


<b>MEETING DATE:</b>	11 June 2015	 <b>North Lincolnshire Clinical Commissioning Group</b>  <b>REPORT TO THE CLINICAL COMMISSIONING GROUP GOVERNING BODY</b>
<b>AGENDA ITEM NUMBER:</b>	Item 7.8	
<b>AUTHOR:</b>	Therese Paskell	
<b>JOB TITLE:</b> <b>DEPARTMENT:</b>	Chief Finance Office & Business Support CCG	

## AUDIT GROUP MINUTES: 4<sup>th</sup> MARCH 2015 AND 21<sup>ST</sup> APRIL 2015

<b>PURPOSE/ACTION REQUIRED:</b>	To Receive & Note
<b>CONSULTATION AND/OR INVOLVEMENT PROCESS:</b>	The Audit Group ratified these minutes at the meeting on 4 <sup>th</sup> March and 21 <sup>st</sup> April 2015
<b>FREEDOM OF INFORMATION:</b>	<i>Is this document releasable under FOI at this time?</i>  <b>Public</b>

<b>1. PURPOSE OF THE REPORT:</b>					
Gives assurance to the Governing Body that its subcommittee is fulfilling its workplan and terms of reference					
<b>2. STRATEGIC OBJECTIVES SUPPORTED BY THIS REPORT:</b>					
Continue to improve the quality of services	<b>X</b>				
Reduce unwarranted variations in services	<b>X</b>				
Deliver the best outcomes for every patient	<b>X</b>				
Improve patient experience	<b>X</b>				
Reduce the inequalities gap in North Lincolnshire	<b>X</b>				
<b>3. ASSURANCES TO THE CLINICAL COMMISSIONING GROUP</b>					
Contains assurances from CSU, Internal Audit and External Audit around the year end accounts and information in the annual report.					
<b>4. IMPACT ON RISK ASSURANCE FRAMEWORK:</b>					
<table border="1" style="display: inline-table;"> <tr> <td style="width: 20px;">Yes</td> <td style="width: 20px;">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. Legal updates are provided to the group.

**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 public minutes are publicly available and goes to the next Governing Body

**10. RECOMMENDATIONS:**

The CCG Governing Body is asked to: -

- Receive and note the Audit Group minutes and assurances contained within it.

<b>MEETING:</b>	NHS North Lincolnshire	 <b>NHS</b> <b>North Lincolnshire</b> <b>Clinical Commissioning Group</b>  <b>NHS NL CCG Audit Group</b>
<b>MEETING DATE:</b>	Wednesday 4 <sup>th</sup> March 2015	
<b>VENUE:</b>	Training Room, Health Place, Brigg	
<b>TIME:</b>	13:30-16:30	

<b>PRESENT:</b>		
<b>NAME</b>	<b>TITLE</b>	<b>SERVICE/AGENCY</b>
Paul Evans (PE)	Lay member ( <i>CHAIR</i> )	NHS North Lincolnshire CCG
Therese Paskell (TP)	Chief Financial Officer and Business Support	NHS North Lincolnshire CCG
Ian Reekie (IR)	Lay Member	NHS North Lincolnshire CCG
John Pougher (JPo)	Assistant Senior Officer- Quality & Assurance	NHS North Lincolnshire CCG
Benita Jones (BJ)	Director of Audit Services	ECAC
Satpal Shekhawat (SS)	GP	Kirton Lindsey Surgery
John Prentice (JP)	Director KPMG	KPMG
John Doherty (JD)	Deputy Chief Finance Officer	Y&HCS
Chris Wallace (CWa) <i>items 9.1 and 9.2 only</i>	Information Governance Manager	Y&HCS
Amy Bahl (AB)	PA to CFO ( <i>for the notes</i> )	NHS North Lincolnshire CCG
<b>APOLOGIES:</b>		
Jackie Rae (JR)	Manager, Public Sector Audit, KPMG	KPMG
Tehmina Mubarika (TM)	GP	Ancora Medical Practice
Catherine Wylie (CW)	Director of Quality and Risk Assurance	NHS North Lincolnshire CCG
Robert Bassham (RB)	Audit Manager	ECAC
Shaun Fleming (SF)	Counter Fraud Manager	ECAC
Janet Siddall (JS)	Finance Lead – Financial Governance	Y&HCS

<b>SUMMARY OF DISCUSSION</b>	<b>DECISION/ACTION</b> (including timescale for completion or update)	
<b>1. APOLOGIES</b>		
Apologies were noted from the above.	<b>Noted.</b>	
<b>2. DECLARATIONS OF INTEREST</b>		
The Chair invited those with any Declarations of Interest to make them known to the meeting.  There were no Declarations of Interest made.		
<b>3. NOTES FROM THE AUDIT GROUP MEETING 14<sup>TH</sup> JANUARY 2015 &amp; ACTION LOG</b>		
The minutes were agreed as an accurate record.	<b>Agreed</b>	
The action log was discussed and updates given. AB to update action log accordingly.	<b>AB to update action log.</b>	
<b>4. UPDATED QUALITY GROUP TOR (FOR REVIEW)</b>		
JPo confirmed that the Quality Group Terms of Reference (ToR) have been reviewed by the group and updated and amended in line with the requirements set out in the terms of the constitution.		

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	
<p>The Quality Group (QG) last week agreed there would be a need for another amendment in due course. The purpose making QG responsible for new Joint Commissioning Committee for monitoring of quality relating to general practice.</p> <p>There was a suggestion to an amendment in that Audit Committee should say Audit Group.</p> <p>JPo confirmed that the guidance from NHS England is fairly vague. Joint Commissioning Group ToR were agreed but have now come back to be revised with minor alterations to the joint ToR.</p> <p>The QG needed to ensure they were adequately monitoring research and the quality plan etc. This came out from the review and TP discussed with CW. TP highlighted that she would be invited to QG meetings but seem to have dropped off the requests.</p> <p>The QG do review the quality accounts and do look at research governance to meet with the requirements of the handbook and this needs to be minuted as part of the assurance to the audit group.</p>	<p>JPo to pick up with CW.</p> <p>JPo to follow up.</p> <p>JPo to ensure minutes reflect research and quality accounts</p>	
<b>5. MATTERS ARISING (NOT COVERED ON AGENDA)</b>		
No matters arising.		
<b>6. YEAR END ACCOUNTS 14/15 AND ANNUAL REPORT</b>		
<p><b>6.1 Update on cover arrangements and feedback from workshops re key changes</b></p> <p>There are not a lot of big changes this year. In terms of accounting, there are no major changes to rules. There is more of a change around reporting. There is a new schedule that talks about what's going outside of the NHS, all the other schedules are the same.</p> <p>JS is going to lead from the CSU point of view. She will have an oversight. A lot of the pre-work has been done. A lot of the pre-work on finance manual and staffing implications are all sorted.</p> <p>Nothing came to light in the hard close that will affect the year end. Everything went smoothly apart from a few tiny glitches in the form. TP confirmed in the agreement of balances the issue with NLaG has now been resolved. There are no outstanding debtors for NLaG. The council ones need to be finalised by the end of the month. This has been escalated to Mike Wedgewood, DoF of NLC.</p> <p>JP is the auditor for North Lincolnshire Council as well, so will pick up with them so there are no delays going forward.</p> <p>Wording around the hard close. Recommend adoption of the accounts.</p> <p><b>6.2 Accounting Policies (highlighting key changes)</b></p> <p>There was a discussion about whether to bring forward the lives for capital for the IMT, an asset life of 5 years for IT had not been changed based on current replacement practice.</p> <p>Estimates under CHC and prescribing, JP confirmed that the wording could still be tighter on that. It needs to be clearer on actuals and what is</p>	<p><b>TP and JP to discuss with NLC.</b></p>	

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	
<p>estimated. It looks like it could apply to whole of CHC but it is much narrower than that. Prescribing is better but could be referred to what it's based on activity – probably worth talking through it.</p> <p>The Chair commented about leases and given that the CSU may shrink or may no longer occupy asked the question of what will happen? TP acknowledged that this was a sensitive issue for CSU colleagues. TP explained the NHSPS rules. At the moment if we continue to buy services from the CSU someone will still occupy that space. If they come in house and that hasn't been finalised, we will become responsible for those who become our employees. Legally we are not required to cover a subsequent empty space.</p> <p><b>6.3 Timetable</b> There had been a number of meetings as a team to ensure everyone understands what the timetable means and they are now clear in what is needed. . Deadlines had to work to in previous years and have extra staff in to cover it. Not aware of any issues with the timetable. JP highlighted that last year's deadlines for audited accounts had not been removed. TP to follow up with CSU.</p> <p><b>6.4 Explanation re year end process and internal assurances (internal audit and external audit to brief on their processes)</b> Accounts are coming back to the April meeting and so will go through more specifics then. TP will ask if Jackie can update previous slide and send to members of the Audit Group. The draft accounts, head of internal audit opinion and annual report will come here. Assurance mapping provides a wider view then just looking at the financial accounts and will assist at looking at the workplan.</p> <p><b>6.5 Annual Governance Statement</b> JPo attended a workshop in Leeds and was told that there were no significant changes for the CCGs re AGS. However since, colleagues are expecting some guidance at the end of March. It would be unusual but not unknown that we would develop a governance statement and then change at the last minute. Currently working on the basis of the old format and no changes, but will also reflect changes that will come in later. Will work with BJo and auditors. It is in early stages and there shouldn't be any problem with completion. JPo to draft something and book in with TP. Some duplication last year with the annual report guidance so should minimise duplication this time.</p>	<p><b>TP to review with CSU the accounting policies wording around CHC/prescribing</b></p> <p><b>TP to follow up with CSU</b></p> <p><b>TP to follow up with JR.</b></p> <p><b>TP to speak to JR</b></p> <p><b>JPo to meet with /send to TP.</b></p>	
<b>7. INTERNAL AUDIT</b>		
<p><b>7.1 Internal Audit progress report and counter fraud progress</b> There are two reviews that have been finalised. Appendix 1 - numbers awaiting completion. BJo advised members to be prepared for a spike in activity at the next meeting.</p>		

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	
<p>The anti-fraud element – The planned NHS Protect Standard didn't come out on time, but were published last week. SF will bring to the next meeting. These are a set of standards and what CCGs will have to do is a self-review of counter fraud arrangements. NHS Protect are not expecting any Quality Assurance inspections for the first year which will be 15/16, but they will be issuing guidance and inspections will come quite quickly.</p> <p>National fraud initiative and data matches – Initial look doesn't suggest anything requiring urgent attention but will be analysing routine matches.</p> <p>Arrangements for counter fraud – Seems to NHS Protect that Deloitte are still providing service, but is under review.</p> <p>Local investigations – Appendix 3 – one closed. CCG recovered the money. For the second case, tracked down the people in question with 3<sup>rd</sup> address. SF asked for them to attend interview. Still not heard anything. SF hopes the letter is enough to encourage attendance without Police intervention. There is still a long way to go on this but have made contact.</p> <p>Audit control schedule – There are some pieces of work to be started which will commence in March. Will do best to summarise all of that in the annual report.</p> <p>BCF was given limited assurance. BCF is in its early stages but have been assured that a lot of actions have already been taken to address what is in the report. The council are happy to do some joint work next year. In terms of the issues, it's all around the terms of reference, the attendance of the Joint Board etc. Picks up operational setting. Will return to and review the progress on that.</p> <p>Appendix 4 – gives follow up progress. There are no outstanding implementations for any of the prior year audits which provides the CCG with assurance.</p> <p><b>7.2 Assurance mapping</b> Gathering information and gap analysis. No comments were received, so this is the validated consulted version. The purpose is to underline commitment to this as a concept and to consider how it will be kept up to date. This has not yet been to the wider Governing Body It will be reviewed at the Governing Body workshop. It is held between Audit Group and the Quality Group. Members agreed they were happy to timetable it in no less than twice a year and asked if quality group could do that too (on the quarters audit are not reviewing</p>	<p>TP to add standard</p>	


SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	
<p>it). This is mapping the assurances; risks will be picked up on the BAF. Should be a standing agenda item if there is any assurance. TP to action for agenda.</p> <p>JD was asked to look with CSU what IMT assurance there is. What is done in house that provides internal assurance?</p> <p><b>7.3 Audit group Effectiveness- update on actions</b> In terms of the agreed action, BJo will ask RB to liaise with TP and understand where we are in terms of current actions. Changes to the ToR - June is the next opportunity. JPo to work with TP. Workplan cross referencing – will do behind the scenes, to ensure there is something on workplan to cover all responsibilities.</p> <p>Re GP engagement -Will present annual accounts and report at the May Council of Members. <b>ACTION:</b> SS and TP to discuss outside the group about raising the profile of the audit group with the GPs.</p> <p><b>7.4 Internal audit plan 15/16 and fees</b> The document sets out methodology etc. Page 8 gives core plan outputs in number of days. BJo discussed page 8. Don't usually plan for reactive. Communications was really about just having a look at how the CCG communicate externally and internally and looking at the communication strategy.</p> <p>Required to have a view to contingency.</p> <p>It is too early to do a three year plan. Only been given a one year plan for the reason of the general election. TP advice would be to wait until Dec and do it when the planning guidance comes out. It was agreed for audit to review their forward plan, feeding in anything that comes from the risk workshop and going into the following year.</p> <p>East Coast Audit Consortium have frozen the fee level. We would have to reduce number of days by 10% to meet RCA targets. TP, RB and BJo to look at.</p>	<p><b>agenda item. JPo to send map twice a year to QG and AG</b></p> <p><b>JD to follow up.</b></p> <p><b>RB/TP</b></p> <p><b>JPo/TP</b></p> <p><b>SS/TP</b></p> <p><b>BJo to review forward audit plan</b></p> <p><b>TP/RB/BJo to follow up.</b></p>	
<b>8. EXTERNAL AUDIT</b>		
<p>JP confirmed there was nothing specifically significant.</p> <p>There are a number of workshops going ahead with a mixture of different things happening.</p> <p>The five year plan only talks about the first element. Increasing prominence in direction of travel is reasonably clear.</p>		

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	
<p>Technology – still got a long way to go in terms of real benefits. There is a National role involved.</p> <p>Leadership academy – using direct patient experience to use as part of the programme.</p>		
<b>9. QUALITY GROUP AND GOVERNANCE BRIEFING</b>		
<p><b>9.1 IG toolkit action plan</b>  There was 11 actions that were on track to complete. CWa is doing a handover to fully update John on what the process involves. Haven't received one up to the year and don't expect to receive one. There has been progression of the approval of the incident reporting system. CWy has confirmed it has been approved. There are no problems from IG point of view.  No other issues.</p> <p>Information asset register still outstanding. Still developing for review. Policies mentioned on page 20 are mentioned as April 2013. CWa confirmed they all have a 2 year review date set on them. The dates may need updating and CWa will look into that. They might have been approved but agreed amendments since.</p> <p><b>9.2 IG dashboard</b>  For information.</p> <p>There are no concerns. IG team have taken comments on board and tried to populate spots.  Met with Keith and discussed the issues regarding the council. Have agreed to share some information with them.</p> <p>TP still concerned that Dawn Taylor reported no risks from the CSU into the risk register. In particular as SIRO, TP concerned that the information risks aren't flowing through. JD to liaise with CWa.</p> <p>Audit members acknowledged CWa work and thanks were passed on.</p> <p><b>9.3 BAF/Risk Register (top 5 risks)</b>  This is currently being reviewed by CWy around Q19 and the clarity of description has been reviewed and altered this morning. Felt it was important to change before it went to board workshop rather than leave it. IR feels the risk is now reflected in Q19.</p> <p>PH1 – been done but got limited assurance on that – need to reword as gap in control.</p> <p>FP1 – gaps in assurance - raised by JD. TP clarified, this can put in as a positive assurance that the further updated Deloitte's has arrived now.</p>	<p><b>Noted</b></p> <p><b>JD/DT/JPo to liaise with CWa re info risk reporting</b></p> <p><b>JPo to update for changes</b></p>	



SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	
<p>JPo to update for changes made.</p> <p><b>9.4 Conflicts of Interest Policy (approved by Chairs action)</b> JPo gave a background of what was needed around the conflicts of interest policy by NHS England. It went for approval.</p> <p>JPo took members through the policy and the key implications.</p> <p>Noted by members.</p> <p><b>9.5 Review of Register of Interests</b> TP will pick up errors with Bill Lovell.</p> <p>To be clear if its name of the company then be clear of what it does. This is just for the accounts.</p> <p>In the forms the auditors recommend that there is a clear explanation of the role they are doing or what the company is and what action has been taken as a result.</p>	<p><b>TP to pick up errors/descriptions /explanations with BL</b></p>	
<b>10. FOR INFORMATION</b>		
<p><b>10.1 Aged Debt (extract from board report)</b> The group were concerned about NLaG but it's dealt with now.</p> <p><b>10.2 Use of Seal - None</b></p> <p><b>10.3 Legal Updates from CSU – None</b></p> <p><b>10.4 Quality Group minutes - Noted</b></p> <p><b>10.5 CHC retro's legacy report</b> Would expect the overall figure to have been reduced. JD will pick up with NS. TP confirmed that the return that went in yesterday showed 78 cases that were awaiting a checklist have now been through and are considered to not be eligible. The actual payment is zero this year. There was only one case deemed as eligible but this has not been paid out yet. The report doesn't reflect the position that went in yesterday. Risk to reputation was discussed. Nearly half of the cases have been dealt with. There are sufficient provisions for the remaining cases. The retrospectives have been transferred to the south Yorkshire CSU team.</p> <p><b>10.6 Fraud Awareness Briefing</b> For information. It highlights effectively what activities CSU are undertaking to increase fraud awareness. BJo gave clarity of relationship and role of East Coast Audit Consortium. Deloitte contract is an NHS England contract. Not aware explicitly of the</p>		

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	
<p>framework they work within. This is more about giving assurance to manage fraud within the CSU.</p> <p><b>10.7 Service Auditor Report Update</b>            Following request from TP last time, it had been attempted to summarise action. JD highlighted that this was a non-independent view. JD reiterated information and categorised control conceptions. Appropriate authorisation was not gained. There was the odd exception that demonstrated a bit of lacking in understanding, rather than a systematic failure. It was a relatively low risk overall. Everything has either been resolved or it cannot be resolved but is nothing to worry about. Audit members noted the paper.</p> <p>CSU are required to submit to NHS England and have had assurance from Deloitte – with an external review.</p>		
<b>11. ANY OTHER BUSINESS</b>		
No other business was discussed.		
<b>12. ITEMS TO BE REFERRED TO OTHER SUBCOMMITTEES</b>		
Terms of Reference to go to Quality Group.		
<b>13. PRIVATE SECTION</b>		
Noted separately		
<b>14. DATE &amp; TIME OF NEXT MEETING</b>		
Tues 21 <sup>st</sup> April 2015 The Boardroom, Health Place, Brigg 1.30-2pm-pre meet with auditors (members only) 2-4.30pm - main meeting <b>To review draft accounts and any other urgent business</b>		

<b>MEETING:</b>	NHS North Lincolnshire	 <b>NHS</b> <b>North Lincolnshire</b> <b>Clinical Commissioning Group</b>  <b>NHS NL CCG Audit Group</b>
<b>MEETING DATE:</b>	Tuesday 21 <sup>st</sup> April 2015	
<b>VENUE:</b>	Board Room, Health Place, Brigg	
<b>TIME:</b>	14:00-17:00	

<b>PRESENT:</b>		
<b>NAME</b>	<b>TITLE</b>	<b>SERVICE/AGENCY</b>
Paul Evans (PE)	Lay member ( <i>CHAIR</i> )	NHS North Lincolnshire CCG
Therese Paskell (TP)	Chief Financial Officer and Business Support	NHS North Lincolnshire CCG
Ian Reekie (IR)	Lay Member	NHS North Lincolnshire CCG
John Pougher (JPo)	Assistant Senior Officer- Quality & Assurance	NHS North Lincolnshire CCG
Satpal Shekhawat (SS)	GP	Kirton Lindsey Surgery
John Doherty (JD)	Deputy Chief Finance Officer	Y&HCS
Jackie Rae (JR) (left at 3.40p.m)	Manager, Public Sector Audit, KPMG	KPMG
Robert Bassham (RB)	Audit Manager	ECAC
Nick Stephenson (NS)	Finance Manager	Y&HCS
Lisa Dyble (LD)	Assistant Finance Manager - Technical	Y&HCS
Viv Simpson (VS)	PA to CFO ( <i>for the notes</i> )	NHS North Lincolnshire CCG
Joanne Sinclair (JS)	Assistant Manager	KPMG
<b>APOLOGIES:</b>		
Tehmina Mubarika (TM)	GP	Ancora Medical Practice
Catherine Wylie (CW)	Director of Quality and Risk Assurance	NHS North Lincolnshire CCG
Shaun Fleming (SF)	Counter Fraud Manager	ECAC
Chris Wallace (CWa)	Information Governance Manager	Y&HCS
Benita Jones (BJ)	Director of Audit Services	ECAC
John Prentice (JP)	Director KPMG	KPMG

<b>SUMMARY OF DISCUSSION</b>	<b>DECISION/ACTION</b> (including timescale for completion or update)	
<b>1. APOLOGIES</b>		
Apologies were noted above.  JR introduced Joanne Sinclair who will be in charge of the day to day running of the audit on site and will be organising the testing.	<b>Noted.</b>	
<b>2. DECLARATIONS OF INTEREST AND CONFIRMATION OF QUORACY</b>		
The Chair invited those with any Declarations of Interest to make them known to the meeting.  There were no Declarations of Interest made.  It was confirmed the meeting was quorate from 14.05 pm		
<b>3. NOTES FROM THE AUDIT GROUP MEETING 4<sup>TH</sup> MARCH 2015 &amp; ACTION LOG</b>		
Chairman noted length of time to provide minutes. TP apologised and explained the delay was due to year-end pressure of work and assured the Chair that the action log had been updated with progress on actions.	<b>Agreed</b>	

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	
<p>Under 6.2 Accounting Policies (highlighting key changes) PE challenged the wording/point around asset lives and depreciation. TP talked about the review of accounting policies and confirmed that an asset life of 5 years for IT had not been changed based on current replacement practice.</p> <p>Subject to this amendment, the minutes were agreed as an accurate record.</p> <p>The action log was discussed and further updates given. VS to update action log accordingly.</p>	<p><b>VS to amend minutes before submission to Governing Body.</b></p> <p><b>VS to update action log.</b></p>	
<b>4. ISSUES REFERRED FROM OTHER SUBCOMMITTEES OF GOVERNING BODY</b>		
None		
<b>5. MATTERS ARISING (NOT COVERED ON AGENDA)</b>		
No matters arising.		
<b>6. CSU TRANSITION UPDATE</b>		
<p>Confirmation of continuity of services during transition</p> <p>JD reported that the CSU are still required to deliver services right up until the period when the CSU ceases to exist although end point is 31<sup>st</sup> March 2016 but at this time not sure at what point individual CSU services will cease.</p> <p>Conflict between maintaining financial balance and delivery of services safely to CCGs. This poses a problem for the CSU. The CSU is committed to doing everything it can to ensure staffing levels are at a level to allow services to be delivered robustly. As key individuals we do need to have conversations as and when they arise with CCGs to see what the opportunities are to jointly manage during the transition rather than bring in an interim.</p> <p>CS is committed to communicate on a regular basis, monthly at least as to what is state of play in respect of capacity and capability in those services to deliver the service safely subject to the above.</p> <p>TP reported that the CCG has already had discussion about this for example Service Delivery and Assurance; Jane Ellerton has already taken over supervision of the commissioning staff from Karen Richardson. TP highlighted that there was a Y&amp;H transition board and finance group and CCGs have said they need to know even earlier if a person is going to identify opportunities and minimise the total cost to the community and the impact on the individual/service.</p> <p>Y&amp;H CFOs will support the business cases for the 'do' 'share' as required and be involved in any procurement procedures for 'buy'.</p> <p>PE felt that it is good for the Audit Group to know that the dialogue and vehicle is there - if there is anything that comes up where it would affect the capability and controls of the organisation, the audit group be alerted before the next meeting and to be kept on the agenda for future meetings</p>	<p><b>To be a standing agenda item</b></p>	<p><b>VS</b></p>
<b>7. DEBT WRITE-OFF</b>		
<p>PE queried whether it is correct to treat as a write off? JR confirmed the value involved was not material. RB said it didn't matter so much how it was classified but whether we have followed our own agreed process. TP explained that for</p>		

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	
<p>these cases no written agreements appeared to be in place but the CCG have asked for assurance. For every jointly funded package the CSU now has a written agreement in place.</p> <p>TP confirmed that this removed the oldest outstanding balances with North Lincolnshire Council.</p> <p>The Audit Group formally agreed with the recommendations within the report:-</p> <ul style="list-style-type: none"> <li>• That the write off of the bad debts outlined is accepted.</li> <li>• That in future: <ul style="list-style-type: none"> <li>a) All joint funding arrangements will have their validity confirmed by Budget Managers and the Finance team will work with the teams concerned to implement a process of quarterly reviews to ensure all joint funded agreements are supported by a written agreement with North Lincolnshire Council.</li> <li>b) There will be a quarterly process for reconciliation of outstanding invoices and agreement of those to be escalated for resolution.</li> <li>c) For information, the CCG and council representatives are meeting on 30 April to discuss escalation processes where such issues occur in future.</li> </ul> </li> </ul>	<p><b>Action: TP</b></p>	
<b>8. DRAFT ACCOUNTS 14/15, AGS AND ANNUAL REPORT</b>		
<p><b>8.1 Draft Accounts</b></p> <p>TP thanked NS, LD, BL and the CSU team for all their hard work, this year-end went a lot better than the previous two years and is the best first draft set of accounts we have had.</p> <p>TP gave a presentation on purpose of and principles contained within the accounts, confirmed achievement of financial duties/targets, highlighted key questions and issues and gave next steps for circulating to the Group.</p> <p>External assurance on the accounts comes from the audit by KPMG.</p> <p>A number of changes were identified, mostly presentational and NS/LD agreed to action c.o.p. 22.4.15 to allow submission by noon 23.4.15.</p> <p>JR left at this point</p>	<p><b>VS to send to members</b></p> <p><b>NS/LD to make changes by c.o.p 22.4.15</b></p>	
<p><b>8.2 Draft Annual Governance Statement</b></p> <p>Following circulation of the papers, JP reported that comments internally, change in guidance and External Audits informal preliminary comments have now been included and outlined the changes made as a result which had been tabled for completeness:</p> <ul style="list-style-type: none"> <li>• Taken out the requirement to re pensions and sustainability</li> <li>• Included 2014 budget data</li> <li>• Slightly revised the section on the UK corporate governance code</li> <li>• In addition: For Yorkshire &amp; Humber Commissioning Support 2015/16 will be a transition year following its failure to gain a place on the Lead Provider Framework.</li> </ul> <p>PE queried why there was no mention of contingent liability re CSU transition. JP stated that this is because the statement is looking back over the last year rather than future risk and also we cannot put a figure on the potential liability</p>		

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	
<p>or define exactly the nature of the risk. If we did include it we would also have to say what our plans are to address that in-year for next year. TP highlighted that due to the difficulty of estimating potential stranded costs no contingent liability was included in the accounts and if we did so this would cause a problem for other CCGs, none of whom had done so but many of whom had the same auditors. IR felt this provided some assurance we were not an outlier. PE requested external assurance that this is acceptable to External Auditors. JS to clarify with JR. <b>Post meeting note:</b> On 23.4.15 NHS England confirmed 'there is no expectation that any CCG would be in a position to disclose any estimation of financial value'.</p> <p>The Head of Internal Audit opinion has given significant assurance noting two limited assurance reports – the same number as last year. The reports have been accepted and action plans are being implemented to address concerns. To be discussed at item 9.1.</p> <p>TP summarised on page 5 the Audit Group work done in-year and the Group confirmed they were happy with the content. Above comments to be included and report to be formatted.</p> <p>The Audit Group approved the revised version which would go into the annual report and be submitted on 24.4.15.</p>	<p><b>JS to clarify detail with JR</b></p> <p><b>Action: JP to include comments and improve formatting</b></p> <p><b>Decision: Draft Annual Governance Statement approved</b></p>	<p><b>JS</b></p> <p><b>JP</b></p>
<p><b>8.3 Draft Annual Report (financial information only)</b></p> <p>TP explained that this is the first time the Audit Group has seen the annual report financial information prior to audit but thought it would be useful for them to see. The Greenbury Report and Pay Multiples were therefore tabled for information. It was noted that this information forms part of the remuneration report within the annual report and this section will be audited by External Audit.</p> <p>TP explained that it is done on bandings based on actual pay rather than annualised pay.</p> <p>PE queried pension related benefits for some GPs – LD to clarify explanation contained within the report. TP noted the pension for GPs is if they opted in for their governing body role and would be affected by under/overpayments of salary in the year.</p> <p>Audit Group asked that for Pension benefits brackets be used for negatives in line with the accounts and to correct the periods in office of the secondary care doctors or remove them. LD discuss with BL the rules of inclusion</p> <p>IR asked that the relevant people be notified of their entries prior to submission Any further comments/amendments to be sent to TP before submission</p>	<p><b>LD to provide and TP to circulate explanation of anomalies to group</b></p> <p><b>LD to make changes</b></p> <p><b>TP to liaise with JH Comments to TP by cop 23.4.15</b></p>	<p><b>LD TP</b></p> <p><b>LD</b></p> <p><b>All</b></p>
<b>9. INTERNAL AUDIT</b>		
<p><b>9.1 Head of Internal Audit opinion Statement 2014-15</b></p> <p>RB outlined background and assurances involved.</p>		

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<p>The report is set out in the same format as last year and it terms of the assurance framework the paragraph at section 1.3 summarises that a piece of work has been done that it meets the basic requirements and also recognises that there is a lot of development going on within the CCG to move the assurance framework on for the coming year.</p> <p>Overall opinion – there were 2 specific reports mentioned of limited assurance – procurement and partnership governance. The recommendations from these reports has/will come back as part of the normal follow up process. It was noted there are designated leads for each of the actions which have been agreed. The partnership governance report was essentially to inform the arrangements going forward. The procurement audit report is still in draft, which has been agreed with JE and the procurement team. Not very much procurement had been undertaken in the year. The report highlighted issues in the systems and processes, difficulty in establishing an accurate up to date contract list and when they come up for renewal. TP feels that KP has taken a much more thorough approach and with JE now supervising SDA team it should improve.</p> <p>RB felt that overall this was a reasonably positive outcome.</p> <p>The Audit Group was happy with the report and had no further questions.</p>	<p><b>Report accepted for incorporation into AGS</b></p>	
<b>10. EXTERNAL AUDIT</b>		
<p><b>Explanation of accounts audit process</b></p> <p>JS explained the process of the external audit of the accounts. The overall purpose of the audit is to reassure the reader of the accounts that they are a fair and true representation of the financial position of the CCG. KPMG look at all 4 statements but particularly everything above materiality (over £4m) the process is expected to take 2 weeks and they will be on site weeks commencing 11<sup>th</sup> and 18<sup>th</sup> May with the majority of the testing to be completed the first week. Their aim is to have the draft report ready by May 22<sup>nd</sup>, and then signed off in time for the Audit Group meeting on 27<sup>th</sup> May for the audited accounts to be approved and COO/CFO signature prior to submission on 29<sup>th</sup> May. The CCG will receive an Annual Governance Report from KPMG and the CCG will agree/complete the manager action so the organisations response can be included.</p> <p>As the Audit Group is responsibility for value for money – TP reported she has completed a number of questionnaires on how we use resources, make decisions etc. and the auditors take these into account when giving their value for Money opinion as part of the audit. Anything the auditors identify from them will then be looked at in more detail.</p> <p>JS noted that we have identified our risks and are doing something about them and for their purposes it is about what CCG are doing to get value for money – having the right structures in place, which largely comes under HLHF. The auditors will advise of any presentational issues. Any changes will be highlighted at the meeting on the 27<sup>th</sup> May.</p> <p>PE confirmed that he had asked the auditors to report directly to the group via the private session, if there are any disputed audit differences where they haven't been accepted. TP gave assurance that audit advice is never ignored, though materiality is considered and felt that any disputed changes being so important should be covered in the public session. TP highlighted the pre meet</p>		

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with audit is the regular place to highlight any independent concerns without the CFO being present which can be arranged prior to any meeting, (including the next meeting) should one be felt necessary, which is usually planned for twice a year, and that this would be more appropriate rather than leaving it until the end of the Audit Group meeting.		
<b>11. ITEMS FOR INFORMATION ONLY</b>		
External Audit Technical update	<b>Noted</b>	
<b>12. ANY OTHER BUSINESS</b>		
None		
<b>13. ITEMS TO BE REFERRED TO OTHER SUBCOMMITTEES</b>		
None		
<b>14. PRIVATE SECTION – INCLUDING ACTIONS TO BE MINUTED IN THE PRIVATE SECTION FOR PRESENTATION TO THE GOVERNING BODY</b>		
None		
<b>15. DATE AND TIME OF NEXT MEETING</b>		
<p>Wednesday 27<sup>th</sup> May 2015, The Boardroom, Health Place, Brigg 1.30 – 4.30 pm</p> <p>Highlighted the need for both doctors to be present to be quorate</p>		