MEETING DATE:	14 March 2013	
AGENDA ITEM NUMBER:	Item 8.9	
AUTHOR: **JOB TITLE:** **DEPARTMENT:**	Therese Paskell Chief Finance Officer and Business Support Finance and Business Support	**REPORT TO THE CLINICAL COMMISSIONING GROUP COMMITTEE/GOVERNING BODY**

AUDIT GROUP MINUTES – 20 NOVEMBER 2012

PURPOSE/ACTION REQUIRED:	To Receive and Note
CONSULTATION AND/OR INVOLVEMENT PROCESS:	
FREEDOM OF INFORMATION:	Public

1. PURPOSE OF THE REPORT:

The Audit Group Minutes dated 20 November 2012, are attached for the CCG Committee/Governing Body to receive and note, for information only.

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. IMPACT ON RISK ASSURANCE FRAMEWORK:

Yes		**No**	**x**

Not directly. The group provides assurance on risks through its work.

4. IMPACT ON THE ENVIRONMENT – SUSTAINABILITY:

Yes		**No**	**x**

5. LEGAL IMPLICATIONS:	**Yes**		**No**	**x**
Not directly. Highlights some contracts recently agreed e.g. payroll.				
6. RESOURCE IMPLICATIONS:	**Yes**		**No**	**x**
Not directly.				
7. EQUALITY IMPACT ASSESSMENT:	**Yes**		**No**	**x**
Not a policy or plan.				
8. PROPOSED PUBLIC & PATIENT INVOLVEMENT AND COMMUNICATIONS:	**Yes**		**No**	**x**
Agreed that Council of Members would also receive the minutes.				
9. RECOMMENDATIONS:				
The CCG Committee/Governing Body is asked to: - • Receive and Note.				

MEETING:	NHS North Lincolnshire Audit Group Meeting
MEETING DATE:	Tuesday 20 November 2012
VENUE:	Boardroom, Health Place, Brigg
TIME:	14:00 – 16:45

NHS
North Lincolnshire
Clinical Commissioning Group

Audit Group

PRESENT:		
NAME	**TITLE**	**SERVICE/AGENCY**
Paul Evans (PE)	Lay Member (Chair)	NHS North Lincolnshire
Therese Paskell (TP)	Chief Financial Officer	NHS North Lincolnshire
Ian Reekie (IR)	Lay Member	NHS North Lincolnshire
Paul Lundy (PL)	Director, KPMG	
Dr Tehmina Mubarika (TM)	Member of CCG / General Practitioner	NHS North Lincolnshire
Dr Satpal Shekhawat (Item 6.1 onwards)	Member of CCG / General Practitioner	NHS North Lincolnshire
Andy Growns (AG)	Internal Audit Manager	NHS North Lincolnshire
Karen Rhodes (KR)	Senior Officer, Quality & Assurance	NHS North Lincolnshire
Marian Muzaffar (MM)	Temporary Personal Assistant *(Note Taker)*	NHS North Lincolnshire

SUMMARY OF DISCUSSION	**DECISION/ACTION** (including timescale for completion or update)	**LEAD**
1. APOLOGIES		
Doug Scott, John Pougher, Shaun Fleming, Dr Pratik Basu		
2. DECLARATIONS OF INTEREST		
PE requested a form to complete. KR reported that Peter Lequelenec (PL) had been asked to review the minutes of the CCG to see whether there are any declarations of interest and put them on the register This is done several times every year. PL was the Corporate Secretary now.	**TP to provide**	**TP**
3. INTRODUCTION		
PE welcomed everyone to the meeting (the first he had chaired). In particular he gave a warm welcome to Dr Tehmina Mubarika to her first meeting.		
4. NOTES FROM THE AUDIT GROUP MEETING HELD ON 20 AUGUST 2012		
KR reported that she had in fact attended the whole meeting although this was not shown in the Notes. Also JP did attend for certain items listed on the agenda. TP reported that she had added a few post-meeting notes which were urgent (to be covered at this meeting under Matters Arising, Item 5). The notes from the meeting were accepted as an accurate record.	**MM to amend notes accordingly – done**	**MM**
5. MATTERS ARRISING (NOT COVERED ON THE AGENDA)		
At the last meeting it was decided to do an Action List and it to be added at the end of the page of the minutes. Actions to be deleted from the List as they get done. **Actions Completed** 5.1 TP reported that Gemma Taylor had completed all those marked GT.		

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	LEAD
5.2 There had been a discussion at the Humber Audit Committee about the requirement for Management response to the annual Audit letter. This had been drafted in the meeting but was not required in the end. **Minute 6 Information Governance & Security Management** 5.3 Revised Terms of Reference and membership re quoracy. TP reported that she had amended this and it was on the agenda for this meeting, item 6. 5.4 BL had acted on the CCG Constitution ones. The updated Constitution was on the agenda for this meeting, item 7. **Minute 9 Draft HCAC Report** 5.5 Amendments had been made. The revised draft report was on the agenda for the next meeting. Mark as completed on the minutes. **Minute 12.1 Internal Audit and Counter Fraud Progress Report** 5.6 Work had been done with the 4 CCGs and there was no evidence of anything falling through the net re cluster required approval. TP reported that NE Lincolnshire were the lead for the sexual health contract who had now informed the cluster.		
6. REVISED TERMS OF REFERENCE & GOVERNANCE STRUCTURE		
6.1 Clarity of expectation re reporting to the Audit Group TP reported that the Audit Group TOR follows national guidelines (handbook) and national CCG development centre's guidelines. This group had approved earlier in the year and sent to HCAC also. N Lincolnshire CCG now has lay members and GPs so need to be clear about quoracy. The TOR have been amended to reflect that Non Executives replaced with lay members and quoracy a minimum of 3 members being one GP and one lay member. This could be changed again if lay members preferred at a later date. On 1 April, only the part in bold which refers to the Humber Cluster would need to be changed. Dr Satpal joined the meeting at this point. PE queried how much of our control was based on budget? Also how much information went to the Audit Group. TP clarified that Budget review is used as a source of control and reported to the CCG Engine Room. TP saw the responsibility of CCG Audit Group as follows: There is third party assurance around systems we rely on. AG and TP had discussed that in the new world the third party assurance needs to be provided by the CSU. The CCG had asked for this to also be extended to non-financial services. Auditors would extend their work to include this. PE felt it was not necessary for N Lincs CCG to flag in the TOR but simply ensure that these were covered in the assurance route. It was for the CSU to flag any problems. IR felt it would be a good idea to identify what the management practices were and be satisfied that someone in the organisation is doing this and that someone was getting the right information/reports. PE was thinking of different thresholds where, if there was a major issue, this Audit Group should be informed. KR advised that the part that N Lincs CCG did not have in place was that there should be something in SLA about how often we should have a		

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	LEAD
review of them. Then, if anything came out of that, it should be raised in the CCG Audit Group by exception. However, the SLA had not been set up yet. Caroline Briggs held the risk log about the CSU. Any significant issues should come to CCG Audit Group. CCG Audit Group could periodically ask to see that risk log. The TOR were unanimously agreed. The Chair welcomed Dr Satpal to his first meeting. Dr Satpal had no interests to declare.		
7. CCG CONSTITUTION - FINANCIAL POLICY		
PE asked whether, in future, the title of the document could be included on the front cover. KR advised that the Constitution had been approved by the Council of Members and the CCG Audit Group did not need to formally approve it. The Council of Members would take any necessary action. A few changes still need to be made. The Scheme of Organisation was part of it. In the past, the Audit Group would agree any changes to Standing Orders and the Scheme of Delegation but as this had now become part of the Constitution, the CCG has separated the Scheme of Delegation from the Financial Policies which replace Standing Financial Instructions and Standing Orders. The Scheme of Delegation now accurately reflected the new organisation and reporting arrangements for CCG. The Constitution referred to Financial Policies which need to be completed ready for the 1 April based on the framework if the Audit Group are happy. The Audit Group would then review those before 1 April. Once approved, any changes to the Constitution would have to go to the National Commissioning Board and COM to approve any changes. TP advised that the section on Limits started on page 60. Tendering and Contracting started on page 67. CCG Audit Group could set lower limits for the Audit Group if it so wished e.g. waivers. TP also highlighted, at the bottom of that page, item 68, re limits for quotations. There was a discussion about the level of responsibility budget holders had. Para 74.3 meant that, after the CCG had gone out for quotes. This would be a Chair's decision a greater level of control/authority than previously afforded because other executive directors were not officially mentioned in the Constitution as in the PCTs framework which could not be changed. It was recognised this would mean a small number of people were required to authorise a lot of things. The Audit Group were asked whether anyone had any comments from having reviewed these and have any comments to feedback. The CCG Audit Group had reviewed what had been done and the Constitution was unanimously approved. PE noted that it was not for the Audit Group to challenge in year unless things e.g. limits were not working. Feedback to Engine Room if any changes were felt		**ALL**

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	LEAD
necessary.	Members to review	
8. CSU SERVICE LEVEL AGREEMENT/FORMAT AND CLARITY OF EXPECTATIONS/EXCEPTION REPORTING TO THE AUDIT GROUP		
The national CSU specimen SLA was discussed. PE queried that given the CSU are taking on a lot of responsibility, what are the CCG looking for in terms of warranties? TP agreed to follow up TP reported that a Humber CSU SLA was being developed but TP had not seen it yet. TP explained that, within the NHS, there tended to be NHS to NHS service level agreements, not necessarily in legal language. The CCG would have much more robust contracts with external bodies. What the Commissioning Board would expect was that the CCG should discuss/sort it out and not resort to a legal position. The SLA that the CCG had with the SLU was important but also we are expecting to see some quality measures, draft KPIs for each service area and individual service specifications and process maps which were mostly completed and the Memorandum of Understanding had been signed earlier in the year. The draft SLA is expected to be ready by the end of November '12/early December and would be sent to the Audit group for information to include reference to any warranties/financial penalties due to lack of performance and action plans to resolve. TP reported that the Humber CSU were currently little over the financial limit of what we have asked them to do so the CCG has asked for a plan to come back to that limit. PL felt it was not necessary to have a tight commercial-type of contract but, nevertheless, the CCG did need something. to get things back on track. <u>Clarity of expectations re reporting to Audit Group</u> PE indicated that the CCG Audit Group agenda was prioritised with most important items requiring discussion at the beginning of the agenda and items for information at the end. Also meetings to be set up well in advance to agree the agenda. The Chair also expected that areas of risk to be highlighted via email between meetings where necessary/significant.	TP to follow up	**TP** **TP**
9. DRAFT HCAC REPORT		
IR commented about the section on mortality being too much about NLAG and not enough about the Community. There needs to be a paragraph that expands that NLAG and HEY is about more than what happens in the hospital. Appendix 1 was not attached because it was not financial. Appendix 2 was further down the Audit Group agenda. With the amendments suggested, the Audit Group signed off the HCAC report before submission to following week's meeting. KR to ask JP to re-word the bit about MRSA. The Audit Group felt that in this connection "target" was not a good word and left it with others to decide.	**Action:** KR to pick up with John Pougher and amend HCAC report.	**KR**

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	LEAD
10. DEVELOPMENT OF RISK MANAGEMENT STRATEGY		
A first draft framework had been received from the CSU. This was being worked through with the aim of getting something finalised for January. It would then come back to the Audit Group when it had been finalised. The CSU role was to help the CCG with policy development and this had now come to us. KR felt it was not clear yet what differences were from the former PCT. The system we were holding previously on risk management was due for an overhaul. Currently they had designed a spreadsheet to work on. A budget was available for a new system for this to work across 8 CCGs. If this was not developed and installed by April '13 the CCG would keep the system we are running at the moment a bit longer.	Final version to come to next meeting	**KR**
11. CCG RISK REGISTER/DRAFT BOARD ASSURANCE FRAMEWORK (INCLUDING NEW STRATEGIC AIMS)		
The paper was taken "as read". The risk register/draft BAF had recently been updated but had identified another risk around the CSU and financial reporting so that will be added. This is the first time we have tried to align corporate risks to the aims of the CCG. A column had been added and there was a key at the end. KR reported difficulty in fitting strategic aims to the risk register but had tried to do this. At the top it says Directorate Risk Register, which is the Corporate Register. Because NL CCG is a small organisation, all the risks were on the register. Some were clinical, public health, finance, governance, etc. The GP members were asked to comment especially on the clinical risks. GPs on COM had responded to a survey around risks organised by AG which have been reflected in the document. The strategic aims had been agreed, facilitated and developed by the COM and there had been more health involvement from the Practices in developing risks and strategic aims. PE asked whether there was anything new and higher/increased level of risk. KR highlighted NHS 111 over the risk around mobilisation. A lot of work is on-going at the moment. However, there was a lack of clinical engagement around this. The Audit Group confirmed they had reviewed and assessed the risk register and had particular concerns around mortality and the items which were new, especially NHS 111. In future particularly with new GP members it was felt that the diversity of this Group and the impact of different skills would help the CCG identify, monitor and resolve the different areas of risk and supporting the Quality Group.	**Action:** GP members to comment on clinical risks in particular **Action**: KR to address clinical engagement into NHS 111	
12. ACCOUNTABILITY MATRIX		
Because the Audit Group is concerned with assurances, it was felt helpful for the Group to see what the CCG had agreed with the Cluster and emerging CCG regarding (officer) accountabilities. KR reported that this was a working document which changed over time. Some responsibilities may change, e.g. sustainability. This had been used for authorisation and it had been quite useful	**Action**: Members to review and pass comments to KR/TP. Document then to	

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TP indicated the need to sort out Health & Safety Committee but there was no natural group to which it should report. PE suggested the Engine Room would be a good place with its more operational focus. KR to speak to AC.	come back to Audit Group when finalised.	KR
13. INFORMATION GOVERNANCE UPDATE		
Barry Jackson (BJ) joined the meeting for this item. This item had come to the Audit Group because of concerns in a previous Audit report. BJ pointed out the main points in the report. The next assessment was due in July '13. Since the mid-term assessment in September it had been agreed not to put in more resources. All the areas which were not at a satisfactory level had been taken over. BJ said he wanted to get the CCG to Level 2 by 31 March. **Induction & Training** KR asked about the staff that would be going to the local authority. The assessment was that all the "receivers" would have this in place. BJ would get assurance. All the new health care organisations would have procedures in place. Local Authorities would have to confirm that all staff performing health care activities were going through appropriate induction and training. **Data Flow** Where information/resources are going, was now being picked up this year through the transition programme. The CSU was also involved in this. All receiving organisations had a statutory requirement on them to receive this information appropriately. Individuals would need to make arrangements to transfer their files to the receiving organisation. KR noted the need to include risk on the risk register about how we are managing information transfer. The staff in the CCG would have to do a lot of work and put it on the risk register, temporary staff would be recruited where necessary to support legacy. Anything which is not health care should be anonymised or pseudonymised. North Lincolnshire trial has been successful and this model was currently being put into all systems. The work took account of the IG Toolkit. CSU would provide this. BJ was bringing together all the organisations to confirm information governance team to provide a range of services across information governance. Process map at Annex A showed how this would be achieved. Audit Group would get the submission in January. **Action**: KR to look at IG leads. **Action**: KR to review accountability and need to ensure these are included. Internal Audit confirmed that they were satisfied that a plan is in place and that they will have a watching brief in this area to provide assurance PE summarised the discussion as chair and clarified what the Audit group was looking for assurance in the future from the Quality Group and Internal Audit and that all the recommendations had been implemented and were sufficient on an on-going basis as well as early warning of anything going off-track.	**Action**: KR to look at IG leads. **Action**: KR to review accountability and need to ensure these are included.	**KR** **KR**

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	LEAD
14. INTERNAL AUDIT		
14.1 Internal Audit and Counter Fraud Progress Report AG gave a verbal update. A number of reports were in pre-draft stage and still going through the system. The current audit plan was approved in March by the PCTs Audit Committee and the CCGs come to the March '13 meeting. AG hopes to develop a plan based on some form of risk assessment between now and the end of February in order to prepare a plan for the CCG. CSU/CB audit still going forward on a national basis but still not clear. It was hoped to have this in place by April '13. AG hopes to have more information by December. The CCG will need to allow for potential redundancy/TUPE transfer costs.	IA plan to come to March Audit Group	**AG**
It was Suggested to AG when putting together a draft plan, might it be good practice to email GP members and lay members about whether there is anything which should be included before the Plan is finalised. AG had established a broad plan for the CCGs. To be shared with members in December. **Action: AG**	AG share broad/common CCG audit plan in December	**AG**
AG reported that the audits which had been concluded had not so far given any areas for concern and would come to TP by the end of November '12. AG said that there were also a range of audits organised by the Cluster which NL would have to pay for a share of. TP highlighted this was outside of the current budget so will cause a budget overspend.		
14.2 ECAC Annual Report 11/12 The Audit Group noted the contents of this report. The main thing was the list of CSU work next year. ECAC would look at working with other providers and developing partnerships. TP wished to note her thanks for the very responsive surveys providing a different range of services e.g. private consultancy.		
14.3 Audit Committee Handbook – Self-Assessment Checklist TP had asked AG to complete this in line with previous reviews by the PCT/ other CCGs. AG had prepared the document as it is and KR had commented on clinical governance. Jackie Rae had provided comment re external audit, Shaun Fleming had commented re governance. Need to have a process in place in order to complete this work and report to the next Audit Group. It was clarified that the role of the Audit Group did not include Clinical Audit (reporting to Quality Group).	**Action: AG to send a non-pdf document with track changes to the Audit Group members for comment.** **Action: TP to place this item high on agenda for next Audit Group meeting.**	
15. EXTERNAL AUDDIT UPDATE		
PL, lead for the KPMG team, reported that KPMG would do the external audit of the old PCT's accounts for 12/13. A plan for the PCT would be taken to the Cluster and would be made available to TP. This would provide some assurance that the PCT's affairs were in good order before closedown and handover to the CCG. External Audit needs to understand what the PCT/CCG is going on behalf of the Cluster and what it is doing for its own purposes. Unfortunately KPMG had come into this process late and aim to progress things quickly now. One of		

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	LEAD
the challenges was that this year the funds available for audit were 40% of the previous years. A proper audit would be provided but KPMG will need good financial papers and internal audit to provide good information. PL asked whether there were any queries. Even though the name of the provider has changed, the staff remained the same. On the basis of the PCT in June 2012 PL said he was not coming to the CCG thinking there would be problems. However, there were risks re management of the transition process and loss of staff and who would be doing what in the NHS family, etc. TP did not foresee any changes in the people who do the work as many of them were still in the building but under a different organisation. PL reiterated that the CCG should feel able to contact KPMG at any time if they had any concerns about the main things that could go wrong. Either he or Jackie Rae would try their utmost to attend future CCG meetings.		
16. REVIEW AUDIT WORKPLAN		
16.1 TP reported that the old Audit Work Plan explained what the CCG Audit Group is about and what would normally be covered in a year. Pre meets – GPs, lay members and auditors to get together for 30 minutes before Audit Group meetings to allow them to ask questions about the support they require from the CCG/whether they will require any further work. Of course this would not preclude anything the GPs, auditors or lay members wished to raise at the Audit Group meetings. 16.2 Changes to Accounting Policies TP to provide by March '13 to support the auditors. **16.3 Accountability framework Action: TP to add something about security management and annual counter fraud report.** PL hoped that by March '13 the CCG would be able to provide information which supports the accounts. KPMG needed to understand who would prepare the accounts and who would sign. PE indicated that the CCG Audit Group would need to review anything from the PCT which would affect the Audit Group next year. TP indicated that usually the DoF for the Cluster would indicate what things needed to be consistent/ the same for all four CCGs. PL asked whether there was anything to bring to the Audit Group in January. TP indicated that she would give a verbal update on month 9 close and accounts preparation.	**Action: TP** **Action: TP** **Action: TP to add something about security management and counter fraud** **Action: TP happy to receive any other comments from members.** **Action: TP to bring an update on accounts preparation at next meeting**	**TP** **TP** **TP** **All**
17. DISCUSS FUTURE MEETINGS		
The next meeting would be on 31 January '13, 14:00 – 17:00 hrs. **CHECK ROOM CLASH 13:00 – 14:00 hrs WITH CLINICAL STAKEHOLDER GROUP.**	**TP**	**TP** **TP**

SUMMARY OF DISCUSSION	DECISION/ACTION (including timescale for completion or update)	LEAD
PE asked that, for future meetings, all members should be asked whether they were available. Need to ensure that at least two GPs can attend, noting that Thursdays are difficult for Dr Tehmina Mubarika. IR indicated that he would not be available for the last two weeks of March '13.	**Action: TP to ask for members' availability, noting that Thursdays are difficult for Dr Mubarika.** **Action: TP to note**	**TP**
18. ANY OTHER BUSINESS		
There was none.		
19. DATE & TIME OF NEXT MEETING		
31 January 2013 14:00 – 17:00 The Boardroom, Health Place, Brigg		

MEETING:	NHS North Lincolnshire CCG Audit Group Meeting
MEETING DATE:	Tuesday 20 November 2012
VENUE:	Board Room, Health Place, Brigg
TIME:	14:00 – 16:45

NHS
North Lincolnshire
Clinical Commissioning Group

AUDIT GROUP

Action Log

DECISIONS TAKEN	

	ACTIONS	BY WHO	BY WHEN
	Provide form for Declaration of Interest	TP	To bring paper copies to meeting
	MM to amend notes accordingly – done	MM	Done
	KR to pick up with John Pougher and amend HCAC report.	KR	Done
	Final version of Development of Risk Strategy to come to next meeting	KR	On agenda
	GP members to comment on clinical risks in particular		On-going
	KR to address clinical engagement into NHS 111	KR	On-going
	Members to review and pass comments on constitution to KR/TP. Document then to come back to Audit Group when finalised.	ALL	On agenda – for information
	KR to look at IG leads.	KR	
	KR to review accountability and need to ensure these are included.	KR	On agenda for information
	IA plan to come to March Audit Group	AG	Deb to put on March agenda
	AG share broad/common CCG audit plan in December	AG	
	Re self-assessment checklist -AG to send a non-pdf document with track changes to the Audit Group members for comment.	AG	Done and on agenda
	TP to place self-assessment item high on agenda for next Audit Group meeting.	TP	Done
	TP to provide Accounting policies by March ’13 to support the auditors	TP	To go to Feb HCAC and March Audit group
	TP to add something about security management and counter fraud to accountability matrix and audit work plan	TP	On agenda
	TP to make those changes above and would be happy to receive any other comments.	All	No other comments received
	TP to bring an update on accounts preparation at next meeting	TP	On agenda
	TP to ask for members’ availability, noting that Thursdays are difficult for Dr Mubarika.	TP	Done for Jan
	IR indicated that he would not be available for the last two weeks of March ’13 – TP to note	TP	Noted for March meeting

	ACTIONS	BY WHO	BY WHEN
	Next Meeting		
	12th March 2013 14:00 – 17:00 Boardroom Health Place, Brigg		