MEETING DATE:	10 December 2015	**NHS North Lincolnshire Clinical Commissioning Group**
AGENDA ITEM NUMBER:	Item 7.7	
AUTHOR:	Paul Evans	**REPORT TO THE CLINICAL COMMISSIONING GROUP GOVERNING BODY**
JOB TITLE:	Chair of NLCCG Audit Group	
DEPARTMENT:		

AUDIT GROUP MINUTES: 25th AUGUST 2015

PURPOSE/ACTION REQUIRED:	To Receive & Note
CONSULTATION AND/OR INVOLVEMENT PROCESS:	The Audit Group ratified these minutes at the meeting on 11th November 2015
FREEDOM OF INFORMATION:	*Is this document releasable under FOI at this time?* **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:		Yes	x	No	
Includes reference to Annual Governance Statement.					

5. IMPACT ON THE ENVIRONMENT – SUSTAINABILITY:				
	Yes		**No**	x

6. LEGAL IMPLICATIONS:				
	Yes	x	**No**	

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**	

Audits relate to the accounting of and use of resources

8. EQUALITY IMPACT ASSESSMENT:				
	Yes		**No**	X

Not a plan/policy/guidance

9. PROPOSED PUBLIC & PATIENT INVOLVEMENT AND COMMUNICATIONS:				
	Yes		**No**	x

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.

MEETING:	NHS North Lincolnshire	
MEETING DATE:	Wednesday 25th August 2015	NHS North Lincolnshire Clinical Commissioning Group
VENUE:	Board Room, Health Place, Brigg	
TIME:	15:30-17:30	NHS NL CCG Audit Group

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
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)	Manager, Public Sector Audit, KPMG	KPMG
Robert Bassham (RB)	Audit Manager	ECAC
Nikki Cooper (NC)	Local Counter Fraud Specialist	ECAC
Viv Simpson (VS)	PA to CFO *(for the notes)*	NHS North Lincolnshire CCG
APOLOGIES:		
Tehmina Mubarika (TM)	GP	Ancora Medical Practice
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
John Prentice (JP)	Director KPMG	KPMG
Nick Stephenson (NS)	Finance Manager	Y&HCS

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		
The Chair invited those with any Declarations of Interest to make them known to the meeting. There were no Declarations of Interest made. However, PE stated that if agenda item 13 dealt in any substance of negotiations with the pharmaceutical industry he was conflicted with due to his past employment, former consultancy agreement, contact with former colleagues. Dr Shekhawat arrived at 16.43 and it was confirmed the meeting was quorate from this point. Quoracy noted on each individual item below. Best wishes were sent to John Prentice for his recuperation.		

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3. NOTES FROM THE AUDIT GROUP MEETING 27TH MAY 2015 & ACTION LOG		
Dr SS was not present but had confirmed by email that he had no issues with the minutes. No other issues raised and the minutes were agreed as an accurate record.

Action log – updates noted. | **Agreed. VS to submit to Governing Body** | **VS** |
4. ISSUES REFERRED FROM OTHER SUBCOMMITTEES OF GOVERNING BODY		
None		
5. MATTERS ARISING (NOT COVERED ON AGENDA)		
No matters arising.		
6. AUDIT GROUP WORK PLAN (SS present)		
TP reported the work plan is in the same format as last year. The content reflects the HFMA guidance on the NHS audit committee handbook 2014. Specifically included within it are: Review of Register of Interests (twice yearly) in line with the effectiveness review, financial control self-assessment and whistle blowing arrangements
Audit Group effectiveness plan progress – once Audit Group ToR have been agreed the plan will cross referenced and amend relevant paragraphs.
TP to include in the workplan a lead for each area.
PE requested that where there are gaps in the assurance mapping that we schedule a review during the year. TP confirmed assurance mapping, risk register and the BAF are to be reviewed.   Next year's work plan will take into account the updated assurance map.
TP confirmed that she and RB are aware of risks and build them into the internal audit's work plan which is different to the audit group work plan, which is largely set out by guidance and doesn't include specific risk headings.
It was recommended that on front cover sheet under assurances to the CCG, JPo to highlight gaps and discuss what plans can be put in place with RB before it comes to the group.

RB confirmed that the assurance map will either provide assurance that all CCG functions sit within one of the core groups or highlight any gaps in assurance.

Agreed to keep high level work plan under review in light of the assurance mapping work.

Work plan signed off. | **include leads**

Highlight gaps in assurance

keep work plan under review

Audit Group Work Plan signed off | **TP**

JPo/RB

TP |
| **7.   AUDIT GROUP TERMS OF REFERENCE   (SS Present)** | | |
| Membership of the group was discussed and it was agreed to try and find another GP member to be a member of the group.

JPo reported as background that all the CCGs groups have previously used different headings and he has provided a template with key headings for each group to revise its ToR. There have been no new responsibilities, omissions and additions.
It was agreed to add Security Management Services into TOR now CCG had | **Speak to CCG Chair**

Add SMS to TOR | **TP**

JPo |

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	
taken that function TP/JPo to check whether reporting arrangements included. Diagram showing inter relations to be added when available. Jackie raised the point that in section 4.2 'Consideration of the periodic review of the effectiveness of Internal Audit arrangements undertaken by External Audit'. As this is no longer done routinely by external audit, the ToR should read 'Consideration of periodic external peer reviews of the Internal Audit function'. RB to discuss with Benita Jones what is meant by 'add in greater detail and refine references to internal audit for the TOR'. Quality and clinical assurances – the new TOR refer to the clinical aspects but as the CCG is not a provider organisation and does not have a specific quality checklist, the Quality Group is taking the lead and we receive their minutes. JPo to include a sentence confirming this. **Audit Group Terms of Reference Agreed and Signed Off subject to changes above.**	**Add inter relations** **refine references to internal audit** **Add reference to clinical quality** **TOR signed off**	**JPo** **RB** **JPo**
8. PROGRESS ON ACTION PLAN – AUDIT EFFECTIVENESS (SS present)		
Embedding and continuing development. TP offered to work with the GP members on any finance specific training they require. JPo to meet with TP prior to papers going out to review the assurance section of the front sheet. Discussed how to raise profile of the audit group within the organisation. It was agreed SS, TP & PE attend a future Council of Members meeting to promote. PE to discuss with Dr Sanderson. The audit group annual report might be a suitable opportunity once approved at Octobers Governing Body. It can then go to a following CoM meeting. **Progress noted**	**GP members to contact Therese** **Diarise meeting** **Discuss with CCG chair**	**TM/SS** **VS** **PE**
9. INTERNAL AUDIT (SS present)		
9.1 Annual internal audit report 2014/15 RB confirmed that everything within the report had either previously been to the audit group throughout the year or was for discussion on this agenda. This report is a requirement of the public sector internal audit standards and summarises all work done in the year. There were some outstanding actions highlighted in the follow up section of the report and these will be revisited during 2015/16 and reported back to the Audit group to confirm implementation of agreed actions. The Audit Group recognises that the overall picture is significant assurance. For the two areas where limited assurance was provided, RB stated that follow up work will commence next month and will be reported to Audit Group upon completion. It was confirmed there were no grade 1 recommendations during the year. **The Annual internal audit report was noted**	**Share dates for expected assurance**	**RB**
9.2 Internal Audit update RB indicated that seven reports were presented to this meeting: Financial Management Procurement Provider Management Year-End Assurance Corporate Governance Compliance		

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	
Risk Management Information Governance Only one of these (Procurement) provided limited assurance. The key issues identified were the lack of a forward workplan showing the CCG contracts due for renewal, the absence of a complete breakdown of all contracts with the appropriate review dates shown, a lack of clarity with regard to the roles of CCG committees in the procurement process and the lack of a detailed specification for the procurement service provided to the CG by CS. All of the recommendations made were agreed with the CCG and it was anticipated that they would be resolved quite quickly. TP thinks that work to address all of the issues raised has now been completed. RB also highlighted the Provider management report, which was designed to assist the CCG in its transition to new provider management arrangements and contained several key action points to enhance the new processes in place. TP reported that the new contract arrangements for NLAG are now clear with regard to the Contract Management Board, Executive Management Board and Finance and Technical Group. One specific key point raised was that the business case has now been approved for North East Lincs to host the Provider Management Service - in order to make sure that NLCCG has equal status in these arrangements, there is a new specification being drafted and any areas of concern will be covered. It was also noted in the corporate governance compliance report that the third action point had no grade included – RB confirmed that this was a grade 3 recommendation and that this would be amended. It was also noted that a new conflict of interest policy is in place, which should help to address this action point. Re fraud progress, TP highlighted the issue about the IVF couple and the investigation which was undertaken. The recommendation that the CCG attempts to recover monies without pursuing criminal action was approved in the private section of Governing Body and it was agreed to not pursue this any further without coming back to the CCG. NC confirmed that there is no intention of pursuing this through any form of criminal process. **The Internal Audit update was noted**	**Corrections to be made**	**RB**
9.3 Anti-fraud annual report National Fraud Initiative – it was confirmed that the matching of duplicate supplier names is being reviewed. **The Anti-fraud annual report was noted**		
9.4 NHS Protect Self review tool submission **(SS not present at the beginning of this item)** NC reported that the Standards for Providers had been out for 3 years and the Standards for Commissioners came out last March. The Counter Fraud team have completed the self-assessment on behalf of the CCG 'at a point in time'. TP confirmed she had reviewed this prior to submission. There were no formal comments NC noted that it could be difficult to move from amber to green in some areas,		

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	
as effective outcomes are subjective. When the LPF providers are known, the CCG must ensure that all contracts include anti-fraud requirements within them. **Satpal arrived 16:43** PE queried whether there are any learning issues for the groups that audit members attend i.e. joint commissioning group? NC confirmed that the tool is based on the one that providers are required to complete. PE said that if any of the groups or practices identifies any area where we can make any improvement it should be passed on to NHS Protect. It was confirmed that the CCG is cognisant of the Bribery Act and review all statements and policies. **Paper noted.**		
9.5 Draft Anti-fraud bribery and corruption policy **After discussion this policy was noted and approved**	**Approved**	
9.6 Security Management Services Item deferred to next meeting	**November agenda**	**VS**
10. EXTERNAL AUDIT (SS Present)		
10.1 External Audit Technical update (for information) It was felt this could be relevant to people outside the Audit Group and TP suggested this was sent to the Execs Group for information	**Sent to the Execs Group**	**VS completed 28.8.15**
11. ASSURANCE FRAMEWORK AND RISK REGISTER (SS not present)		
JPo took the paper as read and noted that the CCG business case has been approved for in-housing the risk function. The format of the Risk Register has been modified to make it more accessible. In future the CCG will identify rationale for risk movement and identify why a risk has not moved for a significant period as appropriate. JPo acknowledged that there had been a lack of movement on the assurance framework and risk register and was now seeking to promote a more dynamic approach to risk management. TP recommended that all the risk registers that are held separately are linked to this register with a link to where they are held. IR noted that he and CW serve on the HLHF assurance group and their register is reviewed monthly. It was agreed a mechanism for tracking would be useful to have as an audit trail as to how the risks have moved. It was felt some of these risks are too big - for example HLHF and this would be where a link to the more detailed information would be useful. Once the Assurance mapping is fully operational the CCG will be able to cross reference assurances from risk register/board assurance framework into assurance map and any gaps, which would then be picked up for internal audit plan. It was agreed that as the format is changing training will be required. **Assurance Framework and Risk Register noted**	**Link all risk registers and track changes** **Training required on risk register, assurance mapping etc.**	**JPo** **JPo**
12. FINANCIAL CONTROL ENVIROMENTAL ASSESSMENT (SS Present)		

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	
TP stated this assessment had to be submitted as draft at end of August and she requested comments. It will then be submitted to the Governing Body and will form part of the CCG assurance process with NHS England. IR confirmed he had no comments. PE agreed he had reviewed it and cannot see anything which is inconsistent with his knowledge and understanding of the organisation. No other comments were received from either Internal or External representatives who had been consulted in advance. **Assessment reviewed.**	**Assessment reviewed for submission to NHSE and Gov Body**	**TP/VS**
13. CCG ACCOUNTABLE OFFICERS TELEGRAPH ALLEGATIONS (SS Present)		
JPo informed the Audit Group that the attached paper from the NHS England is in response to press allegations that some members of staff in the NHS had inappropriate dealings with pharmaceutical companies. All CCG's are required to undertake a comprehensive review of governance systems and processes to provide assurance against the specific issues raised in the letter. JPo is undertaking a review on behalf of the CCG with a deadline of the 28th August. From an initial review of CCG systems, policies, audit reports, minutes of meetings and assurance mapping work the CCG should be able to provide positive assurance to NHS England. There are likely to be some recommendations for strengthening our approach. It was noted that the Secretary of State has announced a specific proposal which is short of legislation, and will be in the planning guidance and standard contract for next year which will need to be actioned. TP highlighted the risks around GPs particularly as providers and reported that the Relationship Manager with John will be writing to the CoM reps about recording their particular interests and JPo will be offering them training.	**Letter to COM reps**	**JPo/JC**
14. RATIFICATION OF SINGLE SOURCE TENDERS (SS Present)		
Amendment noted to section 3 (assurances to the CCG) which should have read 'following receipt of Vice Chair Actions´ not Chairs Actions	**BL to amend**	**BL**
Case of need section 2 Chair concerned there is not enough information on this other than a list of what has been done. TP confirmed it is usual to reference the conditions of a waiver and the reasons why it needs to be made. BL to send the amended version out for virtual approval.	**BL to update and circulate for virtual approval**	**BL**
15. CHC RETROSPECTIVES REPORT (SS not present)		
TP reported that NHS England has asked for a re-profiling of CHC retrospective provisions and for all cases to be cleared by end March 2017. Retrospectives are being undertaken by Doncaster CCG going forward who are currently agreeing the phased profile plans with each CCG. In terms of financial value the CSU has estimated half this year and half next (£363k). As part of the national profile this is attracting, the CCG has been asked to report this as part on non ISFE return. This report has been to Vulnerable Peoples Group (VPG) and gives assurance to the Audit Group that this is reviewed monthly. NS to include under section 3 that the VPG group has reviewed it.	**include assurances received on front sheet**	**NS**

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	
TP reminded the group that NHSE hold the provision. CCG contribute to a national levy each year and receive back a share of any surplus at the end of the year. Concern was expressed that Doncaster CCG has found it difficult to confirm the number of cases they are dealing with and report back on the progress they are making. It was agreed there is still a reputational risk and so the report would continue to come to the audit group.		
16. DRAFT AUDIT GROUP ANNUAL REPORT (SS not present)		
TP updated the group on the content and confirmed the report will be submitted to the Governing Body PE questioned whether this gives an adequate view of the performance of the group and what we should be sharing with the CCG. RB confirmed there is no template, it is a reasonable summary and appears to cover the key messages. JR queried why the timespan covers 1st June to 31 May. TP confirmed as dealing with year-end accounts of the first two months we try and reflect the new year rather than the old.	**submit to Governing Body for approval.**	**TP/VS**
ITEMS FOR INFORMATION (SS not present)		
17.1 Legal update – not available		
17.2 Aged Debtors Report (extract from finance report) PE queried why under aged debts outstanding over 30 days that had been credited following Audit Committee approval on 21 April 2015 – if credited why is it still there? TP explained it was a credit which has been netted off and provides an audit trail that the credit has taken place for the Governing Body. TP confirmed it would be removed next month.	**Comments updated for board report**	**TP**
17.3 Use of Seal Noted that the seal was used on 20th May - Seal No1 and No2 were used for the Framework Partnership Agreement relating to the commissioning of Health & Social Care Services between North Lincolnshire Clinical Commissioning Group (NLCCG) and North Lincolnshire Council (NLC), and NLC Seal No 7832 was attached to the NLCCG document by NLC. Value £12.37m Chair questioned whether we should approve in advance TP explained it is not at the audit group for approval. The CCGs constitution has been followed re approvals process re signatures, values etc. **The use of the seal was noted**		
18 ANY OTHER BUSINESS		
None		
19 ITEMS TO BE REFERRED TO OTHER SUBCOMMITTEES		
None		

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	
20 PRIVATE SECTION – NOTED SEPARATELY (SS not present)		
21 DATE AND TIME OF NEXT MEETING **Wednesday 11th November 2015** The Boardroom, Health Place, Brigg Pre meet with auditors 9.00 am Meeting to commence 9.30 am		
2016 **13th January at 9.00 am** **9th March at 9.00 am** **Dates for year-end meetings:** **Wednesday 27th April 2016 at 9.00 am** **Wednesday 25th May 2016 9.00 am pre meet, commence meeting at 9.30 am**		