


<b>MEETING DATE:</b>	11 February 2016	 <b>North Lincolnshire Clinical Commissioning Group</b>  <b>REPORT TO THE CLINICAL COMMISSIONING GROUP GOVERNING BODY</b>
<b>AGENDA ITEM NUMBER:</b>	Item 8.5	
<b>AUTHOR:</b>	Paul Evans	
<b>JOB TITLE:</b> <b>DEPARTMENT:</b>	Governing Body Lay Member and Audit Group Chair CCG	

## AUDIT GROUP MINUTES: 11<sup>th</sup> NOVEMBER 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 13 <sup>th</sup> January 2016
<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>					
<b>Continue to improve the quality of services</b>	<b>X</b>				
<b>Reduce unwarranted variations in services</b>	<b>X</b>				
<b>Deliver the best outcomes for every patient</b>	<b>X</b>				
<b>Improve patient experience</b>	<b>X</b>				
<b>Reduce the inequalities gap in North Lincolnshire</b>	<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: 20%;"><b>Yes</b></td> <td style="width: 20%; text-align: center;"><b>x</b></td> <td style="width: 20%;"><b>No</b></td> <td style="width: 40%;"></td> </tr> </table>		<b>Yes</b>	<b>x</b>	<b>No</b>	
<b>Yes</b>	<b>x</b>	<b>No</b>			
Includes reference to Annual Governance Statement.					

<b>5. IMPACT ON THE ENVIRONMENT – SUSTAINABILITY:</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>6. LEGAL IMPLICATIONS:</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Completing and auditing the accounts and annual report is a legal requirement. Legal updates are provided to the group.				
<b>7. RESOURCE IMPLICATIONS:</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Audits relate to the accounting of and use of resources				
<b>8. EQUALITY IMPACT ASSESSMENT:</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Not a plan/policy/guidance				
<b>9. PROPOSED PUBLIC &amp; PATIENT INVOLVEMENT AND COMMUNICATIONS:</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Once ratified by the Audit Group the public minutes are publicly available and goes to the next Governing Body				
<b>10. RECOMMENDATIONS:</b>				
The CCG Governing Body is asked to: -				
<ul style="list-style-type: none"> <li>• Receive and note the Audit Group minutes and assurances contained within it.</li> </ul>				

<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 11 <sup>th</sup> November 2015	
<b>VENUE:</b>	Training Room, Health Place, Brigg	
<b>TIME:</b>	10:00-12:30	

<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 Doherty (JD)	Deputy Chief Finance Officer	Y&HCS
Jackie Rae (JR)	Manager, Public Sector Audit, KPMG	KPMG
Tehmina Mubarika (TM)	GP	Ancora Medical Practice
Benita Jones (BJ)	Director of Audit Services	ECAC
Shaun Fleming (SF)	Counter Fraud Manager	ECAC
Nick Stephenson (NS) (Item 12 only)	Finance Manager	Y&HCS
Viv Simpson (VS)	PA to CFO ( <i>for the notes</i> )	NHS North Lincolnshire CCG

<b>APOLOGIES:</b>		
Robert Bassham (RB)	Audit Manager	ECAC
Satpal Shekhawat (SS)	GP	Kirton Lindsey Surgery
Catherine Wylie (CW)	Director of Quality and Risk Assurance	NHS North Lincolnshire CCG
John Prentice (JP)	Director KPMG	KPMG
Chris Wallace (CWa)	Information Governance Manager	Y&HCS
John Pougher (JPo)	Assistant Senior Officer- Quality & Assurance	NHS North Lincolnshire CCG

<b>SUMMARY OF DISCUSSION</b>	<b>DECISION/ACTION (including timescale for completion or update)</b>	
<b>1. APOLOGIES</b>		
Apologies noted above.	<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.		
<b>3. NOTES FROM THE AUDIT GROUP MEETING 25<sup>TH</sup> AUGUST 2015 &amp; ACTION LOG</b>		
No issues were raised and the minutes were agreed as an accurate record.	<b>Agreed. VS to submit to Governing Body</b>	<b>VS</b>
Action log – updates noted.		
<b>4. ISSUES REFERRED FROM OTHER SUBCOMMITTEES OF GOVERNING BODY</b>		

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	
None		
<b>5. MATTERS ARISING (NOT COVERED ON AGENDA)</b>		
No matters arising.		
<b>6. PROGRESS ON ACTION PLAN – AUDIT EFFECTIVENESS</b>		
<p>TP reported internal audit originally completed the action plan. Within it are details of those actions already agreed such as visibility at Council of Members. Other actions require RB and TP to agree process. Details will be circulated by TP. The issue of membership to be raised at the next meeting in January following the COM presentation.</p> <p>BJ reminded the Audit Group of its responsibilities in respect of ‘value for money’ and how it is defined within internal audit plan. TP confirmed a great deal of work is being undertaken in HLHF and the governance framework around value for money and savings. Sustainability is discussed in detail at the monthly HLHF Programme Board. TP agreed to ask for a clearer value for money section to be included in their monthly finance report and this could then be discussed as a regular audit group agenda item.</p>	<p><b>TP and RB to agree process and circulate details Agenda item – January 2016</b></p> <p><b>TP to ask Dr Sanderson to send out the GP vacancy TP to email HLHF finance group to include value for money in report</b></p>	<p>TP/RB</p> <p>VS</p> <p>TP</p> <p>TP</p>
<b>7. INTERNAL AUDIT</b>		
<p><b>7.1 Internal Audit and Count Fraud (including Security Management Services) update</b></p> <p>BJ gave an overview of progress against the plan and highlighted Services for Vulnerable People which ties up the planned activity for 2014/15 and a 2015/16 report on Patient and Stakeholder Engagement.</p> <p>The Dashboard highlights the key issues and level of assurance.</p> <p>It was noted in the Internal audit plan profile that delivery is slightly down but this does not equate to significant numbers. BJ is confident they are still on track to deliver the plan.</p> <p>Results of internal audit follow up work – there are a small number of recommendations in the system in terms of implemented and outstanding fraud investigations.</p> <p>BJ asked whether this Dashboard provided the level of detail the Audit Group requires and she would welcome any feedback. Appendix 1 provides a summary of whole plan as at end October.</p> <p>TP felt the Dashboard is helpful. Recognised the need to look at level of input days and resource next year and this will be an action for the new CFO. Need to be clearer about what the LPF will cost and therefore how much flexibility there is on the running cost allowance. TP suggested a maximum of £30k to include the extra staff/services transferring from CSU, SMS and potential additional value for money work.</p> <p>PE enquired whether we could have information on what the CSU are paying for</p>	<p><b>New CFO to review level of input days and resource.</b></p>	<p>CFO</p>

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<p>services which are audited, that the CCG is taking back in-house. JD stated that the only audit tool the CSU has is Deloitte, his understanding is if the LPF provider is another CSU they are mandated to carry on using Deloitte with the third party tool being exactly the same. He did feel that NHS England could mandate that on a private provider but they would have to have their own third party assurance process and therefore not anticipating any of that cost to be borne by NLCCG.</p> <p>TP asked what would be the relative budget of the services that are transferring over to CCG? JD responded these are currently paid in 6 month slots covering financial services, financial management, HR and payroll and these broadly cost £200k i.e. £400k annually. PE requested sight of any time records which relate to those services being brought in-house.</p> <p><b>Services for Vulnerable People</b> - BJ outlined the executive summary and noted the key outcomes and concluded the review can provide significant assurance with regard to the arrangements in place at the CCG to ensure that patients and stakeholders have opportunities to share their experiences and provide feedback on proposed changes to healthcare services in North Lincolnshire: a wide variety of engagement methods are used to engage and involve patients and stakeholders, and there is clear evidence available of the outputs from engagement activity around specific projects.</p> <p>Discussion about how accurate this can be as difficult to control the length and nature of the packages and therefore being able to forecast. Recognise the financial forecasting arrangements have greatly improved. Regular patient reviews are undertaken and evidenced. Recognised these need to be formalised and evidenced. All recommendations are at level 3. BJ to clarify whether the CS have made amendments to the spread sheets in relation to patient packages/treatment to include review dates.</p> <p><b>Patient and Stakeholder Engagement</b> BJ outlined the overall objectives of the review and summarised the background and context contained in the report. Key findings provided significant assurance and evidence. Also identified five areas for improvement which have been noted on the action plan.</p> <p>It was recognised that stakeholder maps are a useful tool and these will be undertaken. Experience Led Commissioning – the CCG and CS engagement team should undertake an evaluation exercise to determine whether the full ELC approach provides the CCG with value for money.</p> <p>Communications and Engagement Steering Group – the CCG and CS engagement team should consider whether the profile of engagement within the CCG would be raised further if monthly steering group minutes were reported to a formal CCG committee/group for review. The Audit Group recommended the steering group report formally.</p> <p>Access to information on the NLCCG website. TP felt there is a lack of engagement generally around HLHF and asked whether any other organisations have a separate Engagement Committee – BJ to discuss and report back</p>	<p><b>JD to provide time records relating to services being brought back in-house</b></p> <p><b>BJ to check on action from recommendation 3</b></p> <p>The Audit Group recommended the steering group report formally.</p> <p><b>BJ to check across the patch.</b></p>	<p><b>JD</b></p> <p><b>BJ</b></p> <p><b>PE</b></p>

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<p>IR gave assurance that Communications and Engagement are upper most on agenda of HLHF assurance group and statutory engagement requirements are met.</p> <p>IR expressed surprise that as the member of the Governing Body with special responsibility for communications and engagement he wasn't contacted or signposted to re this audit. BJ to discuss with RB why this didn't occur. IR also queried whether as a lay member he is taking too much quasi executive responsibility for engagement.</p> <p><b>Partnership, governance and funding audit</b> - BJ to request update for TP on the current position of scoping.</p> <p><b>Counter Fraud and Security Management – Appendix 3</b> CCGs are now required to comply with standards for commissioners for security management and counter fraud. SF has undertaken the training to be the SMS for the CCG. SF to discuss the potential draft plan with the new CFO when in post. The plan follows the same outline as the fraud plan with outline areas: Strategic Governance; Inform and Involve: Prevent and Deter; Hold to Account SF stated the main area this year would be the monitoring of providers fraud arrangements and security management arrangements and is awaiting further guidance. More information needed as to what contracts there are both private and NHS. SF aiming to have a schedule of contracts. A policy is still required for SMS and SF will report back to this committee on progress.</p> <p><b>Fraud log – Appendix 4</b> SF still in discussion with the area fraud manager around recovery of monies and pursuing criminal action. TP stated the Governing Body did not want to pursue criminal action and she would need to have further discussions with them. TP ( or new CFO) &amp; SF to discuss further outside of meeting.</p>	<p><b>BJ discuss with RB why IR not contacted and role if IR</b></p> <p><b>BJ provide update on current position</b></p> <p><b>TP ( or new CFO) &amp; SF to discuss issues of pursuing criminal action outside of meeting</b></p> <p><b>Paper Noted</b></p>	<p><b>BJ</b></p> <p><b>BJ</b></p> <p><b>TP/SF</b></p>
<p><b>7.2 Report on Benchmarking of Assurance Frameworks</b> <i>(Received for information)</i></p> <p>BJ stated this is to inform the Audit Group of the results of the recently completed benchmarking exercise on CCG assurance frameworks undertaken by MIAA. The report assists the CCG in viewing the quality and comprehensiveness of its risk assurance framework through benchmarking with similar organisations. It was based on results of 45 organisations with NLCCG being placed at number 25. It was agreed this is useful reference material and JP would review.</p> <p>TP queried why MIAA would recommend CCGs to include BAF risks less than 15 on their BAF. TP to discuss with JP how long it will take to provide comments and agree when this should be placed on a future agenda.</p>	<p><b>TP and JP agree when to be discussed at future Audit Group</b></p>	<p><b>TP</b></p>
<p><b>7.3 Annual Self Review of internal audit effectiveness</b></p> <p>This report provides the Audit Group with a self-assessment of the internal audit service against the Public Sector Internal Audit Standards (PSIAS), with the intention of assisting the group in its annual review of internal audit</p>		

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<p>effectiveness.</p> <p>The last review was undertaken in 2013 and PSIAS require at least every 5 years there is an external independent review and the Consortium are looking to commission soon from an external party.</p> <p>Peer review is undertaken by external peer organisation. Paper noted.</p>	Paper noted	
<b>8. EXTERNAL AUDIT</b>		
<p><b>8.1 External Audit Technical update (for information)</b></p> <p>JR highlighted arrangements for external auditors (page 11) and the role of national audit office and the audit approach to Value for Money going forward (page 15). Beginning to think about plans 15/16 and will share details once information received from the National Audit Office.</p>	Update noted	
<b>9. REVIEW OF REGISTER OF INTERESTS</b>		
<p>Item deferred until JP present for a more in-depth discussion. More details requested on when conflicts of interest have occurred and the subsequent action taken. Paper noted.</p>	Details on Col's and the action taken	JP
<b>10. ASSURANCE FRAMEWORK, ASSURANCE MAP AND RISK REGISTER</b>		
<p>TP took the paper as read and noted that both the risk register and assurance framework have been included. It was acknowledged that the AF is still under development and attempts have been made to link back into the governance framework and corporate governance standards. It will help to inform the planning process and the January meeting will look at the strategic audit plan. IR questioned what is the policy on what is included in the BAF? JP to provide the definitive statement in a post meeting note</p> <p><b>Post meeting note: Internal Audit guidance and NHS training suggest that only risks that effect the CCGs ability to deliver a strategic objective should be included in the Assurance Framework. However, it is noted in audit reviews that many CCGs also include operational risks from time to time and there is also occasionally an overlap as to what constitutes and organisational risk as opposed to a strategic risk.</b></p> <p>TP clarified that all strategic risk should be included despite the score. The Governing Body will review the strategic risks at some point with the new Chief Officer. A cross reference to the BAF will be on the assurance map.</p> <p>It was recognised with the assurance map it was a huge achievement to have got this far.</p> <p>F1 at top of Risk Register – it was noted this should have read internal audit not external audit.</p> <p>TP thanked the CSU finance team for the hard work and professionalism of the staff over a difficult time.</p>	Definitive statement from JP on BAF included. Item closed	JP
<b>11. WHISTLE BLOWING ARRANGEMENTS</b>		

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	
<p>It was noted the policy has no major changes and now includes all recent guidance.</p> <p>Amend IR title Under 10.3</p> <p>SF to provide JP with details of security management to be included. SF – JP</p> <p>TP noted the NHS finance function are seeing more cases being raised and staff being put in a position where they have to whistle blow on finance issues nationally. She felt there is a need for openness and transparency and support should be given by the audit group to the finance team when giving bad news.</p> <p>There is no reference within the policy to the grievance procedure. It was agreed to reference the procedure within the policy but make it clear it is not related to whistleblowing.</p> <p>Once amendments completed – approved</p>	<p><b>SF provide details of security management to JP</b></p> <p><b>JP to action amendments.</b></p> <p><b>Policy approved subject to amendments.</b></p>	
12. CHC RETROSPECTIVES REPORT		
<p>NS reported that progress has been slow, however, Catherine Wylie is more assured that Doncaster CCG new arrangements are getting on top of the problems. CW is about to sign a MOU with Doncaster to provide more concrete assurance that by March 2017 the backlog will have been fully processed, which is in line with NHS England guidance. NS confirmed the CS are still forecasting to pay out £240k this year but this is under review as part of the work being undertaken with Doncaster. Rate of progress to date suggest focusing on March 2017 is still realistic although the number of outstanding cases has reduced significantly and very few have resulted in a financial transaction. TP felt this has been caught up in process of LPF and has taken a couple of months for all the arrangements to settle down. New people have been employed and management arrangements are in place. The Team also manage a number of contracts around patch.</p> <p>PE expressed concern around planning for March 17 rather than an earlier deadline.</p> <p>IR raised a concern from his experience of the CHC High Cost Panels some cases are not reviewed very frequently e.g. one example was 4 years. It is emerging that a lot of the cases that are yet to be reviewed we have been paying significant costs that could have been social care cases.</p> <p>TP stated that internal audit have recommended that the reviews are done annually and this is one the reasons this service has been brought back in-house. TP reiterated the expectation to have all the outstanding reviews completed by June 2016 and the highest cost ones are being done first. However the Local Authority might not agree that they are social care and escalation process has been put in place where there are disagreements.</p> <p>Value for money therefore needs to feature in the follow up for the next CHC internal audit. CW is bringing CHC (except retros) in-house from 1<sup>st</sup> December and would appreciate time to settle the team before the commencement of the</p>		



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<p>audit.</p> <p>BJ noted that within the reviews are the assessment of where costs should be but also the reviews for on-going changing circumstances and changing costs etc and this is part of the CHC QIPP plan.</p> <p>This report is also reviewed by the Vulnerable Peoples Group.</p> <p>Report noted and will remain on standing agenda until March 2017.</p>	<p>Standing item</p>	<p>VS/AB</p>
<b>13. ITEMS FOR INFORMATION (SS not present)</b>		
<b>13.1 Legal update – not available</b>		
<p><b>13.2 Aged Debtors Report (extract from finance report)</b></p> <p>TP reported that the NLaG credit note for £2.1m has now been cleared. PE questioned why If an account is not overdue is it flagged? ( i.e. 0-30 days) Does the SBS system allow this? JD stated it is classed as an aged debt but in reality it isn't a debt until the terms of payment has expired.</p> <p>IR asked does the new loan arrangement with MONITOR mean their cash-flow is now restored to a level which ought not to cause us any problems? TP clarified that they have given them £19m instead of £24m and £5m is from their working capital and they have got to find the cash themselves through being careful with the debtors/creditors and making sure they get their savings out as per their CIP plans – still a little bit risky for them. The CCG have been asked to look at whatever cash flexibility we have at the end of the year. NLaG have given MONITOR the assurance they will manage the £5m difference without requiring additional revenue income/resource from the CCG (in terms of our I&amp;E/ budgets).</p>		
<p><b>13.3 Use of Seal</b></p> <p>It was noted that the seal had not been used.</p>	<p>Noted</p>	
<p><b>14. Audit Group Terms of Reference (final version approved by Governing Body) (for information)</b></p> <p>Final version noted. Under 4.2 Internal Audit amend NHS Internal Audit Standards to read Public Sector Internal Audit Standards (PSIAS)</p>	<p>Amend TOR as requested (completed 17.11.15)</p>	<p>VS</p>
<b>15. ANY OTHER BUSINESS</b>		
<p>TP reported that NL CCG and partners have been shortlisted for the HFMA Governance award for the MOU– outcome will be known on the 10<sup>th</sup> December.</p> <p>PE thanked TP for all her support and hard work for this group and wished her well in her new position.</p>		

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	
<b>16. ITEMS TO BE REFERRED TO OTHER SUBCOMMITTEES</b>		
None		
<b>17. PRIVATE SECTION – NOTED SEPARATELY</b>		
<b>18. DATE AND TIME OF NEXT MEETING</b>		
<b>Wednesday 13<sup>th</sup> January 2016</b> CCG meeting room or Training Room Health Place, Brigg		
<b>2016</b>  <b>9<sup>th</sup> March at 9.00 am</b>  <b>Dates for year-end meetings:</b> <b>Wednesday 27<sup>th</sup> April 2016 at 9.00 am</b> <b>Wednesday 25<sup>th</sup> May 2016 9.00 am pre meet, commence meeting at 9.30 am</b>		