

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON
27 SEPTEMBER 2018 AT WEST OFFICES, YORK**

Present

Phil Goatley (PG)(Chair)
David Booker (DB)

Lay Member and Audit Committee Chair
Lay Member and Chair of Finance and
Performance Committee

Dr Arasu Kuppuswamy (AK)

Consultant Psychiatrist, South West Yorkshire
Partnership NHS Foundation Trust -
Secondary Care Doctor Member

In attendance

Cath Andrew (CA)
Simon Bell (SB)
Kim Betts (KB)
Mark Kirkham (MK)
Helen Kemp-Taylor (HK-T)
Helena Nowell (HN) – to item 20
Michèle Saidman (MS)

Senior Manager, Mazars
Chief Finance Officer
Internal Audit Manager, Audit Yorkshire
Partner, Mazars
Head of Internal Audit, Audit Yorkshire
Planning and Assurance Manager
Executive Assistant

Unless stated otherwise the above are from NHS Vale of York CCG

1. Apologies

There were no apologies.

2. Declarations of Interest

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

3. Minutes of the meetings held on 25 July 2018

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

The Committee:

Approved the minutes of the meeting held on 25 July 2018.

4. Matters Arising

Local Antifraud, Bribery and Corruption Policy - Fraud awareness learning lunch to be arranged: HN reported that Jamie Darnton, Local Counter Fraud Specialist, Audit Yorkshire, had attended a Staff Briefing on 4 September to present a session on fraud awareness.

Unconfirmed Minutes

Note business of the Emergency Planning, Business Continuity and Information Governance Steering Group, 26 July 2018: HN reported that the main item had related to progress reports on information required for the asset register but discussion had focused on the new General Data Protection Regulation and the requirement for consent to be sought for use of photographs, particularly with regard to social media. The Head of Communications and Media Relations had circulated a standard consent form to all staff.

Annual Review of Internal Audit Charter and Working Together Protocol - A “user friendly” version to be developed for circulation to CCG staff: HK-T advised that, when the draft presented at agenda item 8 was agreed, a “user friendly” version would be produced the following week.

PG reiterated that ‘ongoing’ was not acceptable; specific dates were required for work that was taking place.

The Committee:

Noted the updates and associated actions.

5. Audit Committee Work Plan

In referring to the Committee work plan SB note that it was comprehensive.

The Committee:

Agreed the Committee work plan.

INTERNAL AUDIT

6. Internal Audit Progress Report and Internal Audit Reports

KB explained that the 2018/19 plan was expected to be completed despite delays early in the year due to completion of 2017/18 commitments and staff changes at Audit Yorkshire. She noted that a new deputy manager and two full time staff had now been appointed and resources were being mapped to achieve the plan.

KB reported an amendment to the 2018/19 plan at the request of the CCG: the Safeguarding Audit, originally planned for quarter 1 for both adults and children, had been amended to adults only in light of forthcoming new statutory guidance for safeguarding children. The brief had now been agreed for the Safeguarding Adults Audit and fieldwork was about to commence.

AK joined the meeting

One audit of the 2018/19 plan, Quality Impact Assessments, had been completed. The overall opinion had been Significant Assurance with a number of recommendations that had a target date of 31 October 2018.

In response to PG expressing concern about capacity in both the CCG and

Internal Audit HK-T advised that there were delays across the piece due to changes in processes and staff at Audit Yorkshire. Discussion ensued about adherence to the timescales of the Internal Audit Plan and the expectation that the appropriate CCG officers would attend the Committee in the event of issues in this regard. PG agreed to discuss the plan further with SB, HK-T and KB.

The Committee:

1. Received the Internal Audit Progress Report and Internal Audit Reports.
2. Noted that PG, SB, HK-T and KB would discuss the 2018/19 Internal Audit Plan.

7. Audit Recommendations Status Report

In presenting this report KB explained that work was currently taking place to develop a system that provided improved graphic information for illustrating recommendations completed, outstanding and added.

KB noted an improvement in the position and reported that a further 14 recommendations had been completed since the last report; these included both CCG and former Partnership Commissioning Unit recommendations. Five new recommendations had been added since the last meeting of the Committee and there were currently 42 open recommendations.

SB commented on the number of recommendations and reported on discussion with colleagues who requested that in future the views of appropriate officers be sought to agree achievable actions and timescales before the report was written. With regard to actions where original target dates were back to April 2017, SB requested that new actions be agreed or the recommendation be removed if appropriate. He agreed to discuss with KB and HK-T a refresh of the recommendations in their current context which would enable the Committee to effectively hold officers to account.

The Committee:

1. Received the Audit Status Recommendations Report.
2. Noted that SB would review the recommendations with KB and HK-T.

8. Internal Audit Charter and Working Together Protocol

HK-T explained that the Internal Audit Charter set out the authority of Internal Audit to operate and provide Internal Audit services to the CCG. It was a requirement of the Public Sector Internal Audit Standards and was reviewed annually.

The Working Together Protocol detailed what NHS Vale of York CCG management could expect from Internal Audit and what Internal Audit and the Audit Committee could expect from NHS Vale of York CCG management.

Following discussion HK-T agreed to refresh the documents in discussion with SB

and then seek approval from the Executive Committee for circulation to CCG staff. PG requested that MK's view was also sought.

The Committee:

Approved the Internal Audit Charter and Working Together Protocol subject to review as above.

FINANCE GOVERNANCE

9. Review of Losses and Special Payments

SB reported that the CCG's month 5 finance report included administrative write-offs of £1,143.59 (5 cases), the CCG's in-year share of overseas visitors' debts written off by York Teaching Hospital NHS Foundation Trust in quarter 1 of 2018/19. This was in line with NHS Improvement and NHS England guidance *Improving Systems for Cost Recovery for Overseas Visitors* by which the CCG was party to a risk share agreement with York Teaching Hospital NHS Foundation Trust and recognised 50% of any irrecoverable overseas visitors' charges.

SB noted that this write-off related only to elective care procedures and would also be reported in the CCG's Annual Accounts for 2018/19.

The Committee:

Received the Losses and Special Payments report noting the entries on the Losses and Special Payments Register.

10. Update and Assurance on Key Financial Policies

SB advised there was nothing specific to report.

11. Financial Recovery Actions 2018/19

SB explained that serious risks were emerging to the CCG being able to meet the control total agreed with NHS England. The Aligned Incentive Contract was not delivering as expected in terms of shared risk between partners; it had become clear that avoidance of demand rather than repatriation from the Independent Sector was needed; and further continuing healthcare risks were emerging relating to the former Partnership Commissioning Unit.

The CCG's month 5 financial performance report included a variance from plan with York Teaching Hospital NHS Foundation Trust of £6.4m which was significant at this stage in the year.

SB noted that the financial recovery actions described in the report had been discussed by the Executive Committee and totalled a potential mitigation of between £3m and £6m; the risk assessed potential of the actions was £3.5m to £3.6m. SB advised that the position at month 6 was expected to have deteriorated by c£6m from plan before any continuing healthcare legacy issues were accounted for. This assumed delivery of cost savings in areas not within the Aligned Incentive Contract, such as prescribing and back office functions.

SB advised that the Governing Body, Finance and Performance Committee and NHS England were being kept informed of the position. Further actions were being taken following the Finance and Performance Committee earlier in the day where the report had also been presented; these included identifying reasons for the current situation and ensuring there was no recurrence in the future. DB added that, as Chair of the Finance and Performance Committee, he would be writing to the regulators requesting that both NHS England and NHS Improvement meet with the CCG and York Teaching Hospital NHS Foundation Trust to discuss the current position.

SB additionally noted the impact of the financial position on the CCG potentially exiting legal Directions.

Post meeting note: MK received a copy of DB's letter to the regulators as agreed.

The Committee:

Received the report on Financial Recovery Actions for 2018/19 noting the ongoing efforts to resolve the associated issues.

CORPORATE GOVERNANCE

12. Update and assurance – review other reports and policies as appropriate

HN advised there was nothing specific to report.

13. Note business of other committees, review inter-relationships

HN reported that the Primary Care Commissioning Committee had agreed that quality issues relating to primary care should be reported to the Quality and Patient Experience Committee to ensure that all quality matters were considered in one committee.

The Committee:

Noted the update.

14. Review assurance from other committees and 3rd party assurance

HN advised there was nothing specific to report.

15. Review Assurance Framework

HN referred to discussion with PG immediately prior to the Committee meeting regarding development of a Board Assurance Framework. It had been agreed that risks be aligned with the CCG's strategic priorities and allocated to the appropriate committees as per their responsibilities. PG added that reporting should be succinct and by exception.

The Committee:

Noted the update.

16. Primary care commissioning assurance

HN reported that a new framework for primary care commissioning had been published and that Internal Audit had developed an additional approach in this regard. HK-T advised that these audits, which would commence in 2019/20 and would be sent to NHS England, required CCGs to provide additional assurance.

HK-T agreed to forward a briefing note to the Committee.

The Committee:

1. Noted the update.
2. Noted that HK-T would forward a briefing note on primary care commissioning audits.

17. Managing Conflicts of Interest – CCG Improvement and Assurance Framework

HN referred to the quarterly assessment return to demonstrate compliance with the requirements of the revised statutory guidance on managing conflicts of interest for CCGs. These had been submitted to NHS England within the required timescale. HN noted that there had been no conflict of interest breaches.

The Committee:

Received the Conflicts of Interest Indicator: Part two quarterly assessments.

INFORMATION GOVERNANCE

18. Update and assurance reports

HN advised there was nothing specific to report.

19. Note business of the Emergency Planning, Business Continuity and Information Governance Steering Group

HN referred to the discussion under matters arising regarding consent to use photographs. She also advised that the Emergency Preparedness, Resilience and Response Policy had been updated.

HN additionally reported that the CCG's Emergency Planning, Resilience and Response Assurance Self-Assessment for 2018/19 had been approved by the Governing Body at the September meeting.

The Committee:

Noted the update.

Unconfirmed Minutes

20. Information Governance Incidents

HN reported that there had been 26 incidents of Information Governance breaches in the period 18 July to 11 September 2018. These related to inappropriate receipt of patient identifiable information. HN advised that in each case the sender of the information had been contacted and advised of the correct procedure. She noted that there was no specific pattern to the breaches but a reminder was being sent to GP Practices and the CCG had written to voluntary sector organisations to reinforce the General Data Protection Regulations.

As Senior Responsible Officer in this regard SB requested that a reminder be sent to CCG staff to ensure they understood the associated issues and procedures. HN noted that all teams were represented on the Information Governance Steering Group.

The Committee:

1. Received the report on Information Governance incidents.
2. Requested that a reminder be issued to CCG staff regarding procedures for information governance concerns and issues.

HN left the meeting

EXTERNAL AUDIT

21. 2018/19 Audit Strategy Memorandum

MK presented the Audit Strategy Memorandum which comprised Engagement and responsibilities summary; Audit engagement team; Audit scope, approach and timeline; Significant risks and key judgement areas; Value for Money; Fees for audit and other services; Commitment to independence; and Materiality and misstatements. Two appendices provided respectively Key communication points and Engagement letter.

MK provided clarification on aspects of the Memorandum and also referred to the context of the earlier discussion on the CCG's financial position noting the expectation that this would result in a Qualified Value for Money conclusion.

In response to PG enquiring as to whether External Audit would at any point consider a system wide intervention in the context of the wider impact on the CCG's position, MK referred to the CCG's statutory responsibility for financial recovery. The External Audit remit related to the CCG's arrangements, not those of other bodies; however they would take account of the CCG's work with NHS England relating to system change.

In respect of system information, SB noted that organisations such as The Institute for Government provided comparative performance trends including the NHS, Local Government and the Prison Service.

The Committee:

Approved the 2018/19 External Audit Strategy Memorandum.

22. External Audit Progress and Technical Update Report including Review of External Audit

CA referred to the report which included information on the 2018/19 programme of work and on national publications. She highlighted that Mazars had, as in previous years, been rated 'Green' in the Public Sector Audit Appointments Annual Regulatory and Compliance Report for 2017/18. PG confirmed that this fulfilled the review of the effectiveness of External Audit at the present time.

The Committee:

1. Received the External Audit Progress and Technical Update Report.
2. Agreed assurance of the effectiveness of External Audit was provided by the Public Sector Audit Appointments Annual Regulatory and Compliance Report for 2017/18.

MINUTES FROM OTHER MEETINGS

The Committee noted as received minutes from the following meetings:

23. Finance and Performance Committee: 3 and 26 July 2018. In addition to the key messages in the minutes DB referred to the Finance and Performance Committee that had preceded the Audit Committee noting that an urgent review of the Aligned Incentives Contract had been requested in response to the CCG's deteriorating financial position. He emphasised that this was due to external circumstances and expressed confidence in the CCG's team.
24. Quality and Patient Experience Committee: 9 August 2018. AK highlighted that each meeting included a patient story. He noted that the CCG was working with providers to address the issue of access to mental health services and advised that investigation of Serious Incidents at York Teaching Hospital NHS Foundation Trust had improved.
25. Executive Committee: 18 July, 1 and 15 August and 5 September 2018.

26. Audit Yorkshire Board

HK-T reported that the Audit Yorkshire Board had met on 5 September and that SB and PG routinely received papers for these meetings. The minutes would not be circulated to the Committee.

The Committee:

Noted the update.

Unconfirmed Minutes

27. Key Messages to the Governing Body

- A comprehensive work plan for the Audit Committee was agreed.
- Audit Yorkshire confirmed additional resourcing is giving greater assurance and that the 2018/19 Internal Audit Plan will be delivered in full.
- Internal Audit have completed their work on Quality Impact Assessments with an overall judgement of Significant Assurance. This is very positive.
- The Committee was very pleased to learn that the new Chief Finance Officer is working with Internal Audit on achievable delivery of timescales for all outstanding audit recommendations.
- The Chief Finance Officer is also working with Internal Audit managers on a Working Together Protocol so CCG staff can have clear expectations of their interactions.
- The External Auditors presented their Audit Strategy Memorandum for 2018/19 which was approved by the Committee.

The Committee:

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

25. Next meeting

29 November 2018 at 9.30am