


MEETING DATE:	13 September 2012	 North Lincolnshire Clinical Commissioning Group REPORT TO THE CLINICAL COMMISSIONING GROUP COMMITTEE
AGENDA ITEM NUMBER:	Item 7.6	
AUTHOR:	Therese Paskell	
JOB TITLE:	Chief Financial Officer	
DEPARTMENT:	Finance and Business Support	

HUMBER CLUSTER AUDIT COMMITTEE REPORT

PURPOSE/ACTION REQUIRED:	To Review
CONSULTATION AND/OR INVOLVEMENT PROCESS:	Reviewed and amended by the Audit Group held on 30 August. Sent to HCAC for meeting on 13 September
FREEDOM OF INFORMATION:	Public

1. PURPOSE OF THE REPORT:						
To provide a summary update to the Committee on locality governance issues as per the format required by the Humber Cluster Audit Committee (HCAC).						
2. STRATEGIC OBJECTIVES SUPPORTED BY THIS REPORT: <i>(will be populated following agreement with Council of Members)</i>						
3. IMPACT ON RISK ASSURANCE FRAMEWORK:						
		<table border="1" style="display: inline-table;"> <tr> <td style="width: 20px;">Yes</td> <td style="width: 20px; text-align: center;">x</td> <td style="width: 20px;">No</td> <td style="width: 20px;"></td> </tr> </table>	Yes	x	No	
Yes	x	No				
Forms part of CCGs assurance to its members and the Humber Cluster.						
Appendix 1 provides PCT wide locality risk register						
Annual Audit Letter (Appendix 3 provides independent assurance from External Audit, to which is also attached a management response on actions taken in Appendix 4.						

4. IMPACT ON THE ENVIRONMENT – SUSTAINABILITY:			
Yes		No	X
Annual Audit Letter confirms an unqualified audit opinion which means there was no qualification for 11/12 re use of resources/green issues, an improvement on last year.			
5. LEGAL IMPLICATIONS:			
Yes		No	x
6. RESOURCE IMPLICATIONS:			
Yes	x	No	
Provides assurance on PCTs/emerging CCGs governance, processes, audit actions and accounts			
7. EQUALITY IMPACT ASSESSMENT:			
Yes		No	X
Not applicable as this is not a policy/procedure/guidance			
8. PROPOSED PUBLIC & PATIENT INVOLVEMENT AND COMMUNICATIONS:			
Yes		No	x
Sent to Humber Cluster Audit Committee for their meeting 13 September 2012			
9. RECOMMENDATIONS:			
<p>The CCG Committee is asked to: -</p> <ul style="list-style-type: none"> • Review this report • Confirm they are satisfied with the assurances provided 			

HUMBER CLUSTER AUDIT COMMITTEE – 13 SEPTEMBER 2012

PERIODIC REPORTS FROM: CLUSTER GOVERNANCE GROUPS

Organisation Reported: NHS North Lincolnshire
From: North Lincolnshire CCG Committee

Person Completed: Therese Paskell Job Title: Chief Financial Officer
Dated: 3.09.2012. E-mail contact: therese.paskell@nhs.net

1 Governance, Assurance Framework and Risks

Governance

Concerns remain for the mortality rates for NLaG and HEY and despite on-going actions further assurances are being sought as set out below.

Mortality action plans are in place for both Trusts to improve performance and are being monitored and challenged by commissioners. Both Trusts have set targets for improvement, against the rebased figures for 2011 – HEY by 10 points and NLaG by 5 points.

The latest SHMI gives NLaG a score of 116.37 and is the 7th highest in the country (HEY at 116.06 is rated as the 8th highest.)

NLaG has an established Task Group to promote a range of improvements in mortality performance.

Commissioners have commissioned an external review of mortality at NLaG and across the whole health care community to improve performance. The first phase of the review has now been completed and the results considered by North Lincolnshire and North East Lincolnshire CCGs. Recommendations for improvements are currently being drawn up along with an executive summary and are due for publication in September.

According to the Risk Adjusted Mortality Index (RAMI) scores (the measure of choice used by NLaG to monitor performance and report to their Board) mortality performance continues to improve steadily. In the latest Quality report RAMI was stated at 111 for the 12 months to May 2012 compared to 147 for the 12 months to May 2011.

Quality contract meetings continue to monitor and challenge progress. A number of Key Performance Indicators (KPIs) and CQUINS support improved performance.

More detailed reports are now available to commissioners on a regular basis to highlight work and progress in clinical specialities supporting the identification of good practice and potential 'hot spots'.

Key priority areas have been identified and continue to be monitored. These include respiratory systems, digestive systems, haematology, stroke and cardiovascular care. A number of new initiatives are being reported on including; use of the heart failure care bundles to assess compliance with NICE guidance, random reviews of mortality and a weekend mortality review.

National Cancer Action Team wrote to NLaG on the 9th of July outlining a serious concern following a review of oncology services. The concern related to the absence of an Acute Oncology Service for patients not already known to the oncology service at Grimsby and Scunthorpe. This posed a substantial risk for patients admitted to hospital with a cancer related complication. An action plan was requested for the 6th of August and this has been submitted and will be monitored by the Quality Contract Group. Commissioners are awaiting response from CQC to the action plan.

As part of a National programme by the CQC of inspections of Termination of Pregnancy services a visit was made to NLaG in March and a serious issue raised at Scunthorpe re pre-signed HSAI forms. Services were suspended for a period of time whilst investigations were conducted. A number of immediate actions were undertaken by NLaG and an action plan to ensure future compliance was submitted to the CQC. The CQC have subsequently identified no outstanding concerns.

The CQC and Ofsted undertook an integrated inspection of Safeguarding & Looked after children between April 23rd and the 4th of May in North Lincolnshire. The 3 key elements for looked after children were rated as outstanding and for safeguarding 1 element was rated as outstanding and the other two rated as good. There were no recommendations. The report was published by the CQC on the 13th of June.

Cases of MRSA for North Lincolnshire as a Primary Care Organisation (as of August 12) was 3 putting the Trust above trajectory against an annual target of 4. For C Diff 9 cases have been reported against an annual target of 23 and therefore performance remains below trajectory.

Risk Register

The revised NHS NL locality register of the top rated risks is attached at Appendix 1. The highest rated risks (scoring 15 and above) are reviewed at each formal meeting of NL CCGC and at meetings of the Audit group.

As part of the development of the CCG Board Assurance Framework, a review of CCG risks has been undertaken. This review has involved surveying all GP's on the Council of Members (COM) regarding key risks faced by the CCG. The identified risks were then scored by CCGC members against strategic aims/objectives identified by COM at a CCGC workshop facilitated by Internal

Audit. These identified risks are now subject to challenge and review and will form the basis of the CCG Risk Register that will be presented to the Humber Cluster Audit Committee in November.

2 Other Assurance Functions

A dental practitioner has resigned due to ill health whilst their case was been investigated by the GDC.

An Ophthalmologist has been referred to the GOC.

3 Any waiving of Standing orders, full details and explanations

There have been no SFI waivers between the 1st June to the 31st July.

4 Details of any Sponsorship, Gifts or Hospitality

Sponsorship

From the 1st June to the 31st July 2012, no sponsorship has been received by employees of NHS North Lincolnshire.

Gifts and Hospitality

From the 1st June to the 31st July 2012, no gifts or hospitality has been received by employees of NHS North Lincolnshire over £1000.

5 Outstanding Debtors, and creditors > £50,000 and 6 mths old

From 1st June to the 31st July 2012, no debts have been outstanding for more than 6 months and for over £50,000.

6 Debtors, stock or equipment written off fully

From the 1st June to the 31st July 2012, no debtors stock or equipment has been written off by NHS North Lincolnshire

7 Use of PCT Seals and sale of Freehold or Leasehold Properties

Sealed Documents

From the period of the 1st June to the 31st July 2012 no documents have been sealed by NHS North Lincolnshire.

Sale of Properties

From the 1st June to the 31st July 2012, no properties have been sold by NHS North Lincolnshire.

8 Other

The Audit Group ratified notes from 31 May 2012 are attached at Appendix 2.

The Audit Group in August reviewed the Finance Governance Tool (including finance strategy development), CCG draft SFI/SO/SD's, CCG IG Toolkit, CCG Board Assurance Framework and risk management strategy development as part of authorisation evidence later submitted on 3 September 2012. HCAC to receive updates on PCT IG Toolkit (Andy Gowns to clarify method).

The Annual Audit Letter and management response was also considered and are attached as Appendix 3 and 4.

A new lay member Paul Evans, responsible for audit and governance has been appointed with effect from 1 September 2012.

The Audit Group are, in an additional meeting in October to complete a self-assessment as well as considering Internal Audits self-assessment against their standards.

**Therese Paskell, Chief Financial Officer & John Pougher, Deputy Director
Quality & Standards**

LOCALITY RISK REGISTER

Risk ID	Link to Strategic Objective	Risk Description	Key Controls	Current Risk Score				Initial Risk Score	Movement	Assurance on Controls	Positive / External Assurance	Gaps in Control	Gaps in Assurance	Last Review Date	Lead
				Impact	Likelihood	Risk Score	Status								
CCG011	CCG	Due to staff leaving and moving to different/new organisations (ie CSS) and work not yet being picked up, there is increasing pressure on existing staff and a related risk to the ability of the organisation to achieve its strategic objectives.	Ongoing Humber cluster review of capacity and support across the cluster.	4	4	16	H	16	Same	Interim structure for CCS published; recruitment commenced. Interim CCG structure agreed and to be recruited to by June 2012.		Still agreeing exit plans for a number of NL staff.	Lack of clarity re functions going to NCB.	05/07/2012	CCG Chair/COO
CCG035	CCG	Tension between National and Cluster requirements and local needs.	Culture and values that places clinical decision making at the heart of the organisation - see OD Plan	4	4	16	H	20	Down	Framework as set out by Secretary of State 22/02/12 outlining CCG freedoms.				05/07/2012	CCG Chair
PH002	PH	Due to NHS and local government reforms there is a risk to the effectiveness of local partnerships that poses a threat to the health and wellbeing of the local population.	Focusing work with key strategic partners and building area based working. Cabinet accepted paper on Health & Wellbeing.	5	3	15	H	15	Same	Currently monitored via Transition Board Health and Wellbeing Board develops. Health & Wellbeing Board Reports and minutes, Performance Report. HWB adopts areas as methods to improve health inequalities, health inequalities top priority.	SHA response May 2011 acknowledging strength of Trust multi-agency working arrangements;		SHA transition plan assurance process	27/03/2012	DPH
PH004	PH	Failure to deliver key public health targets linked to Strategic Plan i.e. Cancer, Smoking in pregnancy, breastfeeding CHD & closing the gap in inequalities due to challenging targets and capacity during transition.	Key risks are identified under specific remit/targets with community based associated action plans for teenage conception rates, reducing smoking rates, improving Chlamydia screening rates and breast feeding rates. Risk register produced for key programme transfer to Local Authority. Full role out of Health Checks programme now in place.	4	4	16	H	16	Same	Some improvements seen in smoking in pregnancy but still not meeting all targets. Monitored via HWB Board / WHIP Board / SHA. Performance Report. CVD deaths still behind target, WHIP Board, SHA performance report.	SHA response May 2011 acknowledges improvements and work on all-age, all-cause, mortality. SHA performance monitoring. Evidence of some improvement.	Lack of PH outcome framework.		31/08/2012	DPH

IN044	CCG	Information Governance Toolkit scores and evidence Unable to attain min (level 2) scores in key areas for v9 with robust auditable evidence	Action plan to be reviewed and monitored monthly. Audit assurance will improve with available evidence. But scores will not all reach 2. Net reduction in impact. Int Audit to provide additional support through 12/13.	4	4	16	H	12	Up	NHS NL Quality Group		No gaps identified.	No gaps identified.	05/07/2012	ADIN
CE004	CCG	Risk to sustainable services review not being fully implemented on time resulting in failure to implement transitional changes required to meet strategic objectives.	Clinical Stakeholder Board established. Local tripartite approach agreed. Actions to be completed by end of year and fed into Contract negotiations. Longer term work being led locally by Management Group which will identify options.	4	4	16	H	16	Same	Monitored through DBM. QIPP plan in place. Cluster Board.	Independent Chair appointed.	Initial plans in place. External support being made available including facilitation for clinicians.	To identify external assurances. Lack of plans to deal with gaps.	05/07/2012	CCGC
EP026	CCG	Due to high level of Hospital Standardised Mortality Rate at NLAG there is a risk to patient safety.	Position monitored via Cluster BAF. Mortality Action plan in place. Supporting external reporting re. mortality. NLAG undertaking external review of stroke care. NLAG objective to reduce HSMR by 5 points. Commissioners undertaking external review of mortality.	4	5	20	H	20	Same	Revised action plans monitored & challenged by lead and associate commissioners. Commissioner deep dives into quality and performance, specific deep dive into stroke. Service review of Mortality Action Plan held on 05/07/11. Briefings provided to commissioners by NLAG. NLAG internal task group in place.	SHA review of mortality action plans. CQC reviews/intelligence including review of NLAG stroke mortality performance. Building upon deep dive. Dr Foster monthly reviews of mortality rates. External mortality review underway. Stroke accreditation process underway.	No gaps identified	No gaps identified	05/07/2012	DQCC
EP030	CCG	Due to high level of Hospital Standardised Mortality Rate at HEY there is a risk to patient safety.	Position monitored by Cluster BAF. Mortality Action plan in place. External update review received. Consultancy report for HEY mortality. Additional actions identified to improve performance including appointment of Director of Patient Safety. HEY objective to reduce HSMR by 10 points. Workshop for Commissioners held Feb 2012 outlining progress and challenges.	4	5	20	H	20	Same	Revised action plans monitored & challenged by lead and associate commissioners. Trust deep dives into quality and performance - service review of HEY including review of Mortality Action Plan held on 05/07/11.	SHA review of mortality action plans. CQC reviews/intelligence. Building upon deep dive. Dr Foster monthly reviews of mortality rates. Summary hospital mortality indicator publication.	No gaps identified	No gaps identified	05/07/2012	DQCC

EP033	CCG	111 Project - lack of continuity and capacity threatening mobilisation and implementation of unplanned care.	Staff transition process. Concerns raised with CSS management team.	5	3	15	H	0	Up	Interim structure		HR processes; potential lack of understanding by support staff; monitored by 111 Programme Board; Lack of representation on Programme Board.	05/07/2012	DQCC
EP034	CCG	Lack of robust clinical governance arrangements threatening 111 accreditation and development of unplanned care agenda.	Cluster Clinical Governance Group.	5	3	15	H	0	Up	Cluster 111 Clinical Governance Group; CCG Quality Group.	National 111 project team.	Lack of project lead for clinical governance; DOH mobilisation project support August 2012.	05/07/2012	DQCC

STRATEGIC OBJECTIVES 2011-12 ONWARDS


1 **To maximise the health and well being of all residents of North Lincolnshire and minimise the health gap whilst :-**

1A improving quality of commissioned services as measured through patient safety, clinical excellence and patient experience;

1B delivering a balanced PCT budget.

2

During the transition work efficiently and effectively to support the migration of our staff and appropriate PCT functions to the new organisations, also ensuring a safe legacy transfer.

MEETING:	NHS North Lincolnshire Audit Group Meeting	 North Lincolnshire Clinical Commissioning Group Audit Group
MEETING DATE:	Thursday 31 May 2012	
VENUE:	Boardroom, Health Place, Brigg	
TIME:	12:00 – 14:00	

PRESENT:		
NAME	TITLE	SERVICE/AGENCY
Stan Shreeve (SS)	Locality Associate Non-Executive Director <i>(Chair)</i>	NHS North Lincolnshire
Therese Paskell (TP)	Chief Financial Officer	NHS North Lincolnshire
Ian Reekie (IR)	Locality Associate Non-Executive Director	NHS North Lincolnshire
Dr Andrew Lee (AL) <i>(Item 9.2 onwards)</i>	Member of CCG / General Practitioner	NHS North Lincolnshire
Allison Cooke (AC) <i>(Item 8.2 onwards)</i>	Chief Operating Officer	NHS North Lincolnshire
Helen Varey (HV)	Locality Chair	NHS North Lincolnshire
Benita Jones (BJ)	Director of Audit Services	East Coast Audit Consortium
John Pougher (JP)	Deputy Director of Quality & Standards	NHS North Lincolnshire
Jackie Rae (JR)	Audit Manager, Audit Practice, Audit Commission	Audit Commission
Annette Watkinson (AW)	Senior Financial Reporting Accountant	NHS North Lincolnshire
Shaun Fleming (SF) <i>(Items 10.3 onwards)</i>	Local Counter Fraud Specialist	East Coast Audit Consortium
Bill Lovell (BL) <i>(Items 7, 8.1 & 8.2 only)</i>	Head of Finance	NHS North Lincolnshire
Tim Fowler (TF) <i>(Item 14 only)</i>	Associate Director of Contracting	NHS North Lincolnshire
Gemma Taylor (GT)	Personal Assistant <i>(Note Taker)</i>	NHS North Lincolnshire

SUMMARY OF DISCUSSION	DECISION/ACTION <i>(including timescale for completion or update)</i>	LEAD
1. APOLOGIES		
Andy Grows Karen Rhodes Dr Frank Baker Dr Ajay Vora Paul Lundy TP advised that AL would not arrive at the meeting until approximately 13:00 and until this time the meeting would not be quorate. It was confirmed that AL had read all papers in advance of the meeting and had submitted two questions in particular to TP. The group agreed that all items discussed would be summarised to AL upon arrival for comment.		
2. DECLARATIONS OF INTEREST		
SS asked for those with a Declaration of Interest to make them known. No declarations were received. SS advised that this was his last meeting before taking up a new post with NLaG. HV was in attendance by invitation and for continuity until a replacement Lay Member is appointed. HV will Chair future meetings if the Lay Member appointment is not made in time for the next scheduled meeting.		

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	LEAD
3. NOTES FROM THE AUDIT GROUP MEETING HELD ON 12 APRIL 2012		
The notes from the meeting were accepted as an accurate record and were signed by SS.		
4. MATTERS ARISING (NOT COVERED ON THE AGENDA)		
None.		
5. REVIEW OF TOR AGAINST NATIONAL GUIDELINES		
<p>SS advised that following review of the National Guidelines and the existing Terms of Reference, no further revisions are required to the existing ToR. IR requested a copy of the ToR for a final review and agreed to submit any additional comments to TP.</p> <p><u>Post Meeting Note</u> IR has reviewed - no further changes required.</p>	Circulate ToR to IR for final comment.	GT IR
6. AUDIT GROUP ANNUAL REPORT		
<p>SS advised that this was the first Annual Report of the Audit Group. Additional detail has been included to ensure continuity following SS departure from the organisation, and recognising that the Humber Cluster Audit Committee is the Committee reporting to the Statutory Body. Item 6 was 'taken as read'. The following amendments were suggested:</p> <ul style="list-style-type: none"> • Page 1 - NHS Audit Handbook – remove '2010'; • Page 2 - Amend Principle to Principal; and • Page 3 - Internal Audit, first paragraph to read 'The Committee has received a number of internal audit reports, all but two of which offer Significant Assurance'. <p>SS was thanked for an excellent resume that will provide good evidence for accreditation. <i>The Audit Group received and noted, and agreed for the report to be presented to the CCGC on 12 July 2012 for information; after the suggested amendments have been made.</i></p> <p><u>Post Meeting Note</u> Amendments have been made and the final version will be presented to the CCGC on 12 July 2012.</p>	<p>GT to make amendments and email to SS.</p> <p>GT to add to CCGC agenda & submit amended final version.</p>	<p>GT</p> <p>GT</p>
7. SIGNED PAYROLL WAIVER		
<p>BL was in attendance for this item.</p> <p>A revised waiver with the payroll service of Northumbria Healthcare NHS Foundation Trust has been approved virtually by SS and Alan Barton, Cluster Director of Finance, in order to proceed urgently. Meetings with the new provider have taken place.</p> <p>BL gave a progress update on implementation. The following key points were noted:</p> <ul style="list-style-type: none"> • Meetings with McKesson regarding the hardware and process of transfer will be taking place; • Further meetings with Northumbria are being held week commencing 4 June 2012; • Work with NLaG is being undertaken to ensure that existing records and all history is maintained; • Employees will have named individuals to ring re pensions, advice, queries etc; • Pension Seminars will be available; and 		

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	LEAD
<ul style="list-style-type: none"> Feedback received is positive. <p>Following discussion, attention was drawn to:</p> <ul style="list-style-type: none"> The need for Key Performance Indicators; and Third Party Assurance is essential for the new arrangements. 		
8. ACCOUNTS		
<p>8.1 Annual Report Information</p> <p>BL was in attendance for this item and advised that Item 8.1 is a 'working paper' that includes the financial information used to produce the Annual Report based on the audited accounts. BL highlighted some of the new additions to the Annual Report.</p> <p>After discussion on the information included within item 8.1; the following amendments were agreed:</p> <ul style="list-style-type: none"> Footnote to be added to Financial Information overview – operating costs statement to clarify that 2012 'other costs' include the provider costs for 2010/11; Footnote to be added re 11/12 costs; Footnote to be added re the change of guidance on running costs & removal of Public Health employees from this section; Footnote to be added re PH Directors. <p>Particular attention was drawn to the Greenbury Disclosures 2011/12 for NHS North Lincolnshire. It was noted that:</p> <ul style="list-style-type: none"> Some titles are incorrect / out of date; clarification and amendment is required. It was suggested to include all titles and include the dates from and to. All figures included within this section to be checked. BL & HV to discuss further outside of the meeting. <p>The document to be proof read for 'typos' before submission. BL was thanked for his attendance.</p> <p>It was advised that NHSNL AGM is to be held on Thursday 13 September 2012 at 16:00 in the Boardroom, Health Place, Brigg.</p> <p>8.2 Draft Audited Annual Accounts</p> <p>TP advised that on 19 April 2012 the accounts were reviewed and considered by CCGC and Transition Programme Board members at an extra-ordinary CCGC meeting. At that meeting, presentations from TP and JR were given; and achievement of financial targets confirmed. A briefing note including key issues within the accounts, achievement of financial targets, issues to be resolved, and progress made was presented to the HCAC on 25 April 2012.</p> <p>A query was raised regarding the format and font size differences within the accounts. It was noted that this is partly how the templates are received from the Department of Health, and partly ensuring that the required information fits on one page having been 'exported' from other documents.</p> <p>TP summarised the following changes that have been made:</p> <ul style="list-style-type: none"> For consistency, related party format amended; Note 2 – segmental reporting – amended in line with 'good practice' 	<p>All suggestions to be checked / included.</p> <p>All suggestions to be checked / included.</p> <p>BL to proof read.</p> <p>Members to add date to diary.</p>	<p>BL / TP</p> <p>BL / TP</p> <p>BL</p> <p>ALL</p>

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	LEAD
<p>from the Cluster;</p> <ul style="list-style-type: none"> • Amendments have been made due to late guidance received e.g. going concern, transition related redundancy payments; • All section 256 Local Authority allocations have been shown as grants following advice from external audit and confirmation from the SHA that ok to do so; • Heading notes on 5, 7, & 15 have been amended due to formatting issues, and duplicate lines to note 1 removed; • Further explanation added to notes where required; • Minor amendments made to notes where required – position not affected. <p>TP advised members of an issue regarding the Ironstone Centre Bond and its inclusion on the FMA forms (but not shown within the accounts). The SHA and DoH have been advised of this and are fully aware; no alternative solution has been given.</p> <p>Particular attention was drawn to the final page of the document which lists the changes made to the accounts (as summarised by TP). JR confirmed that all changes requested by External Audit are mainly categorisation changes and do not affect bottom line figures.</p> <p>AW advised members on the following amendments / updates that have been made since document 8.2 was produced:</p> <ul style="list-style-type: none"> • Foreward has been updated; • Staff sickness absence figures now included; • Pension costs updated following further information received from DoH; • Note 3.5 amended due to miss-classification of drugs costs; • 5.1 – Additional line for Local Authority grants added for clarity; • 17 – Intra-Government and other balances amended; • 30 – Narrative added regarding Finance Lease for car park at the Ironstone Centre. <p>No further questions, queries, or issues were raised.</p> <p>TP and Finance staff were thanked for all of their hard work, professionalism and high standards, within organisation uncertainty and times of change. <i>It was noted that it was not in the remit of the Audit Group to approve the accounts, although the group agreed that the changes were reasonable in response to the Audit.</i></p> <p>AL arrived at the meeting. SS updated and summarised what had been covered already.</p> <p><i>Items 8.3, 9.1, 9.2, and 9.3 were taken out of order to enable JR to leave and attend another meeting.</i></p> <p>9.2 Draft Annual Governance Report including Audit Opinion & Draft Letter of Representation for 2011/12</p> <p>JR presented Item 9.2 and advised that it is a ‘working document’ and will be presented to the HCAC meeting on 7 June 2012. The document is a standard document produced in line with auditing standards. It was advised that the NHSNL accounts were produced on time; with good quality working papers, and</p>		

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	LEAD
<p>prompt responses to queries were given by staff. JR proposed that an unqualified opinion on the financial statements will be issued by the deadline of 11 June 2012.</p> <p>Attention was drawn to page 5 of the report and JR advised that since producing the report, a further 'Uncorrected error' has been identified, and confirmed that all four 'Uncorrected errors' are trivial and are all below the materiality level so do not have to be changed, but do have to be reported. JR advised members that the further 'Uncorrected error' identified relates to a non-cash Ltd control account for pharmacy payments. It was noted that all PCT's are in the same position; guidance from the DoH on action to take is awaited.</p> <p>JR brought the following to the attention of the Audit Group:</p> <ul style="list-style-type: none"> • Corrected errors (already discussed throughout the meeting); • Page 6, risks and findings identified as part of the planning process – none have had an impact on the opinion; • Significant weaknesses in Internal Control identified following walk through testing (non identified); • Other matters identified (already covered throughout the meeting); • Annual Governance statement – recommendations have been made to improve future documents. <p>BJ advised that benchmarking annual governance statements is being explored and a survey is to be undertaken to look at the different approaches undertaken in producing the annual governance statement; findings will be presented to a future Audit Group meeting.</p> <p>Value for money conclusion JR advised that it is intended for an unqualified VFM conclusion will be issued. All efforts to address identified risks have been seen in year.</p> <p>Draft Letter of Representation JR advised that there have been minor amendments / additions made to the letter of representation as in previous years.</p> <p>TP advised that due to being informed of the additional 'uncorrected error' the draft letter of representation would not be tabled at this meeting. Once updated, the draft would be circulated to members.</p> <p>AL sought clarification and assurance regarding the internal control issues that had been identified and how they will be addressed in the future. TP advised that the signatory issue has been raised with the Cluster Director of Finance and the Director of the CSS. Limits will be reviewed and confirmed, although the Cluster Scheme of Delegation & Standing Financial Instructions will not be amended. AW advised that the authorisation matrix has been updated, and reports generated by the new financial services Genysis system will be reviewed regularly to ensure that payments are only being processed with the correct authorisation.</p> <p>8.3 Third Party Assurance Update TP gave a verbal update and advised that all required electronic documents have now been received. The document is to be updated and will be circulated to members for information.</p>	<p>To address when guidance received.</p> <p>Survey findings to be presented to the next Audit Group meeting.</p> <p>TP to update and circulate to the group.</p> <p>TP to update and circulate to members.</p>	<p>AW</p> <p>BJ / GT</p> <p>TP</p> <p>TP</p>

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	LEAD
<p>9.1 External Audit presentation to CCGC (For Information) TP advised that this has been shared with members for information to ensure that all members have had sight of. No questions or comments were raised.</p> <p>9.3 KPMG Slides (For Information) TP advised that as from 1 October 2012 KPMG will be allocated as the external auditor. TP and SS briefed members on the KPMG welcome event attended on 15 May 2012. Particular risks highlighted by TP and SS at the event were:</p> <ul style="list-style-type: none"> • Less knowledgeable; • Less prepared; • Lack of staff training on specific organisations; and • Lack of working paper understanding. <p>KPMG agreed to address the above following the session.</p> <p>8.4 Final Annual Governance Statement (For Information) JP presented Item 8.4 and gave a brief verbal update. The item was 'taken as read'. <i>The Audit Group noted and approved the Annual Governance Statement subject to identifying any omissions / errors.</i></p> <p>8.5 Understanding Management Process Arrangements (For Information) TP advised that the letter had been included for information to update members on the current position and management processes. The letter is in response to a letter received from External Audit requesting assurance in a number of areas, for example, accounts and counter fraud. No further comments were received from External Audit. <i>The Audit Group received and noted.</i></p>		
9. EXTERNAL AUDIT		
<p>9.1 External Audit presentation to CCGC (For Information) This item was taken out of order and discussed after item 8.3.</p> <p>9.2 Draft Annual Governance Report including Audit Opinion & Draft Letter of Representation for 2011/12 This item was taken out of order and discussed after Item 8.2.</p> <p>9.3 KPMG Slides (For Information) This item was taken out of order and discussed after Item 9.1.</p>		
10. INTERNAL AUDIT		
<p>10.1 Head of Internal Audit Opinion Statement for 11/12 BJ presented item 10.1, the Head of Internal Audit Opinion Statement for 2011/12 and advised that all audit work carried out during 2011/12 has been reported previously to the Audit Group and HCAC within progress reports presented at these meetings. Significant Assurance can be given for all audit assignments undertaken with the exception of two:</p> <ul style="list-style-type: none"> • IG Toolkit (Significant / Limited); and • IT SLA (Significant / Limited) <p><i>The Audit Group noted the report and the assurances it offers.</i></p>		

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	LEAD
<p>10.2 Annual Internal Audit Report 11/12 BJ presented Item 10.2, Annual Internal Audit Report 2011/12 and advised that the report summarises:</p> <ul style="list-style-type: none"> • follow-up undertaken; • Internal Audit KPI's; • Key Issues Identified; • Progress – actions to be undertaken. <p>Attention was drawn to pages 5 and 6 detailing the two audit areas of significant / limited assurance. All issues identified have previously been discussed at Audit Committee and HCAC meetings. Issues are being addressed as required. The position overall is very positive.</p> <p>TP advised on the following action taken to date:</p> <ul style="list-style-type: none"> • All future Internal Audit progress report recommendations will include systemic improvements required and review dates in order to highlight processes required to continue; • Third Party Assurance next year to be extended to non-finance services provided by the CSS. • The Quality Working Group is now monitoring and reporting on Information Governance and regular reports / updates will be presented to the Audit Group. <p><u>Post Meeting Note</u> IMT to attend all future Audit Group meetings to update on progress, at the request of Allison Cooke, Chief Operating Officer.</p> <p><u>IT SLA</u> BJ advised that a review on the service currently provided by informatics has been undertaken with significant / limited assurance being given.</p> <p>AL informed members that a poor informatics service is received at GP Practices. TP confirmed that issues have been escalated and the primary care issue will also be raised.</p> <p>Future Internal Audit Arrangements are not yet known; a self-assessment and five year peer review is required to be undertaken. Following discussion, it was agreed for this to be incorporated into the self - assessment session of the Audit Group planned for 30 August 2012.</p> <p><i>The Audit Group noted the report and the themes and assurances provided within it.</i></p> <p>10.3 Internal Audit & Counter Fraud Progress Report (To include progress on IT issues) BJ presented Item 10.3 Internal Audit Progress Report. All issues regarding Information Governance and IT SLA had been captured and discussed throughout the meeting. One minor issue regarding control accounts had been identified and an action plan agreed.</p> <p>SF presented Item 10.3 Counter Fraud Progress Report; the following key points were highlighted:</p> <ul style="list-style-type: none"> • Appendix 4 – 2011/12 fraud plan <i>Plan is on target with a slight overspend;</i> 	<p>Assurances required at future meetings that the evidence is being produced.</p> <p>Planning assurances required for further review at the earliest opportunity.</p> <p>Inform Paul Frear of primary care issues.</p> <p>Agenda: 30 August 2012</p>	<p>TP</p> <p>TP</p> <p>TP</p> <p>TP</p>

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	LEAD
<ul style="list-style-type: none"> Appendix 5 – Fcr10310#58695133602 <i>Case to be closed following prosecution.</i> Appendix 5 – Lcfs0157#60917133603 <i>Subject currently abroad, work on-going.</i> <p><i>The Audit Group agreed the results of Internal Audit & Counter Fraud activity and is assured, on the basis of the work undertaken, that the main controls are operating as expected and that agreed actions for improvement are being implemented. The Group are assured of satisfactory progress in delivering the audit and counter fraud plans and which continues to represent appropriate coverage as part of the wider assurance framework.</i></p> <p>10.4 Counter Fraud Annual Report SF presented Item 10.4, Counter Fraud Annual Report. The report summarises all counter fraud work completed in 2011/12 and previously reported to the audit group within the fraud progress reports submitted throughout the year. The report was 'taken as read'. <i>The Audit Group noted the report.</i></p> <p>10.5 National Fraud Initiative Report 2011 SF presented Item 10.5, National Fraud Initiative Report 2011. The report was 'taken as read'. No instances of fraud against the organisation were identified by the Local Counter Fraud Specialist or other officers involved in the exercise. No significant system weaknesses were identified and any minor issues were resolved whilst work was undertaken.</p> <p>A query was raised regarding reports 80 and 81 relating to 'salary advances'. It was confirmed that these were not salary advances but payments made to employees where late paperwork was submitted / employees had been missed off the payroll.</p> <p><i>The Audit Group noted the report and were assured that the systems interrogated are robust and that no fraud was identified for the period under review.</i></p>		
11. PLANNING FOR WORKSHOP ON BAF, ASSURANCE MAPPING ETC		
Due to the large agenda and limited time; it was agreed for this item to be deferred to a separate session prior to CCG Authorisation.		
12. HCAC LOCALITY GOVERNANCE ASSURANCE REPORT		
TP presented Item 12, HCAC Locality Governance Assurance Report and asked for any comments before the report is submitted for the meeting on 7 June 2012. <i>The Audit Group noted accepted the content of the report and agreed for it to be submitted to the HCAC.</i>	To be submitted to HCAC 7 June 2012	TP
13. PROGRESS ON CCG GOVERNANCE (INCLUDING CCG CONSTITUTION)		
JP gave a verbal update and advised that there have been no significant updates; work is on-going. Two GP Practices have yet to return their signed inter-practice agreement to the draft interim constitution; although this was approved by vote at the Inaugural Council of Members meeting held on 22 February 2012.	JP to chase signed inter-practice agreements.	JP

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	LEAD
14. PBR REPORTS		
<p>TF was in attendance for this item and gave a verbal update advising that all concerns have been raised to NLaG within contract meetings. The £4k will not be pursued due to no redress in PBR guidance and not material. The actions detailed within the Audit Commission Report will be pursued with a particular focus on the robustness of case notes and how they are filed; and discharge summaries. The action plan detailed within the report is inadequate; a further action plan has been requested.</p> <p>AL advised of on-going issues around the complexity of cases regarding the number of conditions listed on discharge diagnosis, in particular unsubstantiated diagnoses included. TF advised that this has been captured within the report and could possibly be due to clinical coding issues; although will be addressed with NLaG.</p>	<p>Updates on any further progress to TP in preparation for HCAC on 7 June 2012.</p> <p>TF to raise with NLaG</p>	<p>TF</p> <p>TF</p>
15. ANY OTHER BUSINESS		
<p>SS was thanked for setting up the Audit Group and for all input and work undertaken.</p>		
16. DATE & TIME OF NEXT MEETING		
<p>30 August 2012 13:30 – 16:00 Boardroom Health Place Time out re: Audit Group & Internal Audit Self-Assessment including any urgent business and feedback on IT audit recommendations progress.</p>		

28 June 2012

Board Members
North Lincolnshire Primary Care Trust
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Email

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— Dear Board Members

North Lincolnshire Primary Care Trust - Annual Audit Letter 2011/12

I am pleased to submit my Annual Audit Letter which summarises my 2011/12 audit of North Lincolnshire Primary Care Trust.

Financial statements

On 7 June I presented my Annual Governance Report to the Humber Cluster Audit Committee outlining the findings of my audit of the PCT's 2011/12 financial statements. I will not replicate those findings in this letter.

Following the Audit Committee I have:

- issued an unqualified opinion on the PCT's 2011/12 financial statements on 8 June 2012 meeting the Department of Health's deadline of 11 June;
- concluded that you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources; and
- certified completion of the audit on 8 June 2012.

Payment by Results (PbR) Data Assurance Framework

PCT arrangements

In February 2012 I issued my report on the review of your arrangements for ensuring the data that underpins provider contracts are of good quality. I found that the PCT had generally effective arrangements in place. The PCT agreed two recommendations aimed at strengthening the arrangements to ensure that Secondary Use Service (SUS) data is used as the PCT's data source and that future contracts with acute providers fully utilise payment by results.

Provider reports

During 2011/12, the Audit Commission has carried out work on the accuracy of clinical coding data and all data items that affect the price commissioners pay for a spell under PbR rules at your main provider, Northern Lincolnshire and Goole Hospitals NHS Foundation Trust.

The performance of the Trust, measured using the clinical coding HRG error rate, is slightly worse than the national average. This is a marginal deterioration in performance from the previous audit which was in 2009/10. The quality of case notes and discharge summaries are still the main reasons for below average performance. Four recommendations have been agreed with the Trust and progress will be monitored by the lead commissioner (North East Lincolnshire Care Trust Plus) and commissioning staff at the PCT. Despite this the Trust has shown good progress in implementing the recommendations agreed in previous years.

Closing remarks

I have discussed and agreed this letter with the Chief Executive and Director of Finance. While this has been another challenging year for the Primary Care Trust I wish to thank the finance staff for their positive and constructive approach they have taken to my audit. I also wish to thank senior management and the Audit Committee for their support and co-operation during the audit.

Yours sincerely

Paul Lundy
District Auditor

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Our ref: AC/GT/30082012

Paul Lundy
District Auditor
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Dear Paul

North Lincolnshire Primary Care Trust – Annual Audit Letter 2011/12

Thank you for your Annual Audit Letter that was addressed to Board Members at the PCT. I am responding on behalf of the Board members.

It is highly pleasing to note that you have issued an unqualified opinion on the PCT's 2011/12 financial statements, that you have concluded that the PCT has made proper arrangements for our use of resources and that you have certified completion of the audit of our financial statements on 8 June 2012.

It is also pleasing to note that you have found that the PCT has generally effective arrangements for ensuring that data that underpins provider contracts are of good quality. However, I note the recommendations that we need to work to strengthen our use of the Secondary User Service (SUS) as our data source and those future contracts fully utilise payment by results and we will continue to work to ensure that each of these issues is addressed as far as possible within the limitation of the payment by results framework and the SUS system as we start to set out our contract arrangements through the 2013/14 planning round.

NHS North Lincolnshire currently leads the monthly performance meetings with Northern Lincolnshire and Goole Hospitals NHS Trust on behalf of the contract consortium and we have and will continue to use this meeting to provide assurance that the recommendations and timescales in the PBR data assurance framework audit report are being actioned by the provider. We have raised the key issue of the quality of case notes and asked for the provider to establish a more detailed action plan as the case note and coding drives not only the payment but also is fundamental for the accuracy mortality data and patient safety. We will keep this under review for the next few meetings and expect a more detailed action plan to be provided for the September meeting.

Please do not hesitate to contact me if I might be of any further assistance.

Yours sincerely



Allison Cooke
Chief Operating Officer
On behalf of NHS North Lincolnshire