


MEETING DATE:	8 October 2015	 North Lincolnshire Clinical Commissioning Group REPORT TO THE CLINICAL COMMISSIONING GROUP GOVERNING BODY
AGENDA ITEM NUMBER:	Item 7.12	
AUTHOR:	Therese Paskell	
JOB TITLE:	CFO & Business Support	
DEPARTMENT:		

AUDIT GROUP MINUTES: 27 MAY 2015

PURPOSE/ACTION REQUIRED:	To Receive & Note
CONSULTATION AND/OR INVOLVEMENT PROCESS:	Ratified by the August Audit Group
FREEDOM OF INFORMATION:	Public

1. PURPOSE OF THE REPORT:					
To report back to the Governing Body on the activities of the Audit Group at its June meeting					
2. STRATEGIC OBJECTIVES SUPPORTED BY THIS REPORT:					
Continue to improve the quality of services					
Reduce unwarranted variations in services					
Deliver the best outcomes for every patient					
Improve patient experience					
Reduce the inequalities gap in North Lincolnshire					
Indirectly all of the above					
3. ASSURANCES TO THE CLINICAL COMMISSIONING GROUP					
This provides assurance to the CCG and the Governing Body that the group has fulfilled its functions and confirms areas for action.					
4. IMPACT ON RISK ASSURANCE FRAMEWORK:					
<table border="1" style="display: inline-table;"> <tr> <td style="width: 25%;">Yes</td> <td style="width: 25%; text-align: center;">x</td> <td style="width: 25%;">No</td> <td style="width: 25%;"></td> </tr> </table>	Yes	x	No		
Yes	x	No			
Assurances given/referenced will be included in the CCGs BAF and any development areas required for 15/16.					

5. IMPACT ON THE ENVIRONMENT – SUSTAINABILITY:

Yes		No	X
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6. LEGAL IMPLICATIONS:

Yes	x	No	
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The Audit Group is statutorily required. Legal issues are part of its remit but no report is currently available from the CSU during the transition.

7. RESOURCE IMPLICATIONS:

Yes	x	No	
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The Audit Groups work is supported by internal and external audit for which the CCG audit group agrees plans and fees and is supported by officers/members of the CCG as outlined in the paper. The full costs of the running of the Audit Group have not been assessed.

8. EQUALITY IMPACT ASSESSMENT:

Yes		No	X
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This is not a policy/procedure/guidance so one is not required.

9. PROPOSED PUBLIC & PATIENT INVOLVEMENT AND COMMUNICATIONS:


Yes	x	No	
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This paper is available to the public and members

10. RECOMMENDATIONS:

The CCG Governing Body is asked to: -

- Receive and Note the minutes

MEETING:	NHS North Lincolnshire	 NHS North Lincolnshire Clinical Commissioning Group NHS NL CCG Audit Group
MEETING DATE:	Wednesday 27 th May 2015	
VENUE:	Board Room, Health Place, Brigg	
TIME:	13:15-15:00	

PRESENT:		
NAME	TITLE	SERVICE/AGENCY
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
Tehmina Mubarika (TM)	GP	Ancora Medical Practice
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)	Manager, Public Sector Audit, KPMG	KPMG
Robert Bassham (RB)	Audit Manager	ECAC
Nick Stephenson (NS)	Finance Manager	Y&HCS
John Prentice (JP)	Director KPMG	KPMG
Viv Simpson (VS)	PA to CFO (<i>for the notes</i>)	NHS North Lincolnshire CCG
APOLOGIES:		
Ian Reekie (IR)	Lay Member	NHS North Lincolnshire CCG
Chris Wallace (CWa)	Information Governance Manager	Y&HCS
Benita Jones (BJ)	Director of Audit Services	ECAC
Catherine Wylie (CW)	Director of Quality and Risk Assurance	NHS North Lincolnshire CCG
Shaun Fleming (SF)	Counter Fraud Manager	ECAC

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)
1. APOLOGIES	
Apologies were noted above.	Noted.
2. DECLARATIONS OF INTEREST AND CONFIRMATION OF QUORACY	
<p>The Chair invited those with any Declarations of Interest to make them known to the meeting.</p> <p>There were no Declarations of Interest made.</p> <p>The Chair queried whether under agenda item 9 Review of Joint Commissioning Committees Terms of Reference as Dr Mubarika and Dr Shekhawat have an interest in commissioning and the two lay members are members of the committee whether there is a conflict of interest?</p> <p>TP clarified that as these TORs have already been approved by the Governing Body prior to the committee being established they have come to the Audit Group for review only (under Audit Group Terms of reference). It was noted that this is approval of principles rather than contractual decisions. It was agreed that the two individuals could have a potential Conflict of Interest but do</p>	

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	
<p>not in this instance.</p> <p>Dr Shekhawat arrived at 1.40 pm prior to commencing item 6 the Audited Accounts and it was confirmed the meeting was quorate from this point.</p>		
3. NOTES FROM THE AUDIT GROUP MEETING 21ST APRIL 2015 & ACTION LOG		
<p>Accuracy of minutes. The minutes were agreed as an accurate record.</p> <p>Matters arising – not on the agenda deferred to future meeting after the accounts.</p> <p>Action log – updates noted.</p> <p>Annual report and accounts – the Chair noted that certain items have been approved at the recent Governing Body it would be good if in the cover sheet, top section summary it could include details of what has been reviewed/ approved by other groups/ actions taken by other sub committees in the progress of the assurance we are looking at i.e. where more specific decisions have been made. TP agreed to reiterate to managers that when completing the front sheet they are specific about the details of what was agreed by another groups.</p> <p>TP also noted that the annual accounts were sent in error in her absence to the Governing Body to approve as they were an appendix to the Annual Report. Under the CCGs Constitution the Audit Group has delegated responsibility for the annual accounts and the Governing Body is responsible for the annual report, the Audit Group looks at the audited elements only of the annual report.</p>	<p>Agreed. VS to submit to Governing Body</p> <p>Reiterate to managers on completion of report front sheets.</p>	<p>VS</p> <p>TP</p>
4. ISSUES REFERRED FROM OTHER SUBCOMMITTEES OF GOVERNING BODY		
None		
5. MATTERS ARISING (NOT COVERED ON AGENDA)		
No matters arising.		
6. AUDITED ACCOUNTS		
<p>6.1 Submission and review of audited accounts and changes since draft accounts</p> <p>The Audit Group reviewed the list of changes and agreed to ignore the changes that related to roundings only and concentrated on the other changes.</p> <p>Final paper tabled with final list of changes and explanations.</p> <p>TP explained one number change which is not a rounding.</p> <p>Final note 42 – achievement of duties 2014/15 revenue administration resource use does not exceed the amount specified in Directions. The figure didn't include £6,000 of income which has now been netted off.</p> <p>Retirement costs (page 7) 1.9.2(in red) no employees are members of the Local Government Superannuation Scheme</p>		

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<p>NS confirmed it refers to Local Authority scheme and it was agreed the remainder of that paragraph can be removed.</p> <p>Page 15 average working days lost – data wasn't originally available and only received after the draft accounts produced. Total staff years is not wte as 17 people permanently employed and have total staff years as 19 – NS to clarify why, but the wording is a given and cannot change the number.</p> <p>Page 40 amended when Dr Macmillan resigned from the Board, expanded Dr Mbugua to make it clear that his wife is a nurse at NLaG and Dr Shah has been added who resigned from the Board in May 2014. This is up to March 2014, not now. TP said this had been queried and was advised that new staff e.g. Dr Mayberry didn't need to be added.</p> <p>Page 42 post year end events – CFOs agreed to put in AGS as advised by NHSE – JR helpfully provided wording for consistency across CCGs.</p> <p>Written record of amendments noted.</p> <p>PE confirmed the Audit Group was comfortable with the changes since the draft accounts, and that the relevant assurances had been received from the relevant officers.</p>	<p>Alter note</p> <p>Explanation of calculation</p> <p>Approved</p>	<p>NS</p> <p>NS</p>
<p>6.2 Letter of Representation</p> <p>This standard letter states all of the different representations have been provided to audit in order for them to be able to give their opinion.</p> <p>JP noted that the key point is there are no specific local issues to be added to the letter the remainder of the letter is a standard template.</p> <p>The letter was reviewed by the Group and no issues to note so it was agreed it can be recommended the Chair and Chief Officer can sign.</p> <p>Dr Mubarika queried the wording on 12.b 'Any uncertainties disclosed are not considered to be material and therefore do not cast significant doubt on the ability of the CCG to continue as a going concern.'</p> <p>TP agreed the wording is correct and it means the CCG have confirmed we have not been operating at major financial risk that might prevent its continuation. We have a materiality limit and there is nothing of that sort of order that we haven't told the Auditors about.</p>	<p>Approved. Letter For signing</p>	<p>BL</p>
<p>7. OTHER AUDITED ELEMENTS OF THE ANNUAL REPORT (Changes to i.e. Remuneration report)</p>		
<p>It was noted that the Remuneration Report was challenged at the last meeting and the Group/Chair would defer to the Auditors expertise, who confirmed it was in line with guidance/ information provided.</p> <p>Comparator Table for the 13/14 figures has been included for both the pay multiples and the pensions.</p> <p>Tabled changes and additions – were shown in red.</p> <p>NHS pensions become an annual salary not final salary from April 2015.</p> <p>Table 16b – the negative figures in the all pension related benefits had to be removed as the guidance says only to show positive numbers and to make zero</p>		

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<p>any negative numbers. The Audit Group accepted the Remuneration report and Pay information contained within the Annual Report.</p>	<p>Approved</p>	
<p>Final Annual Governance Statement for approval This came in draft to the last Audit Group and the Governing Body has seen it as part of the annual report.</p> <p>JPo highlighted one addition which was to include membership of and attendance figures at the Governing Body, Council of Members and committees of the Governing Body and included a note in section 8.4 details added as appendix.</p> <p>As this was looked at it in some detail at the last meeting and by the Governing Body it was agreed to just look at the changes rather than the whole report. It was noted that IR is the chair of the REM committee not PE. Attendance is spelt wrong in table Note the change and approve the annual governance statement.</p>	<p>JP to amend</p> <p>Approved</p>	
<p>8. EXTERNAL AUDIT</p>		
<p>8.1 Annual Governance Report</p> <p>JP confirmed the auditors intend to issue an unqualified audit opinion on the accounts following the Audit Group approving the accounts on behalf of the Governing Body and receipt of the management representations letter with no unadjusted audit differences.</p> <p>Final checks are on-going – re draft Annual Report, Annual Governance Statement and make sure that it is correct to the best of their knowledge and complies with the guidance. Use of resources – value for money clause has been satisfied (unqualified also).</p> <p>Clean set of accounts – comments are about the process – difficulties in that process e.g. getting working papers on time. Difficult when the CCG is dependent on what the CSU provides. TP confirmed all the agreed working papers should be provided on time, in line with timetable and will pick up with the CSU at the wash up.</p> <p>TP stated template worked well, much more explanation, quality is good but need to make sure the timing of the working papers is better for next year. Need to acknowledge that this has been done during a period of uncertainty for CSU staff – NS and team have worked weekends to complete accounts on time and the quality of the working papers are better than ever.</p> <p>The report also recommends the CCG reviews the monthly Bank reconciliation as a key control – TP agreed to consider – subject to how practical it is going to be so in discussions with BL re practicalities.</p> <p>Recommendations – followed up two from last year. One was with NLaG which was a timing issue with their accounts last year on Agreement of Balances affecting Whole Government Accounts. This has been reversed in 14/15 (giving the converse problem to last year). TP confirmed the CCG has provided a letter to state there are no outstanding debtors and creditors from last year with NLaG. For Whole Governments Account return – feed back to the National</p>	<p>To pick up at wash up</p> <p>TP to consider with BL</p> <p>To consider and report to next meeting</p>	<p>TP</p> <p>TP</p> <p>TP/BL</p>

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	
<p>Audit Office when they consolidate their accounts.</p> <p>JP noted Third Party Assurance, there are a number of other auditor's reports they look at in relation to the CSU. Deloitte's have done their internal control reports – the pension one for the National Business Authority and Grant Thornton do some work on SBS Prescription Pricing Authority. Nothing significant in terms of their feedback. A lot of the controlled objectives have been met there were some issues flagged up but not of significance to the audit opinion.</p> <p>These national Third Party Assurances –should be on share point website – NS to search and forward to TP for circulation</p> <p>External Audit now require signed certificates from the CCG, once final checks completed certificates will be issued and then up to the CCG to submit in time. AC and MS to sign.</p> <p>The Audit Group approved the audited accounts (for adoption by the Governing Body in June) - BL to action cover sheet for next year and thank staff for all their efforts.</p>	<p>Share 3rd party assurances</p> <p>Approved (for adoption at June Gov. Body)</p> <p>Thanks passed to team from the Audit group</p> <p>Cover sheet to be provided for next year</p>	<p>NS/TP</p> <p>TP</p> <p>BL</p> <p>BL</p>
<p>8.2 Approval of statutory work fees for 2015/16 (£45k plus VAT = £54k)</p> <p>JP reported that the fee scale has been reduced by 25% by the Audit Commission to £45k plus VAT.</p> <p>The Chair queried whether they are able to complete the audit with the reduced resource? JP stated that they are still required to deliver the same code of audit practice and that it is his professional responsibility to deliver the audit and this is not driven by cost.</p> <p>TP asked whether it is likely that the Local Authority's audit will be brought forward which may then have an impact on KPMG's ability to do both at the same time. JP felt it would not impact on the NHS. The LA come forward in three years' time to the 31st July but he expects it will take until the end May to produce their accounts and therefore wouldn't expect to start local governance audits until the end of June.</p> <p>The Audit Group approved the fees for 2015/16.</p>	<p>Decision: External Audit fees approved</p>	
9. REVIEW OF JOINT COMMISSIONING COMMITTEE TERMS OF REFERENCE		
<p>JPo noted that this paper has been presented to Joint Commissioning Committee for ratification, the Governing Body has approved them, NHSE have approved at local and national level and the Audit Group is being asked to review them in line with their terms of reference.</p> <p>The Audit Group reviewed the terms of reference with no on-going queries to raise.</p>	<p>Reviewed and noted</p>	
10. ANY OTHER BUSINESS		

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	
<p>TP raised the procurement of Dr Foster, DXSS, Elephant Kiosks, on late availability of resource, implemented as a chairs action at the end of 2014/15. Following a discussion, JP suggested as it is a Confirmation of Action it can come to next Audit Group meeting for approval, with sufficient information that confirms the robustness of the decision.</p>	<p>Agenda item – need full briefing to provide confirmation of the robustness of the decision</p>	<p>TP/BL</p>
<p>11. ITEMS TO BE REFERRED TO OTHER SUBCOMMITTEES</p>		
<p>None</p>		
<p>12. PRIVATE SECTION – INCLUDING ACTIONS TO BE MINUTED IN THE PRIVATE SECTION FOR PRESENTATION TO THE GOVERNING BODY</p>		
<p>13. DATE AND TIME OF NEXT MEETING</p>		
<p>Tuesday 25th August 2015, The Boardroom, Health Place, Brigg 1.30 – 4.30 pm</p>		

Draft