

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON
8 JULY 2015 AT WEST OFFICES, YORK**

Present

Mrs Sheenagh Powell (SP)	Lay Member, Audit Committee Chair
Mr David Booker (DB)	Lay Member

In attendance

Mrs Cath Andrew (CA)	Senior Manager, Mazars
Mr Michael Ash-McMahon (MA-M)	Deputy Chief Finance Officer
Mrs Michelle Carrington (MC)	Chief Nurse
Mr Mark Kirkham (MK)	Director, Mazars
Mrs Rachel Potts (RP)	Chief Operating Officer
Mrs Tracey Preece (TP)	Chief Finance Officer
Ms Michele Saidman (MS)	Executive Assistant
Mr Tom Watson (TW)	Internal Audit Manager

Apologies

Mr Steven Moss (SM)	Local Counter Fraud Specialist
Mrs Lynette Smith (LS)	Head of Corporate Assurance and Strategy

Preceded by a 15 minute private meeting of the Committee members with External and Internal Auditors.

SP welcomed everyone to the first meeting since her appointment. She noted that future arrangements for meetings of the Committee members with External and Internal Auditors would be December with External Audit, March with Internal Audit and year end with External and Internal Audit.

1. Apologies

As noted above.

2. Declarations of Interest

Declarations of interest were as per the Register of Interests. There were no declarations of members' interests in relation to the business of the meeting.

3. Minutes of the meeting held on 25 May 2015

The minutes of the meeting held on 25 May were agreed.

The Committee:

Approved the minutes of the meeting held on 25 May 2015.

4. Matters Arising

Review assurance from other committees, Partnership Commissioning Unit and Yorkshire and Humber Commissioning Support: MA-M reported that Janet Probert, Director of Partnership Commissioning, had advised that, as the limiting factor in the review of continuing healthcare cases was the response time to paperwork by North Yorkshire County Council and this was not within the control of the Partnership Commissioning Unit, additional capacity would not resolve the issue. MA-M confirmed that the work was expected to be completed in 2015/16 therefore the same level of provision would not be required in 2016/17.

Audit Recommendations Status Report: TP reported that interim measures had been established to ensure timely responses to recommendations pending introduction by Internal Audit of MKInsight software for this purpose.

Annual Counter Fraud Report: TW reported that Shaun O'Connell's meeting with Helen Kemp-Taylor to discuss prescribing issues had not yet taken place due to a requirement for it to be rearranged.

Other outstanding matters were noted as completed or agenda items.

The Committee:

Noted the updates.

5. Audit Committee Work Plan

TP noted that the work plan had been updated in 2014/15 in accordance with the Audit Committee Handbook recommendations and proposed identifying a date in May 2016 for the accounts meeting pending publication of the national guidance for the annual accounts timetable. She proposed a further review of the work plan to include Constitutional requirements and ad hoc items. It was additionally agreed that the Committee's terms of reference be reviewed with particular reference to membership, quorum and clarity of role; a number of other areas for inclusion were identified during the meeting.

In response to SP seeking clarification about the annual accounts process, TP assured her that informal processes had been established with External and Internal Audit and noted that she would meet with SP to discuss the draft accounts in advance as the national timetable did not usually enable a Committee meeting for this purpose.

It was agreed that revised draft terms of reference and an updated draft work plan be discussed at the next meeting.

The Committee:

1. Noted the work plan.
2. Noted that TP would propose a date for the annual accounts meeting.
3. Agreed that revised draft terms of reference and work plan be presented at the next meeting.

6. Finance and Governance

6.1 Review of Losses and Special Payments

TP advised that there had been no losses or special payments.

6.2 Draft Financial Procedure Notes and Scheme of Delegation

In presenting this report MA-M advised that the Financial Procedure Notes underpinned the CCG's Detailed Financial Policies. The final two Procedure Notes were presented for approval, together with a request for approval to changes to previously agreed Financial Procedures in terms of payroll provider and CCG contact lists and changes to the Scheme of Delegation as agreed at the previous meeting. The Scheme of Delegation would be published on the CCG's website following approval.

TW confirmed that Internal Audit had commented on the proposed changes.

6.3 Review risks and controls around financial management

TP advised that this was a standing item and that there was nothing specific to report other than the information at 6.2 above. She noted that all CCGs were being asked to complete a self assessment tool for financial governance that NHS England was bringing out in the summer. The results and associated actions would be reported at the next meeting.

The Committee:

1. Noted that there had been no losses or special payments.
2. Approved Financial Procedure Note 9 and Financial Procedure Note 10.
3. Approved changes to the payroll provider and CCG contacts in Financial Procedure Note 1 Payroll and changes to the CCG contact lists in Financial Procedures 2-8.
4. Approved changes to the Scheme of Delegation with regard to where it detailed delegated authority to a committee it now mandated the Chief Finance Officer or Deputy Chief Finance Officer must be in attendance and publication of the updated version on the CCG website.
5. Noted that the results of the NHS England financial governance self assessment tool would be reported at the next meeting.

7. Corporate Governance

7.1 Update and Assurance

RP reported that the CCG's 2014/15 quarter 4 assurance meeting with NHS England was taking place later in the day. The focus of the agenda was development of a sustainable and affordable system across York and Scarborough through joint working, development of urgent care networks, and primary care co-commissioning. This meeting was based on the 2014/15 Assurance Framework for CCGs; the formal response would be presented to the Governing Body.

7.2 Review of current procurement programmes

RP reported on the two recent procurements.

The contract for Mental Health and Learning Disability Services had been awarded to Tees, Esk and Wear Valleys NHS Foundation Trust. The CCG had received notification from Monitor of a referral; a formal response from Monitor was awaited. However mobilisation for the beginning of October 2015 was progressing and providers were working together in this regard.

DB noted that the Quality and Finance Committee had received assurance about the procurement process. RP additionally noted that a forthcoming Governing Body Workshop was scheduled to include procurement.

In respect of the MSK procurement the contract had not yet been awarded due to an extended standstill period.

7.3 Review Draft Audit Committee Annual Report

TP presented the draft 2014/15 Audit Committee Annual Report highlighting changes in membership through the year, the CCG's assessment through the national Assurance Framework as Assured with Support by NHS England, the review of the CCG's Constitution to include primary care co-commissioning, and the revision to the Committee's terms of reference as discussed earlier.

TP noted that all the Internal Audit reports relating to the CCG had received Significant or High Assurance. Two of the reports relating to the Partnership Commissioning Unit had received Limited Assurance.

TP noted that the North Yorkshire CCG Accountable Officers had agreed that the continuing healthcare and funded nursing care risk share arrangement would continue only for specialist rehabilitation and brain injury patients in 2015/16, which comprised c£1.7m between NHS Vale of York CCG, NHS Harrogate and Rural District CCG and NHS Scarborough and Ryedale CCG. The CCG allocation had been adjusted to take account of the revised arrangements.

TP referred to the Yorkshire and Humber Commissioning Support services provided to the CCG and reported that work was taking place to bring services in house, share with other CCGs or buy from the Lead Provider Framework or from other external organisations. The associated risks were being monitored robustly. The timescale for completion of this work by November 2015 had been delayed until early 2016. RP added that the Lead Provider Framework would be used for most services that were bought but support for one off projects or specialist areas may be bought from elsewhere.

Stranded costs from Yorkshire and Humber Commissioning Support continued to be discussed with NHS England. The risk of staff leaving that organisation and staff sickness cover were on the CCG Risk Register and had been escalated to the Transition Board in terms of the 23 Yorkshire and Humber CCGs. A specific risk was highlighted relating to Business Intelligence.

SP sought clarification of the request for the Committee to recommend the Annual Report for approval by the Governing Body. It was agreed that the Committee should approve its Annual Report which would be presented to the Governing Body to note.

7.4 Note business of other committees, review inter-relationships

RP noted that this was a standing item and referred to the inter relationship between the Audit Committee and the Quality and Finance Committee whose minutes were included at item 12. She highlighted that the Quality and Finance Committee had been extended to include primary care co-commissioning.

7.5 Review assurance from other committees, Partnership Commissioning Unit and Yorkshire and Humber Commissioning Support

RP referred to the earlier discussion regarding Yorkshire and Humber Commissioning Support and noted that Janet Probert had previously attended the Committee to provide assurance in relation to the Partnership Commissioning Unit.

In regard to assurance about the changes relating to Yorkshire and Humber Commissioning Support TW noted that, should the CCG so wish, a contingency within the Internal Audit Plan could be used for associated work. SP sought assurance that the risks around the transition of services had been properly assessed and that arrangements were in place to manage these risks. TP stated that this was on the CCG's Risk Register and the Internal Audit programme but noted that she would check areas of high risk, notably continuity of Business Intelligence and Human Resources, and report back.

7.6 Review Assurance Framework

In presenting this report RP noted that the differences between the 2014/15 and 2015/16 NHS England Assurance Frameworks were highlighted. The latter comprised five domains - well-led organisation, performance, financial management, planning and delegated functions – with four assessment categories: assured as outstanding; assured as good; limited assurance, requires improvement; and not assured.

RP reported that the CCG's Assurance Framework had been aligned with the five domains of the 2015/16 NHS England Assurance Framework. She referred to the Governing Body Workshop on 2 July when members had supported this approach and had discussed in detail assessment of risks for each domain. Discussion had also included risk appetite, conflict of interests and a self assessment against the Governing Body Maturity Matrix; the Governance Team was now looking at evidence to support the latter. RP additionally noted that the main issue identified related to engagement with GP practices and the Council of Representatives; this concern was being followed up as a matter of urgency.

Further discussion ensued as to appropriate processes for presentation of the Assurance Framework. SP confirmed the expectation that, in addition to regular

presentation to the Governing Body, it should be presented at the Audit Committee and the Quality and Finance Committee. SP queried the timescale for the revised Assurance Framework to be presented. It was agreed that a draft would be available for the September Audit Committee.

7.7 Review the Quality Account/Report

TP advised that this item was included in accordance with the Audit Committee Handbook but that CCGs did not have Quality Accounts in the same way as acute trusts. MC reported that the CCG had provided a statement for Leeds and York Partnership NHS Foundation Trust and York Teaching Hospital NHS Foundation Trust Quality Accounts. She advised that currently there were monthly quality and performance meetings but that their terms of reference were being reviewed to provide further assurance and more appropriate membership than currently. MC noted that issues were routinely reported at the Quality and Finance Committee.

It was agreed that this item be included in the review of the Audit Committee Terms of Reference.

The Committee:

1. Noted that the CCG's 2014/15 quarter 4 assurance meeting with NHS England was taking place later in the day.
2. Noted the update on the Mental Health and Learning Disability Services and MSK procurements.
3. Approved the 2014/15 Committee Annual Report which would be presented to the Governing Body.
4. Noted the update on business of other committees and inter-relationships.
5. Noted the update on the Yorkshire and Humber Commissioning Support transition.
6. Requested that TP report to the next meeting areas of high risk and with a residual gap, notably continuity of Business Intelligence and Human Resources, resulting from the Yorkshire and Humber Commissioning Support transition.
7. Noted the change to the Assurance Framework and associated domains and the work to review the NHS Vale of York CCG Assurance Framework critical success factors in light of the new regime and agreed that a draft would be presented to the September Audit Committee.
8. Noted that the item relating to Quality Account/Report related to acute trusts and would be considered within the review of the Committee's terms of reference.

8. Information Governance

8.1 Update, including Information Governance Steering Group Terms of Reference and Work Programme

RP presented the report which advised of the CCG's achievement of the mandatory Compliance Level 2 for the 2014/15 Information Governance Toolkit

submission, provided an update on information flow mapping, and reported on a number of Information Governance incidents. Two appendices respectively detailed the requirements of Information Governance Toolkit Version 13: 2015/16, which was being reviewed to identify any changes required, and the recommendations from The Information Governance Review 2013 (Caldicott 2): Information to share or not to share were being incorporated as appropriate, which would be built into the Information Governance Toolkit gap analysis plan.

Members discussed the work programme in the context of systems and data sharing for integrated commissioning noting the ambition for compatible systems. In response to SP seeking clarification of risk associated with Information Governance, RP advised that the main concern was information flow mapping and establishment of data sharing across commissioners and providers to progress the integration work. RP commended Commissioning Support for Information Governance and noted the ambition to maintain Compliance Level 2 and develop strategic work.

MC advised that incidents were reported on Datix and subsequently investigated. External reporting was dependent on the level of the breach.

RP highlighted the Information Governance Steering Group Terms of Reference and Work Plan which were presented for approval.

8.2 Note business of the Information Governance Steering Group

RP referred to the minutes of the Information Governance Steering Group at item 12.

The Committee:

1. Noted the progress of work and actions detailed in the Information Governance update.
2. Approved the updated Information Governance Steering Group Terms of Reference.
3. Approved the Information Governance Work Programme.
4. Noted the business of the Information Governance Steering Group.

9. External Audit

SP requested that the items from External Audit include the standard Committee meeting template. TP agreed to liaise with CA and MK in this regard.

9.1 Progress Report and Briefing

CA referred to the report which provided an update on audit progress and emerging issues and developments. In respect of the latter she highlighted The Chartered Institute of Public Finance and Accountancy (CIPFA) briefing paper 'Moving ahead with integration', published in May 2015, and the Financial Reporting Council consultation on regulation of auditors.

9.2 *Annual Audit Letter 2015*

In presenting the Annual Audit Letter MK commended the excellent working relationship with the Finance Team and the exemplary level of co-operation and responses. He noted that Future Challenges was a new section in the Letter and highlighted the financial position in this regard. TP confirmed that the draft letter had been shared with her and SP noted that the Governing Body was aware of the challenges detailed.

It was agreed that the Letter be circulated to Governing Body members by email as final closure for 2014/15.

The Committee:

1. Noted that TP would liaise with CA and KM regarding templates for the External Audit agenda items.
2. Noted the External Audit Progress Report and Briefing.
3. Noted the Annual Audit Letter and requested its circulation to the Governing Body.

10. Internal Audit

10.1 Periodic Report

TW presented the report which outlined progress between 19 May and 26 June 2015 and included an Executive Summary, an overview of assurance levels by audit area and analysis of audit days. He sought and received approval for the request to defer from quarter 1 to quarter 3 the audits on governance and risk management and management of conflict of interests to enable recommendations in recent audits to be embedded and for continuing healthcare placements due to implementation of a new framework and employment of external consultants. TW agreed to include reasons for such requests and who had requested the delay in future reports. MA-M additionally noted that he met regularly with TW to discuss ongoing work.

10.2 Audit Recommendations Status Report

In presenting this report TW highlighted progress of implementation of 20 recommendations since May and explained that only recommendations due in the reporting period, i.e. to the end of June, were included. Members sought and received clarification on the information and noted that a number of recommendations required an updated latest target date. TW noted that the new MKInsight software, referred to at item 4 above, would prompt officers when recommendations were due and that additionally he would follow up in preparing the report for the Committee.

The Committee:

1. Noted the Periodic Report for 19 May to 26 June 2015.
2. Requested that TW include reasons for any requests to defer audits.
3. Noted the Internal Audit Recommendations Status Report.

11. Counter Fraud

11.1 Progress Report

TW reported that NHS Protect had released the self assessment tool for counter fraud compliance in February 2015 and that this assessment, for which completion was required by the end of July, was for 2014/15 as a full year. SM was meeting with TP to discuss this. The toolkit would RAG (red, amber, green) rate each standard and give an overall rating providing a position statement for 2014/15. TW noted that SM would be circulating information on the new counter fraud tool to Chief Finance Officers.

TW advised that NHS Protect had also issued guidance on payroll fraud and noted that he and SM were working with TP and Yorkshire and Humber Commissioning Support in respect of the CCG's controls.

In response to DB commenting on how little fraud was reported MA-M noted that, although primary care fraud was currently the remit of NHS England, SM did routinely highlight any issues within primary care or pharmacy. Clarification of responsibility in regard to primary care fraud required consideration in the context of co-commissioning.

11.2 Standards for Commissioners 2015/2016 – Security Management Briefing for Clinical Commissioning Groups

TW presented the report which summarised the revised Standards for Commissioners for Security Management for 2015/16 and associated requirements. He reported that Helen Kemp-Taylor (HK-T), Head of Internal Audit, and SM had attended a recent event on the standards.

In terms of the suggested actions TW noted that HK-T had offered a potential Local Security Management Service, similar to the Local Counter Fraud Service, across the North Yorkshire CCGs and noted that the North Yorkshire Audit Service was supporting the CCGs with producing the required policies. RP and TP agreed to consider the recommended actions outwith the meeting and to include security in the review of the Committee's terms of reference.

The Committee:

1. Noted the Counter Fraud progress report.
2. Noted the revised Standards for Commissioners for Security Management for 2015/16.
3. Requested that RP and TP consider the recommended actions relating to security management and incorporate this area in the review of the terms of reference.

12. Minutes for other meetings

12.1 Quality and Finance Committee

DB referred to the minutes of the May meeting and requested the following updates:

- Bootham Park Hospital – MA-M reported that the timescale for Phase 1, Cherry Tree House, had slipped by one week. Full occupancy was expected by the end of July and Leeds and York Partnership NHS Foundation Trust was currently carrying out a familiarisation exercise. Phase II was progressing with the windows, a key factor in the Care Quality Commission recommendations, being fitted that day, 8 July. The anticipated completion for this phase had slipped from the end of September to November 2015 for a number of reasons. MA-M confirmed that the tenders had been received back from contractors who were committed to the November timeline and capital price. TP advised that NHS Property Services Limited were working for a September 2015 options appraisal for the longer term solution and they had engaged a specialist and a heritage consultant. She also noted that the Mental Health Property Strategy Group had met on 1 July when discussion had included properties, the overall Estates Strategy the financial envelope, number of beds and potential service model. In respect of potential financial impact on the CCG TP reported that the CCG was responsible for costs until April 2017 when NHS Property Services would move to a system of market rent which would recover void costs within rents and move responsibility for voids to NHS Property Services.
- Request for a report to the July meeting on challenges to the Constitutional targets due to performance issues at York Teaching Hospital NHS Foundation Trust – RP reported that a draft high level system recovery plan with milestones had been developed and discussed with NHS England. A further tripartite meeting was scheduled for 10 August. MA-M additionally noted national changes to referral to treatment targets advising that local monitoring would continue and the potential for c£2m worth of penalties in year relating to A and E and ambulance handover performance. DB highlighted that the Quality and Finance Committee had sought increased monitoring.

The Committee:

1. Received the minutes of the Quality and Finance Committee of 19 March, 23 April and 21 May 2015.
2. Noted the updates from the May Quality and Finance Committee minutes.
3. Received the minutes of the Information Governance Steering Group of 26 February and 28 May 2015.

13. Key Messages to the Governing Body

- Review of Committee Terms of Reference, including membership of the Committee.
- Submit Audit Committee Annual Report to the Governing Body to note.

- Managing risks of Commissioning Support changes.
- Update on changes to the NHS England CCG Assurance Framework and revision to CCG Assurance Framework to be presented again at the September Committee meeting.
- Update on Information Governance and noting the Information Governance Work Plan.
- Received External Audit update which highlighted the CIPFA briefing papers 'Moving ahead with integration', available at www.cipfa.org/cipfa-thinks/briefings, and the consultation on regulation of auditors, Financial Reporting Council, May 2015, available at www.frc.org.uk/News-and-Events/FRC/Press/Press/2015/May/FRCpublishesfeedbackstatement-on-the-Regulation.aspx.
- Received the Annual Audit Letter, to be circulated to the Governing Body
- Received Internal Audit update with a detailed review of outstanding audit recommendations; only one high priority recommendation remained outstanding.
- Noted the Security Management Briefing for Clinical Commissioning Groups and resolved this would be taken forward internally.
- Discussed co-commissioning and how counter fraud should be considered.

14. Next meeting

9 September 2015.

NHS VALE OF YORK CLINICAL COMMISSIONING GROUP AUDIT COMMITTEE

SCHEDULE OF MATTERS ARISING/DECISIONS TAKEN: 8 JULY 2015 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)
27 May 2015	Audit Completion Report	<ul style="list-style-type: none"> Governing Body Workshop to be arranged to include information on value for money conclusion 	LS	September/ October
27 May 2015	Annual Counter Fraud Report	<ul style="list-style-type: none"> Discussion of prescribing issues to take place 	HK-T/SOC/SM	
8 July 2015	Work Plan	<ul style="list-style-type: none"> Draft revised terms of reference and work plan to be presented at next meeting 	RP/TP/LS	9 September 2015
8 July 2015	Draft Financial Procedure Notes and Scheme of Delegation	<ul style="list-style-type: none"> Updated Scheme of Delegation to be published on the CCG website 	MA-M	

Meeting Date	Item	Action Required/Decisions Taken	Responsible Officer/Body	Action Completed/ Due to be Completed by (as applicable)
8 July 2015	Review risks and controls around financial management	<ul style="list-style-type: none"> Results of financial governance self assessment to be reported to the next meeting 	TP	9 September 2015
8 July 2015	Review assurance from other committees, Partnership Commissioning and Yorkshire and Humber Commissioning Support	<ul style="list-style-type: none"> Areas of high risk through the YHCS transition, notably continuity of Business Intelligence and Human Resources, to be reported to the next meeting 	TP	9 September 2015
8 July 2015	Review Assurance Framework	<ul style="list-style-type: none"> Draft Assurance Framework to be presented at September meeting 	RP	9 September 2015
8 July 2015	External Audit Annual Audit Letter 2015	<ul style="list-style-type: none"> Annual Audit Letter to be circulated to the Governing Body 	TP/MS	13 July 2015
8 July 2015	Counter Fraud: Standards for Commissioners 2015/16 – Security Management Briefing for CCGs	<ul style="list-style-type: none"> Recommended actions relating to security management to be incorporated in review of Committee terms of reference 	RP/TP	9 September 2015