

NHS VALE OF YORK CLINICAL COMMISSIONING GROUP

Minutes of the meeting of the Audit Committee held on 19 April 2013 at St Catherine's Hospice, Scarborough

Present

Mr Keith Ramsay (Chair)	Lay Member and Audit Committee Chair
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In Attendance

Mrs Catherine Andrew	Senior Manager, Mazars
Mr Jon Cooke (for item 10.2)	Business Services Director, North Yorkshire and Humber Commissioning Support Unit
Mrs Helen Kemp-Taylor	Head of Internal Audit
Mr Mark Kirkham	Director, Mazars
Mr Steven Moss (for item 6)	Local Counter Fraud Specialist
Ms Sharron Murray	Deputy Head of Internal Audit
Mrs Rachel Potts	Chief Operating Officer,
Ms Michèle Saidman	Executive Assistant
Mr Adrian Snarr	Chief Finance Officer
Mrs Janice Sunderland (for item 10.2)	Relationships Manager, North Yorkshire and Humber Commissioning Support Unit

Apologies

Dr Guy Porter	Consultant Radiologist
Mrs Carrie Wollerton	Executive Nurse

Keith Ramsay welcomed everyone to the first meeting of the Committee since formal establishment of the CCG and advised that there had not on this occasion been a private meeting with External and Internal Auditors. He noted that a number of items would be discussed out of the agenda order.

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.

The Committee:

Noted the information regarding declarations of interest.

3. Minutes of the Meeting held on 11 January 2013

The minutes of the meeting held on 11 January were agreed as a true record.

The Committee:

Approved the minutes.

4. Matters Arising

Audit Committee Development Session: Keith Ramsay requested that a date be sought for this session now that Guy Porter had been appointed.

Board Assurance Framework: Rachel Potts reported that this had been deferred due to the workshop for Governing Body members on 25 April to discuss the Assurance Framework which would thereafter be updated, including the Risk Register, prior to presentation for approval at the Governing Body meeting on 2 May. It would be brought to the next meeting of the Committee.

All other matters arising had been completed or were agenda items.

The Committee:

1. Requested that a date be sought for the development session.
2. Noted the update on the Assurance Framework.

5. Review of Audit Committee Timetable

Helen Kemp-Taylor confirmed that the timetable had been updated.

The Committee:

Noted the updated Audit Committee Timetable.

6. Draft Counter Fraud Plan 2013/14

Steven Moss attended for this item

Steven Moss presented the draft Counter Fraud Plan for 2013/14 noting that this was an initial proposal pending publication of further guidance. The 20 days within the plan were allocated in accordance with the generic counter fraud areas of:

- Strategic governance
- Promoting an anti-fraud culture
- Preventing fraud
- Where it cannot be deterred, detecting fraud
- Professionally and objectively investigating suspicions of fraud where they arise
- Consistently applying a range of sanctions where fraud is proven
- Seeking redress to recover funds obtained through fraud

Steven Moss described various aspects of anti fraud work and noted that standards were currently being developed. Fraud awareness was also discussed in the context of a new organisation and the establishment of assurance mechanisms relating to primary care. Potential fraud within private providers would be managed through contracts.

Members sought and received confirmation that the 20 days in the fraud plan were in addition to the Internal Audit plan. Steven Moss noted that a number of the days would be dedicated to set up requirements, therefore there may be a potential for a reduction in future years.

The Committee:

Approved the Counter Fraud Plan for 2013/14.

7. Security

Adrian Snarr expressed concern that it had not been possible to effect a transfer of the Local Security Management Specialist to the North Yorkshire Audit Service, as previously discussed, in view of HR complexities. The individual had therefore been made redundant on 31 March 2013, as no suitable alternative employment had been identified, and was now contracted for two days per week to Harrogate and District NHS Foundation Trust in view of their community services.

In terms of CCG security Helen Kemp-Taylor was meeting with NHS Protect. However, as the security expectations of commissioners remained unclear the risk could not currently be quantified. Adrian Snarr confirmed that most NHS trusts had a security adviser but that the smaller non NHS providers were a concern in this regard. He also noted that in terms of provider assurance the main areas of risk were contracts and continuing healthcare.

Helen Kemp-Taylor advised that the risk assessment tool was based on materiality and that the risk relating to providers was not great. She advised that consideration would be given regarding organisational risk on receipt of the awaited guidance.

The Committee:

Noted the update.

8. Finance Governance

8.1 Update and Assurance (including any changes to key financial policies)

Adrian Snarr reported that a number of staff who had transferred from the PCT to the CCG were now moving on to new organisations following completion of their involvement in the PCT's annual accounts. The Finance Team, in addition to himself, currently comprised a substantive Band 3 and three agency staff with varied NHS experience and including an interim

deputy. He reported that following interviews the Finance Team would be at full complement by the end of May with the exception of the Deputy Chief Finance Officer who would take up post at the end of July.

Adrian Snarr reported that work had focused on ensuring safe and secure systems were in place prior to progressing to core developments. He advised that from the last week in March the priority had been to ensure systems were in place for payments to trusts on 15 April. This had been achieved and the focus was now on staff payroll. At the end of April budgets would be uploaded on to the system with a view to producing reports in Month 2.

Adrian Snarr noted his intention to hold the two vacant posts across Finance and Contracting pending a review when the current appointments were all in post. He assured members that the SBS systems were secure and that financial governance was embedded in terms of budget holder powers. The financial plan would require aligning with the budget system.

Rachel Potts additionally advised that once all new staff were in post the organisational development plan would be refreshed.

The Committee:

Noted the update.

9. Internal Audit

9.1 Internal Audit Plan

Sharron Murray presented the updated draft Internal Audit Plan for 2013/14 which included a draft Vulnerable Adults and Children's Commissioning Unit (VACCU) Internal Audit Plan 2013/14 to 2015/16; this service was hosted by Scarborough and Ryedale CCG. She noted that a workshop was being arranged to further consider the VACCU plan and clarified that Vale of York CCG would contribute five days to the 20 days allocated to VACCU across the four North Yorkshire and York CCGs.

Adrian Snarr reported that the CCGs were currently discussing priorities in respect of VACCU and noted that continuing healthcare was the greatest area of risk. In addition to assurance through Internal Audit the Quality and Performance Committee would highlight any areas of concern.

Following confirmation of capacity for Internal Audit to meet the days detailed, Keith Ramsay noted that the Internal Audit Plan would be kept under review and would remain flexible to account for any issues that may arise.

9.2 NHS North Yorkshire and York: Legacy Document – Outstanding Internal Audit and Fraud Issues and Risks

Sharron Murray referred to the detailed breakdown of outstanding recommendations allocated by the organisation to which they were

transferring following the transition. She advised that she had sought confirmation that the recommendations would be implemented.

In response to clarification sought by Keith Ramsay regarding concerns expressed by the PCT Audit Committee, Sharron Murray reported that business continuity, which had transferred to the Area Team, had not been removed from the PCT Risk Register and that the major concerns relating to IM&T would be addressed to a great extent by the move from Thirsk and establishment of two servers in Willerby and Brigg.

In regard to Information Governance Rachel Potts confirmed that a paper would be provided for the next meeting of the Committee. She noted that the expectation that CCGs reach Level 2 of the Toolkit by 1 April 2013 had not been achieved as the requisite 95% of staff had not completed this training module. Rachel Potts additionally reported that a Band 6 Integrated Governance Manager was taking up post on 22 April, a Band 8b Head of Integrated Governance was currently out to advert, and Adrian Snarr had regular updates with Sharron Murray.

It was noted that the PCT Legacy Team would report to the Department of Health. Discussion included reporting arrangements in respect of completed recommendations.

9.3 Internal Audit Reports – Appendix A

Sharron Murray referred to the reports detailed below which had been presented at the NHS North Yorkshire and York Cluster Audit Committee since the last CCG Audit Committee meeting. She tabled a summary of the key lessons for CCGs from Internal Audit reports issued in 2012/13 which, in addition to the reports below, related to CCG Budgets and Financial Reporting, Medical Revalidation, Telehealth Update, Emergency Preparedness and Business Continuity, Informatics Service Disaster Recovery Plan and Dental Performance Management.

- Accountability of Clinical Commissioning Groups (*Assurance Level: Significant*)
- Continuing Healthcare:
 - Implementation of Previous Internal Audit Recommendations (*Assurance Level: Significant*)
 - Adequacy of CCG Governance Arrangements for Continuing Healthcare Commissioning (*Assurance Level: Limited*)
 - Adequacy of Systems for Processing Retrospective Continuing Healthcare Cases (*Assurance Level: Low*)
- Key Financial Controls (*Assurance Level: Significant*)
- Management of the Transfer of Records During Transition (*Assurance Level: Limited*)
- Information Governance Toolkit (*Assurance Level: Significant*):
- Information Governance Toolkit - Clinical Commissioning Groups (*Assurance Level: Significant*):

In regard to telehealth Rachel Potts reported that the contract with Tunstall Healthcare had been extended for six months and that a systematic review of patients currently on telehealth was being undertaken during this time. Consideration was taking place regarding commissioning an integrated health and social care service which would incorporate various aspects of telemedicine..

Sharron Murray confirmed that the recommendations would be incorporated in the Internal Audit plan.

The Committee:

1. Approved the Internal Audit plan for 2013/14.
2. Noted the outstanding Internal Audit and Fraud issues within the Legacy Document.
3. Noted the findings and recommendations of the audit reports.

10. Governance and Assurance

10.1 Update and Assurance

Adrian Snarr reported that following the “going live” of the CCG on 1 April the committee structure was being reviewed and refined. All the Governing Body committees had met with the exception of the Finance and Contracting Committee, whose establishment completed the tier of assurance below the Governing Body; its first meeting would take place on 2 May.

The organisational structure, established as part of the authorisation process, was being revised; further appointments were being made to address capacity concerns within the CCG.

Rachel Potts referred to the authorisation conditions and Directions. She advised that work was ongoing with the NHS England Area Team to provide assurance and achieve removal of the conditions and Directions, noting that the requirements relating to a clear and credible plan and run rate balance would take time. Two of the conditions – appointment of a secondary care doctor and Safeguarding – had been fulfilled. The staff structure was being increased to address capacity issues and work was ongoing with Rightcare (part of NHS England) to develop business process engineering. Interim appointments were being made prior to permanent appointments to achieve implementation of the 2013/14 Plan approved by the Governing Body. Rachel Potts noted that delivery of QIPP remained a significant risk despite establishment of implementation programmes and teams.

Rachel Potts also reported on establishment of the monthly Business Committee which had met for the first time on 18 April. She described the reconfigured meeting arrangements to maximise the GP CCG role and noted that the weekly Tuesday Management Team meeting would be an operational forum.

In response to Keith Ramsay's concerns regarding management capacity and Mark Kirkham's seeking clarification in respect of governance arrangements, Rachel Potts and Adrian Snarr advised that it was anticipated that the permanent staff appointments would be in post by July and that the interim QIPP project managers were highly experienced. The programmes were subject to mainstream risk management arrangements.

10.2 Review assurance from other committees and CSU

(a) CSU State of Readiness Report, (b) CSU Audit Arrangements

Jon Cooke and Janice Sunderland attended for this item

Janice Sunderland presented the report which provided an update on the development of the North Yorkshire and Humber Commissioning Support Unit for the Service Level Agreement (SLA) with Vale of York CCG with effect from 1 April 2013. She noted that at the March 2013 assessment checkpoint the CSU had achieved Level 2, long term sustainability.

In response to clarification sought by members, Jon Cooke advised that although a CSU collaboration had been established this was not a requirement and that to date there was no clarity in respect of externalisation of CSUs. In order to maintain sustainability expansion would be required, however the current eight Yorkshire and Humbers CCG customers would remain a priority. Additional limited business was currently also being undertaken with NHS Airedale, Craven and Wharfedale CCG and the Area Team. Assurance requirements for providers, including voluntary sector organisations, may require consideration.

Janice Sunderland reported that the SLA was in place for 18 months and that the Key Performance Indicators had been discussed at the Quality and Performance Committee on 17 April. She reported that following the transition most staff were now in post therefore significant improvements were anticipated. More than 90% of staff had attended induction and a further two sessions were planned.

In terms of CSU governance, a Programme Board had been established as an Advisory Committee with independent lay advisers. Functions and responsibilities were delegated from NHS England to the CSU Managing Director who delegated functions to the Advisory Committee through an internal operational framework. The lay adviser roles were out to advert; appointments would complement the skills of current staff.

The CSU was currently operating under the NHS England scheme of delegation; local audit and risk arrangements were under consideration. In terms of External Audit the CSU contributed to the NHS England levy, third party assurance was currently unclear, and Internal Audit would be through the national service which was currently being procured.

In regard to CSU assurance to CCGs Jon Cooke reported that the only area of financial assurance applicable to Vale of York related to payroll. Further

work was ongoing to establish core assurance on non financial areas, such as Business Intelligence, Informatics and Human Resources, where they were provided across the patch. Jon Cooke noted that, following discussion with CCGs he would collate information on services they would expect to include assurance and report into national work for establishment of core assurance by CSUs.

Jon Cooke advised that the CSU was covered by NHS England in respect of fraud arrangements and noted that the tender process was currently being finalised.

Keith Ramsay noted that if required the allocation of Internal Audit days could be reconsidered to account for CSU assurance requirements and requested a report to the next meeting on CSU assurance processes. It was noted that ongoing review of the CSU would be via NHS England's Dashboard.

10.3 Board Assurance Framework

This item was covered under item 4 above.

10.4 Risk Register

This item was covered under item 4 above.

The Committee:

1. Noted the update and assurance, and the ongoing work in regard to the authorisation conditions and Directions.
2. Noted the information pertaining to the North Yorkshire and Humber Commissioning Support Unit requesting that a further report on CSU assurance be presented at the July meeting.

11. Information Governance

This was covered at item 9.2 above with additional discussion noting the pseudonymisation requirements and the impact of the failure to reach Level 2 of the Toolkit on some other levels.

The Committee:

Noted that a report would be presented at the next meeting.

12. External Audit

12.1 Progress Report

Mark Kirkham confirmed that the Audit Commission had appointed Mazars as External Auditors for all the North Yorkshire and York CCGs noting the appointment of himself and Catherine Andrew, who would manage the contract, to both NHS Vale of York and Scarborough and Ryedale CCGs.

Discussion would take place with CCG senior managers of risk assessment.

Mark Kirkam advised that the External Audit Fee Letter would be presented at the next meeting of the Committee followed by the Audit Planning Memo at the October meeting. He assured members that the planning would be undertaken earlier in future years.

The Committee:

Noted the update.

13. Minutes from Other Meetings

The Committee:

Received the minutes of the NHS Vale of York Clinical Commissioning Group Quality and Performance Committee held on 29 January and 26 February 2013.

14. Any Other Business

Audit Events: Helen Kemp-Taylor reported that a number of events were being planned and it was proposed that they be run as network events across the North East and Humber. A June event for CCGs, date to be finalised, would include managing conflicts of interest in General Practice and the Francis Report recommendations.

Committee Membership: Helen Kemp-Taylor sought clarification of membership of the Committee. It was noted that, following the appointment of Guy Porter who would be a member, a further GP or Practice Manager would be sought.

Council of Representatives: Rachel Potts reported that the first meeting of the Council of Representatives had taken place on 18 April noting that all Vale of York CCG practices had been represented. It was proposed that the Chair of the Council of Representatives and either a further GP, a Practice Manager or Practice Nurse would join the Governing Body in a lay assurance role. Neither of these appointments had been made and the Council of Representatives had agreed to meet again in May.

The Committee:

Noted the information.

15. Key Messages to the Governing Body

- Commissioning Support Unit audit arrangements and assurance
- Staff capacity
- Vulnerable Adult and Children Commissioning Unit

The Committee:

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

16. Future Meetings

It was agreed that meetings would take place on the dates below at 11.30am, preceded at 11.15am by the meeting of Committee members with Internal and External Auditors, at West Offices. It was also noted that in future years the July meeting may be brought forward in accordance with the requirements of the annual accounts timescale.

17 July 2013
16 October 2013
15 January 2014

NHS VALE OF YORK CLINICAL COMMISSIONING GROUP AUDIT COMMITTEE

SCHEDULE OF MATTERS ARISING/DECISIONS TAKEN: 19 APRIL 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	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 Guy Porter's appointment 	Adrian Snarr	
11 January 2013 19 April 2013	Governance and Assurance	<ul style="list-style-type: none"> • Board Assurance Framework to be presented to Shadow Governing Body • Workshop to take place on 25 April prior to presentation to Governing Body 	Rachel Potts	7 March 2013 2 May 2013
19 April 2013	Review of assurance from other committees and CSUs	<ul style="list-style-type: none"> • Report on CSU assurance processes to be provided for next meeting 	Janice Sunderland	17 July 2013 meeting