

**MINUTES OF THE MEETING OF THE NHS VALE OF YORK CLINICAL
COMMISSIONING GROUP AUDIT COMMITTEE HELD ON 16 OCTOBER
2013 AT WEST OFFICES, YORK**

Present

Mr Keith Ramsay (KR) (Chair)	Lay Member and Audit Committee Chair
Mr John McEvoy (JM)	Practice Manager Governing Body Member

In Attendance

Mrs Catherine Andrew (CA)	Senior Manager, Mazars
Mr Michael Ash-McMahon (MA-M)	Deputy Chief Finance Officer
Mr Mark Kirkham (MK)	Director, Mazars
Mr Steven Moss (SMo) for item 6	Local Counter Fraud Specialist
Ms Sharron Murray (SM)	Deputy Head of Internal Audit
Mrs Rachel Potts (RP)	Chief Operating Officer
Ms Michèle Saidman (MS)	Executive Assistant
Mrs Lynette Smith (LS)	Head of Integrated Governance
Mr Andrew Wilson (AW)	Interim Deputy Director of Finance

Apologies

Mrs Wendy Barker (WB)	Acting Executive Nurse
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Preceded by a 15 minute private meeting of the Committee members with External and Internal Auditors.

KR welcomed everyone to the meeting.

1. Apologies

As noted above.

2. Declaration of Members' Interests in relation to the Business of the Meeting

Declarations of Interest were as per the register of interests. KR and RP additionally declared an interest in the incidents reported under Information Governance at item 10.

The Committee:

Noted the information regarding declarations of interest.

3. Minutes of the Meeting held on 17 July 2013

The minutes of the meeting held on 17 July were agreed as a true record subject to the addition under Apologies to read '...HK-T would not *routinely* attend...'

The Committee:

Approved the minutes of the meeting held on 17 July 2013 subject to the above amendment.

4. Matters Arising

Audit Committee Development Session: RP advised that the development session would be progressed as part of the review of the CCG's committee structure.

Finance Governance: The Financial Policies and Procedures and Procurement Policy had been approved by the Governing Body on 5 September 2013.

Internal Audit - Francis Report Recommendations: This item would be carried forward to the new committee.

Corporate Governance – Commissioning Support Unit (CSU) Governance and Internal Audit Arrangements: This was a later agenda item.

The Committee:

Noted the updates.

5. Review of Audit Committee Timetable

All scheduled items were on the agenda. Members noted that guidance was awaited regarding the timetable for the annual accounts. A date for the June meeting would be arranged in accordance with these requirements.

The Committee:

1. Noted the Audit Committee Timetable.
2. Noted that guidance was awaited on the annual accounts timetable.

6. Counter Fraud Report

SMo attended for this item

SMo presented the report which provided an update on pro-active and reactive counter fraud work. In regard to the former a draft Anti Fraud, Bribery and Corruption Policy had been developed which, following comments from the new CCG Chief Finance Officer, would be presented to the Committee for approval. Counter fraud promotion was taking place with CCGs and the CSU, and guidance and alerts had been circulated.

In relation to reactive counter fraud work SMo noted two investigations confirming that information was shared nationally as appropriate and within information governance and data protection regulations. He also advised that

any issues identified within a contract managed on behalf of the CCG would initially be raised with the Chief Finance Officer and confirmed that the requirement for clarity of governance arrangements had been identified.

SMo noted the potential to raise the fact that guidance had not yet been issued in respect of NHS Protect at the North Yorkshire NHS Audit Services Alliance Board on 6 November 2013.

The Committee:

Noted the Counter Fraud Update.

7. Finance Governance

7.1 Update and Assurance on Key Financial Policies and Procedures

This was considered within items 7.2 to 7.5.

7.2 Draft Accounts Preparation Plan and Timetable

MA-M referred to the report which described the process that would be followed on receipt of guidance of the 2013/14 annual accounts timetable. He highlighted the appointment of an experienced Finance Manager – Financial Accounts.

7.3 Detailed Financial Policies and the Scheme of Delegation

RP reported that the Governing Body had commended the significant work that had taken place within a short timeframe to present Detailed Financial Policies and the Scheme of Delegation at the meeting on 5 September. MA-M advised that the next phase was to ensure that the ledger was fully aligned with the approved scheme of delegation. He noted that the policies had been based on NHS England documents with local variation that had been agreed with Internal Audit. SM confirmed that the financial policies were incorporated in the ongoing audit plan.

KR sought and received clarification in regard to the scheme of delegation authorisation of contract invoices. AW explained that an authorisation hierarchy had been established to ensure checking and approval of invoices was carried out by different members of the Finance Team. KR also requested clarification of the approval process for the £15M contract with York Teaching Hospitals NHS Foundation Trust contract; it was noted that this would have been within the financial plan.

Further discussion included processes for invoice approval and provision of supporting documentation. MA-M noted that work was ongoing in this regard but assured members that for high value invoices such detail was required.

KR requested that when the scheme of delegation was next reviewed consideration be given to extracting a number of policies under *Section C – Other Issues* which would be more accessible if published elsewhere as they were not specifically financial policies.

7.4 Procurement Policy

KR raised concern that greater clarity was required in respect of accountability for procurement approval under 'Key Accountabilities and Key Responsibilities'. AW advised that there should be a cross reference to the scheme of delegation when the procurement policy was next reviewed. SM noted that there was no reference to the Code of Conduct for GPs providing services under Conflicts of Interest. LS agreed to pick this up with AW.

7.5 Waiver of Tender and Non Compliance Report

LS referred to the waiver of the formal tendering process to award a one year contract to Accenda for bespoke software as part of the development of the Referral Support Service and the accompanying non-compliance report. In regard to the former she agreed that an error on page 2 of the waiver be corrected at paragraph 2 and in respect of the latter noted that the CSU Procurement Team had contacted alternate providers within the national framework. LS agreed to obtain a statement from the CSU as to the evidence gathered.

The Committee:

1. Noted the draft accounts preparation plan and timetable.
2. Noted the appointment of a Finance Manager with the necessary skills to prepare the annual accounts.
3. Noted Governing Body approval of the Detailed Financial Policies and the Scheme of Delegation.
4. Noted the request for consideration of policies under *Section C – Other Issues* to be published other than in the Scheme of Delegation.
5. Noted Governing Body approval of the Procurement Policy.
6. Noted the requirement for further clarification in the Procurement Policy.
7. Noted the waiver of tender and non compliance report.
8. Requested a statement from the CSU detailing the evidence they had gathered on potential alternate providers.

8. Internal Audit

8.1 Internal Audit Periodic Report

SM presented the report which summarised activity undertaken in relation to the NHS Vale of York CCG Internal Audit Operational Plan for the period 1 April to 30 September 2013. A summary and action plan for the audit report on Management of the Service Level Agreement with the CSU, assessed as Significant Assurance, was included which was discussed in detail in terms of the recommendations, the need for key performance indicators to be refined, value for money, and the scheduled report to the Governing Body in November. RP noted that AW was focusing on work relating to the CSU contract for his remaining time at the CCG and AW explained that this included clarification of charges relating to staffing and systems. LS added

that each specification within the block contract was being examined. Further discussion related to assurance of value for money and ongoing concern about Business Intelligence provision. KR additionally expressed concern about potential conflict of interest in view of Deloitte's role in developing a third party assurance report for the CCGs as they were the internal auditors for NHS England.

In response to SM noting that she would be meeting with Janet Probert (JP), Director of Partnership Commissioning, in regard to the planned audit, members requested that JP attend the next meeting of the Committee to provide assurance on progress.

The deferred QIPP audit was discussed within the context of the confirm and challenge process that was taking place within the CCG. RP noted that advice was sought from Internal Audit on an ad hoc basis in this regard and as a general principle.

SM agreed to update the report in terms of CCG staff changes.

8.2 Outstanding Internal Audit Recommendations Report

SM referred to the report which described progress on implementing recommendations transferred from NHS North Yorkshire and York on 31 March 2013, split according to high, medium, low or completed.

MA-M advised that all voluntary contracts would be rolled over to 31 March 2014. Work was ongoing to implement NHS Standard Contracts for voluntary sector organisations.

Recommendations relating to Continuing Healthcare were discussed in detail and in this regard SM confirmed that the assessment priority could be amended. SM noted that, following discussion with JP, she would report back to the Committee on progress of the recommendations. MA-M and AV reported in detail on the retrospective continuing healthcare claims and backlog of assessments. In respect of the former there were over 900 claims across North Yorkshire and York for which circa £12M provision had been made across the CCGs; NHS Vale of York CCG's share was circa £5M. MA-M assured members that the associated financial impact was accounted for within the budget setting and therefore no liabilities would ensue.

8.3 Update on Commissioning Support Unit Assurance Process

SM presented the report which summarised the approach to be taken to provide assurance to CCGs in respect of the North Yorkshire and Humber CSU and included the scope of the Deloitte CSU assurance review. The major gap had been identified as Business Intelligence. These ongoing concerns were discussed in detail and members noted that Jon Cooke (JC), Business Services Director at the CSU, was attending the next meeting.

The Committee:

1. Received the Internal Audit Periodic Report noting that the next iteration would be amended in respect of staff changes.
2. Requested that JP be asked to attend the next meeting.
3. Received the Outstanding Internal Audit Recommendations Report.
4. Noted the update on the Commissioning Support Unit Assurance Process.
5. Noted that JC was attending the next meeting.

9. Corporate Governance

9.1 Update and Assurance and 9.2 Review assurance from other committees

RP reported that LS was currently undertaking a review of the CCG committee structure to remove duplication and clarify decision making within the scheme of delegation. A paper would be presented to the November meeting of the Governing Body.

9.3 Assurance Framework

LS referred to the report which presented the Assurance Framework and described reporting arrangements and the ongoing review of risk registers. She noted that committee agendas would focus around areas of risk and that options for a formal risk management system with automatic update were being sought to enhance risk management. LS additionally noted that a new member of staff had been appointed who would support this work.

Members sought and received clarification on a number of aspects of the Assurance Framework and associated processes. KR requested consideration be given to increasing the risk relating to CCG capability and capacity from amber to red.

LS agreed to undertake work with the Governing Body to enhance their awareness of the risk matrix.

9.4 Commissioning Support Unit Governance Update Report

Members noted the update report which was discussed within the context of item 10 below.

The Committee:

1. Noted that a review of the CCG committee structure was taking place and would be presented to the November meeting of the Governing Body.
2. Noted the Assurance Framework.
3. Requested that consideration be given to increasing the risk relating to CCG capability and capacity on the Assurance Framework from amber to red.

4. Requested that LS undertake work with the Governing Body to enhance risk awareness.
5. Noted the Commissioning Support Unit Governance update report.

10. Information Governance

LS presented the report that provided an update on the national Information Governance requirements and the local implications for NHS Vale of York CCG. Appendix 1 comprised the Information Governance, Security and Compliance Team Newsletter and Appendix 2 comprised two Information Governance Incident Report forms. In regard to the latter LS noted that action had been taken as appropriate.

LS advised that work was currently ongoing with the CSU Information Governance team to ensure compliance with the new regulations that CCGs do not routinely receive patient identifiable data and that benchmark information would be completed by the end of November. LS also noted that a new Information Governance Toolkit had been issued to support the recommendations and that the CSU had reissued all Information Governance Policies. Work was taking place to ensure compliance by the year end.

LS reported that 60% of the CCG's staff had completed the Information Governance training noting new starters and clinical leads in the main for whom this requirement was outstanding.

The implications of care.data were discussed in some detail. In this regard LS noted potential impact on Business Intelligence information if patients declined to share information.

The Committee:

1. Noted the national changes and local implications for Information Governance.
2. Noted the incident reports and endorsed the recommendations to mitigate further incidents of this nature.

11. External Audit

11.1 Audit Strategy Memorandum

CA reported that guidance on value for money had been issued on 15 October therefore too late for inclusion on the agenda. Members requested that the full Memorandum be circulated by email in advance of the January meeting of the Committee.

11.2 Progress Report and Briefing

CA referred to the report which included information on audit progress, emerging issues and developments, and recommendations from the Financial Reporting Council. KR noted potential implications for the CCG in light of the Lewisham Hospital Ruling.

11.3 North Yorkshire Clinical Commissioning Groups: Joint Working Protocol – Internal and External Audit 2013/14

Members welcomed the protocol for joint working.

The Committee:

1. Requested that the Audit Strategy Memorandum be circulated by email in advance of the January meeting.
2. Noted the Progress Report and Briefing.
3. Welcomed the North Yorkshire Clinical Commissioning Groups: Joint Working Protocol – Internal and External Audit 2013/14

12. Minutes from Other Meetings

The Committee:

Received the minutes of the NHS Vale of York Clinical Commissioning Group Quality and Performance Committee held on 19 June, 17 July and 21 August 2013 and the Yorkshire NHS Audit Services Alliance Board draft minutes of the meeting held on 27 June 2013.

13. Key Messages to the Governing Body

- Implementation of the Service Level Agreement with the CSU
- Development of the Assurance Framework and Risk Registers
- Patient care data
- Internal and External Audit Joint Working Protocol
- Requirement for NHS England to clarify NHS Protect arrangements
- Capacity
- Arrangements to challenge value for money
- Partnership Commissioning Unit Continuing Healthcare

The Committee:

Agreed the above would be highlighted by the Committee Chairman to the Governing Body.

13. Next Meeting

15 January 2014, 11.15am at West Offices

As AW was leaving the CCG at the end of the month KR expressed appreciation for his work to support the development of the organisation.

NHS VALE OF YORK CLINICAL COMMISSIONING GROUP AUDIT COMMITTEE

SCHEDULE OF MATTERS ARISING/DECISIONS TAKEN: 16 OCTOBER 2013 AND CARRIED FORWARD FROM PREVIOUS MEETINGS

Meeting Date	Item	Action Required/Decisions Taken	Responsible Officer/Body	Action Completed/ Due to be Completed by (as applicable)
11 January 2013 19 April 2013 17 July 2013 16 October 2013	Terms of Reference	<ul style="list-style-type: none"> • Development session to be arranged on completion of appointments to the Committee • Date to be sought following GP's appointment • Development session to be progressed • Development session to be progressed as part of the review of the committee structure 	RP	
17 July 2013 16 October 2013	Internal Audit	<ul style="list-style-type: none"> • Analysis of the Francis Report Recommendations and potential impact on the CCG Internal Audit Plan to be discussed at the Quality and Performance Committee • To be carried forward to new committee 	RP / CW RP	

Meeting Date	Item	Action Required/Decisions Taken	Responsible Officer/Body	Action Completed/ Due to be Completed by (as applicable)
16 October 2013	Detailed Financial Policies and the Scheme of Delegation	<ul style="list-style-type: none"> Consideration to be given to policies included in <i>Section C – Other Issues</i> within the Scheme of Delegation when next reviewed 	MA-M	
16 October 2013	Procurement Policy	<ul style="list-style-type: none"> Cross reference to be included to the scheme of delegation when the procurement policy was next reviewed. Reference to the Code of Conduct for GPs providing services under Conflicts of Interest. 	MA-M LS/AW	
16 October 2013	Waiver of Tender and Non Compliance Report	<ul style="list-style-type: none"> Statement on evidence of contact with alternate providers within the national framework 	LS	
16 October 2013	Internal Audit Periodic Report	<ul style="list-style-type: none"> JP to be requested to attend the next meeting Staff changes to be incorporated 	RP/MS SM	

Meeting Date	Item	Action Required/Decisions Taken	Responsible Officer/Body	Action Completed/ Due to be Completed by (as applicable)
16 October 2013	Corporate Governance	<ul style="list-style-type: none"> • Review of the CCG committee structure to be presented to the Governing Body • Governing Body risk awareness to be enhanced 	<p style="text-align: center;">RP/LS</p> <p style="text-align: center;">LS</p>	7 November meeting