

AUDIT COMMITTEE

Minutes of the meeting held on Monday, 17 August 2015, at Walshaw House

PRESENT: Tom Wolstencroft Lay Advisor, Governance – Chair
 Michelle Pilling Lay Member, Quality & Patient Engagement
 Dr Richard Robinson GP Clinical Lead - Hyndburn
 Dr Tom Mackenzie GP Clinical Lead - Rossendale

In Attendance:

Fiona Blatcher Associate Director, Grant Thornton
 Sharon Brock Anti-Fraud Specialist, MIAA
 Angela Brown Director of Corporate Business
 Roger Causer Senior Anti-Fraud Manager, MIAA
 Simon Hardman Audit Manager, Grant Thornton
 David Swift Lay Advisor
 Lisa Warner Senior Internal Audit Manager, MIAA
 Mark Youlton Chief Finance Officer
 Anne MacLeod Corporate Administration Manager - Minutes

Minute Ref:		ACTION
15:53	<p>Welcome, Introductions & Chairs Update</p> <p>The Chair welcomed all members to the meeting and introduced Debra Atkinson, Corporate Business Manager who was attending the meeting as an observer as part of her personal development plan.</p>	
15:54	<p>Apologies</p> <p>Apologies were received from Kirsty Hollis.</p>	
15:55	<p>Governance</p> <ul style="list-style-type: none"> ▪ Declarations of Interest – there were none received ▪ Quoracy – the meeting was quorate. 	
15:56	<p>Minutes of the meetings held on 27 April and 21 May 2015</p> <p>The minutes of the meetings held on 27 April and 21 May 2015 were approved as an accurate record.</p>	
15:57	<p>Action Matrix</p> <p>15.12 – Internal Audit : Lisa confirmed that ELFS will produce an Annual Report to provide formal assurance and discussions were ongoing to agree a programme of assurance for 2015/16. The Action was closed.</p> <p>15.37 – Gifts & Hospitality Benchmark Report : The protocol has been updated to incorporate guidance received from MIAA and will be shared at the August Staff Briefing. The Action was closed.</p>	
15:58	<p>Financial Position Statement</p> <p>Mark Youlton, Chief Finance Officer advised Members that the end of July</p>	

	<p>2015 position confirmed the CCG was on track to deliver the financial targets. The main area of concern related to ELHT but this was not as significant as previously, with particular issues relating to the overspend on non-elective activity. Prescribing data remained outstanding as Prescription Pricing Authority forecasts were awaited.</p> <p>Mark referred to a lot of media interest nationally in respect of NHS finances. ELHT had received a letter from the Trust Development Authority (TDA) advising that their deficit of £20m must reduce to £12m, however Monitor were not in the same position to challenge Foundation Trusts. There were pressures on CCGs, with some having to complete recovery plans, however East Lancashire was not currently in this position.</p> <p>The CCG was still forecasting achievement of all targets and Mark did not foresee any issues going forward. The Level 3 co commissioning budgets had been received from NHS E and as part of developing primary care the CCG will invest more over the next two years to enable services to be put in place.</p>	
<p>15:59</p>	<p>Losses/Waivers Quarterly Report</p> <p>The report covered the first quarter of the 2015/16 financial year and was a nil return in respect of Single Tender Waivers and Losses and Compensation. Appendix A to the report provided a summary of the Waivers authorised and processed during 2014/15.</p>	
<p>15:60</p>	<p>Quality & Safety Committee Minutes of 8 July 2015</p> <p>Michelle Pilling, Lay Member and Chair of the Quality & Safety Committee presented the minutes of the meeting held on 8 July 2015 and highlighted key discussion points.</p> <p>Particular reference was made to a presentation from Lisa Rogan, Head of Medicines Commissioning, confirming that the Team had been shortlisted for the HSJ Value in Healthcare Award for their work with Care Homes. A second presentation outlined a unique piece of work relating to the 30 day post mortality pilot study which was challenging work with data extraction. The Committee were keen for this work to extend and to improve processes going forward.</p> <p>NWAS had achieved Q1 targets, however there were concerns regarding sustainability, particularly with additional pressures coming over the next few months. It was also noted that the suspension of mandatory training and appraisals had been lifted. Michelle was encouraged that ELHT had been transparent and addressed concerns relating to one of the wards at RBH. They had responded very quickly and an ongoing course of action was in place to address the areas of concern. There had been improvements regarding the quality of reporting of serious incidents and the speed in which incidents were being dealt with. There were concerns regarding the numbers of MRSA cases and there was a particular focus on this. The Committee receive a regular update on the Integrated Business Report which identified that A&E remains a significant issue. Calderstones continued to receive a lot of focus from different organisations and concerns remained regarding the reporting of restraints. The CCG was working closely with them relating to this. Rebecca McGowan has been appointed Safeguarding Practitioner and will support the Safeguarding team. The Committee received the Risk Register and acknowledged the recent work to improve the Register and the</p>	

	<p>work ongoing to support the mitigation of risk.</p> <p>The Chair thanked Michelle for a very comprehensive report. He made reference to the Safeguarding dashboard and the Children in Care Council, advising that the recently appointed Youth Mayor at Oldham Council who is on the Parliamentary Youth Select Committee taking evidence on this.</p>	
<p>15:61</p>	<p>Internal Audit Progress Report</p> <p>Lisa Warner, presented the Internal Audit Progress Report and highlighted key messages.</p> <p>Since the previous meeting the QIPP Schemes had been finalised from the 2014/15 audit plan, receiving significant assurance, with a recommendation that in year changes to the QIPP schemes are approved by the Local Delivery Group and Governing Body. A process was also to be in place for post evaluation of QIPP schemes.</p> <p>An update on progress of implementation of recommendations from previous audit reviews was outlined, noting that the majority of recommendations had been implemented. One outstanding recommendation related to the reporting against Key Performance Indicators (KPIs) for services provided by the CSU. This had been delayed due to the changes associated with the Lead Provider Framework. CCGs across Lancashire will identify a common set of KPIs to monitor performance once a new contract is awarded. Discussions had taken place with staff to agree timings for the audit in 2015/16.</p> <p>Continuing Healthcare was due to commence in Q1, however the CCG had requested a delay until Q4 due to an internal review. Work was now progressing in relation to Serious Untoward Incidents and Medicines Management & Prescribing Incentive Schemes</p> <p>Lisa advised of changes to the audit plan following discussions with the Chief Finance Officer, proposing that the review of urgent care is replaced by an audit of Primary Care Co-commissioning. David Swift as Chair of the Primary Care Committee (PCC) requested clarity as to what would be included in the review. Lisa confirmed this would include a base line assessment and benchmarking and a review of the Committee's Terms of Reference in terms of Declarations of Interest and was scheduled for September but could be changed in line with CCGs views. It was agreed to discuss further outside the meeting.</p> <p>Mark explained the reasons for the change, advising that in view of the amount of work already ongoing in respect of the A&E Recovery Plan and the Quality Review, it was recognised that September was too soon to undertake the Urgent Care review. There was also a need to obtain assurance and to understand the spend relating to GP Practices and the review would be beneficial to test governance arrangements relating to the PCC and have an independent opinion, with benchmarking against other CCGs.</p> <p>Members supported the proposed change to the Audit Work Plan, subject to scoping and final decision agreed by David Swift and Mark Youlton.</p> <p>The Chair felt that governance arrangements linking to the Local Delivery Group needed to be to become more visible with a clearer audit trail. He thanked Lisa for her report.</p>	<p>DS/LW</p>

<p>15:62</p>	<p>External Audit Progress Report</p> <p>Simon Hardman presented the External Audit Progress Report confirming that work had not yet commenced and timescales for the interim accounts work would be agreed later in the year.</p> <p>Regarding the Value for Money (VfM) conclusion, Fiona Blatcher advised that the draft Code of Practice had been issued for consultation which was slightly different from that produced previously by the Audit Commission.</p> <p>The new proposals relate to proper arrangements for economy, efficiency and effectiveness and would be working with partners and other third partners and a paper would be presented to the Audit Committee following the consultation. The Chair asked if the proposal would be the final outcome or would there be room for discussion. The expectation was that it will be a final document.</p> <p>Emerging issues and developments outlined events taking place and provided details of Grant Thornton second annual financial health review 'Creating a Sustainable Culture'.</p> <p>Simon advised that he was moving to new role in Grant Thornton to work with the advisory team working with local government. He had enjoyed being the manager for the CCG and thanked Mark Youlton, Kirsty Hollis and the Finance Team for their co-operation.</p> <p>On behalf of the Committee, the Chair said his commitment and advice was always welcome and valued. On behalf of the Committee the chair thanked Simon for all his hard work and wished him good luck for the future.</p>	
<p>15:63</p>	<p>Annual Audit Letter</p> <p>Fiona Blatcher presented the Annual Audit Letter summarising the key findings arising from the work carried out for the year ending March 2015 and was a requirement following the audit of the accounts. The CCG received an unqualified opinion on the financial statements which provided a true and fair view of the CCGs financial position.</p> <p>The report was presented for formal receipt and was a public facing document which would be placed on the CCG website.</p>	
<p>15:64</p>	<p>Register of Interest Review</p> <p>Angela Brown, Director of Corporate Business presented a report outlining the processes in place within the organisation relating to the management of Conflict of Interest, confirming that NHS England had developed strengthened guidance in line with co-commissioning of primary care.</p> <p>NHS E held a webinar to increase knowledge and understanding which identified the need to extend registers to all Member Practices with the support of the Local Medical Committee (LMC). Locality Teams are collating information to ensure all registers remain up to date, which will be brought together corporately and presented to the Governing Body. NHS E will audit CCGs in September and further information was awaited. The Committee would receive a regular update to provide assurance.</p> <p>In addition, Lay Members were keen to access training available from NHS E</p>	

	<p>linking to primary care co commissioning, to ensure robust processes are in place.</p> <p>The Chair thanked Angela for her report and was pleased to see the CCG working with the LMC.</p>	
15:65	<p>Consultancy Spend Controls</p> <p>Mark Youlton presented a report outlining specific measures put in place by NHS England controlling elements of spend within the Health Service, in particular the control of management consultants spending. With effect from 2 June 2015 CCGs are expected to submit any proposed expenditure on consultancy costing more than £50,000 to the DoH for approval. Submissions will follow a process of approval at various levels of sign off, ie: £50,000 sub-regional office, £250,000 regional office and £500,000 national level.</p> <p>Mark considered this was not likely to impact on the organisation as the CCG did not spend at this level on consultancy fees. It was more likely to impact on providers and the TDA and Monitor have also put this system in place.</p>	
15:66	<p>Financial Control Environment Assessment</p> <p>Members received the draft submission for the Financial Control Environment Assessment process being undertaken by NHS England.</p> <p>Mark advised that a number of CCGs were overspent in 2014/15 and there was a need to ensure financial controls are in place. Following discussions at NHS England's Audit Committee, the Chair of the Committee and the Chief Finance Officer requested the document be completed by each CCG.</p> <p>Mark had completed the proforma which had been reviewed and approved by Karan Wheatcroft, Operations Director at MIAA. He pointed out that where we are assessing ourselves as excellent, we need to continue to work at that level. Where other areas are not excellent, more work is required, particularly relating to QIPP where plans in place identified a £2m gap. In these areas, information had been included to move us towards excellent.</p> <p>There was some nervousness about what this means for CCGs who have to put in financial recovery plans, as the process is additional financial assurance under the NHS E normal CCG assurance banner.</p> <p>David Swift felt this was a very good piece of work. He referred to Point 17 of the Assessment which advised that the Local Delivery Group (LDG) acts as the Finance Committee and asked if the minutes were comprehensive enough to support this. He pointed out that reference was also made to all Committees reporting and have minutes submitted to the Governing Body, pointing out that only Audit minutes were received in full by the GB, with a summary of the other sub-committees. It was agreed to discuss this further outside the meeting.</p> <p>Michelle Pilling agreed that a lot of work had gone into the completion of the Assessment and felt it was a fair reflection and a worthwhile exercise. The Chair felt this was a realistic position, pointed out that a lot of work had gone into completing the document, which was unexpected and over and above the routine financial reporting. He wished to record his appreciation to the Finance Team who had done well to deliver this.</p>	DS/AB

	<p>From an External Audit viewpoint, Fiona confirmed that Grant Thornton had not been directed to do any work in respect of the assessment. She considered the completed assessment was reasonable and well balanced. Lisa Warner suggested doing a benchmarking report across Lancashire CCGs to share with the Committee.</p>	LW
15:67	<p>MIAA Anti-Fraud Service - Annual Report 2014/15</p> <p>Sharon Brock, Anti-Fraud Specialist (AFS) presented the Annual Report which consolidated the Anti-Fraud work that had previously been reported to the Audit Committee through progress reports. Key points were highlighted which included Sharon Brock as the newly appointed AFS and a key area was to develop an engagement strategy and raise awareness of fraud in the CCG. A presentation to a staff briefing received positive feedback and this would be repeated during 2015/16. Staff survey results were very positive and the overall conclusion confirmed that staff have a good fraud awareness. Work would continue to promote, raise the profile and highlight new and emerging areas of fraud. There had been no allegations of fraud during the year and contract performance confirmed the position against the number of allocated days for the delivery of the Anti-Fraud workplan.</p> <p>Sharon thanked members for the assistance received and acknowledged the continued strong Executive support for her work.</p> <p>The Chair thanked Sharon for her report which was approved.</p> <p>ACTION: Lay Members to receive copies of the briefings.</p>	SB/AM
15:68	<p>MIAA Anti-Fraud Services - Progress Report</p> <p>The report provided a summary of the work undertaken during the period April to July 2015 in accordance with the CCGs agreed work plan.</p> <p>Work continued to build up relationships with the finance team and Sharon had attended an NHS Protect Witness Statement event, as part of her continued development. With reference to the NHS Protect Self-Review Toolkit, this had been completed and a gap analysis report had been produced and would be considered as the next item on the agenda. A review of the CCGs dedicated Anti-Fraud, Bribery and Corruption Intranet section was ongoing and a revised online reporting tool was now available through a link from the intranet. As part of the National Fraud Initiative, work was ongoing to review payroll and creditor information. One payroll to payroll match had been cleared and the AFS was reviewing remaining payroll and creditor matches to ensure this is complete by the deadline of 31 December 2015.</p> <p>A checklist had been produced to undertake a review of the Anti-Fraud, Bribery and Corruption Policy to ensure it meets national guidance. A briefing note had also been issued relating to NHS Protect Fraud Taxonomy Report and the findings were outlined in the report. The work plan will focus on raising awareness of fraud and highlight appropriate methods for reporting any concerns. No allegations of fraud had been received during the reporting period and progress against planned activity was on track.</p>	
15:69	<p>Standards for Commissioners : Fraud, Bribery & Corruption</p> <p>Roger Causer, Senior Anti-Fraud Manager referred to the requirement from</p>	

	<p>NHSE to produce a benchmark exercise and update by 31 July 2015 regarding the new standards for commissioners in respect of Fraud, Bribery and Corruption, received on 31 March 2015. The report provided a gap analysis against the standards within each of the areas of responsibility and an action plan to provide assurance that work is in progress to meet the necessary standards.</p> <p>Members were advised the assessment and action plan was very similar to that of other CCGs across the NW and Page 8 provided a summary of where the CCG fits against the spreadsheet.</p> <p>The sections relating to Inform & Involve, Prevent & Deter and Hold to Account were assessed as compliant. However the Strategic Governance element had been assessed as red and following detailed discussion, members expressed concerns at the reporting framework and the outcome of the assessment.</p> <p>Roger confirmed the standards were due for revision and would be reissued in the next few months. David Swift referred to the areas rated red which would involve additional work, requesting assurance that this would be incorporated within the existing work plan days.</p> <p>Mark outlined potential bureaucracy surrounding this, highlighting the need to understand how this will be reviewed to ensure appropriate systems are in place. The Chair requested that further detailed discussions take place outside the meeting.</p> <p>ACTION: Tom Wolstencroft, Mark Youlton and David Swift to meet with MIAA to discuss further to ensure the appropriate systems are in place.</p>	MY/TW/ DS/RC
15:70	<p>MIAA Events & Briefings</p> <p>Members received the MIAA Events & Briefing notes which provided details of forthcoming training events. Members were asked to contact Lisa Warner for further details or to register for a specific event.</p> <p>Page 7 provided details of a number of briefing notes and benchmarking reports available, noting that a number of these were more directly linked towards Acute Trusts.</p> <p>Members received the report for information.</p>	
15:71	<p>Any Other Business</p> <p>15:71.1 Corporate Risk Register There were no new items for inclusion on the Corporate Risk Register.</p>	
15:72	<p>Date of Next Meeting</p> <p>The next meeting was confirmed as Monday, 19 October 2015, 12:30pm in Meeting Room 1 at Walshaw House.</p>	