the 11/12 cases was needed. The queries from the cluster audit group last year TP were around the potential for judicial review. TP flagged up that every meeting she asks for the same information. The vulnerable adults groups who are supposed to review these were cancelled and they haven't met for several months. TP expressed concerns that there is not enough challenge been made by CSU. JC to ensure that the specific items are on the next vulnerable adults agenda and challenged sufficiently and the report updated for next audit group. Action JC</p> <p>It was confirmed there were no cases outstanding from 11/12. It was recognised the fact that CSU dealt with 682 cases during the year.</p> <p>JC acknowledge everything what was said and will take it back to the team. Action JC</p>		
13. ANY OTHER BUSINESS		
<p>There was no other business.</p> <p>As TM joined the meeting late, JP assured the member there were no major issues, TP stayed behind with TM to go through the accounts for TM to have the assurance. There were no further changes recommended by TM as a result of this review.</p>		
14. ITEMS TO BE REFERRED TO OTHER SUB-COMMITTEES		
<p>Nothing that needs to be referred on. Risks around the merger are already flagged for the risk register which also goes to the Quality Group.</p>		
15. PRIVATE SECTION INCLUDING ACTIONS TO BE PRESENTED TO GOVERNING BODY		
<p>TP discussed on-going issues regarding the NLaG contract in private with the Audit Group members.</p>		
16. DATE AND TIME OF NEXT MEETING		
<p>TBC</p>		
17. AGENDA ITEMS FOR THE NEXT MEETING		

DRAFT