

AUDIT COMMITTEE

Minutes of the meeting held on Monday, 15 February 2016, at Walshaw House

PRESENT:

David Swift	Lay Member, Governance – Chair
Dr Tom Mackenzie	GP Clinical Lead, Rossendale
Michelle Pilling	Lay Member, Quality & Patient Engagement

In Attendance:

Deryn Ashby	Executive Assistant, ELCCG – Minutes
Fiona Blatcher	Associate Director, Grant Thornton
Angela Brown	Director of Corporate Affairs
Kirsty Hollis	Acting Chief Finance Officer, ELCCG
Georgia Jones	Grant Thornton
Lisa Warner	Senior Internal Audit Manager, MIAA
Karan Wheatcroft	Operations Director, MIAA
Mark Youlton	Deputy Accountable Officer, ELCCG
Naz Zaman	Lay Advisor, ELCCG

Minute Ref:		ACTION
16:001	<p>Welcome, Introductions & Chairs Update</p> <p>The Chair welcomed members and introductions were made. N Zaman was in attendance to observe the meeting as part of her induction to the CCG.</p>	
16.002	<p>Apologies</p> <p>Apologies were received from Sharon Brock and Dr Richard Robinson</p>	
16.003	<p>Governance</p> <ul style="list-style-type: none"> ▪ Declarations of Interest – None were noted, other than those previously declared. ▪ Quoracy – the meeting was quorate. 	
16.004	<p>Minutes of the meetings held on 21 December 2015</p> <p>No amendments were offered for the minutes of the meeting held on 21 December 2015, which were accepted as a true reflection of the meeting.</p>	
16.005	<p>Action Matrix v21</p> <p>15:83: External Audit Appointment KH and the Chair confirmed that this process was underway.</p>	

<p>16.006</p>	<p>Financial Position Statement</p> <p>K Hollis provided a verbal update regarding the CCG's financial position. She advised that Month 10 has closed with a surplus position of £17.687m reported; this is a £10m increase, which has been discussed at various committees throughout the organisation. This has included some slippage of funds, which has been lodged with NHS England to be utilised in 2016/2017. The plan is to draw down £6m in the next financial year to help with the transformation change.</p> <p>There has been a spike in activity with ELHT, and this is being challenged with the Trust as to why this has occurred. There was discussion regarding the acuity of the cases and the issues within social care that may be impacting on the attendances at A&E.</p> <p>The Chair asked for assurance that the CCG is achieving all other financial targets. K Hollis confirmed that this is the case.</p> <p>K Hollis noted that the CCG is overtrading with ELHT by approximately £4m, yet are under trading with many other outlying providers.</p> <p><i>Members acknowledged the report.</i></p>	
<p>16.007</p>	<p>Financial Control Environment Assessment</p> <p>In July 2015 NHS England requested all CCGs to conduct a rapid review of their financial stewardship arrangements; this was undertaken by completing a self-assessment checklist. MIAA collated the responses from 30 CCGs to benchmark the CCG against other organisations. L Warner advised that ELCCG compares well against other CCGs. There were a number of areas that required work, although this was the case across a number of the CCGs.</p> <p>It was noted that a self-assessment would be relatively subjective. L Warner advised that all assessments were reviewed via the same method. M Pilling queried the CCGs that had been rated as "excellent" across all areas and whether this was a rigorous reflection of the situation. K Wheatcroft agreed to review the content of the reports to ascertain whether there is any information within these that could provide learning for ELCCG. K Hollis noted that the CCG was robust when undertaking the self-assessment, and ensured that evidence was available to prove the position, if this was necessary.</p> <p>Action: K Wheatcroft to review the content of the reports to ascertain if there is any information within these that could provide learning for the CCG</p> <p>It was noted that this would need to be reported into the annual governance statement</p> <p>Action: Financial Control Assessment to be reported into the Annual Governance Statement</p> <p><i>Members acknowledged the report.</i></p>	

<p>16.008</p>	<p>Losses & Waivers Report</p> <p>K Hollis presented the quarterly report on the number of single tender waivers authorized and losses and compensations settled during the preceding quarterly period, Q3 of 2015/2016.</p> <p>There were two single tender waivers that were undertaken during Q3. These have been approved in line with the scheme of delegation. Members were asked to ratify the decision.</p> <p><i>Members acknowledged the report and agreed to ratify the decision.</i></p>	
<p>16.009</p>	<p>Quality & Safety Committee Minutes</p> <p>M Pilling provided a summary of the meeting, which was held on 09 December 2015.</p> <p>An update was received from Dr Roberts and Dr Ian Stanley, ELHT, in relation to the Stroke performance and the committee sought to gain assurance around the actions in place. It was noted that the pressures within A&E translate into pressures on the stroke service.</p> <p>A presentation was given by Derian House, who provide respite to terminally ill children.</p> <p>There was an update relating to providers. There are increasing concerns around care homes, with significant issues being highlighted through the CQC Inspection Process, and this is likely to continue.</p> <p>PuPOC are behind trajectory, and a number of actions have been implemented to try and resolve this. This has been included as a monthly item on the agenda.</p> <p>An update was provided for research, and a draft quality strategy was shared; members have been asked to provide comments into this document.</p> <p>Concern was raised in relation to a letter from Jo Turton, LCC, following a recent Ofsted Inspection of Children's services. The service was rated as Inadequate, and the CCG are keen to understand the impact of this. This will be returned to committee in due course.</p> <p>K Hollis informed members that an invitation was extended to all hospices to bid for capital monies from NHS England. The CCG supported Derian House with a bid for £37m to update the reception and other improvements; this was approved. The CCG also supported Pendleside Hospice for a bid for funds to purchase a new minibus, but this was not approved by NHS England.</p> <p>K Hollis also advised members that the PuPOC team in the CSU have been working hard and have managed to retrieve the target position, so that since the end of January 2016 it has been more in line with trajectory.</p> <p>A Brown informed members that Jackie Hanson, ELCCG, will be the Exec Lead across Pennine Lancashire for a care sector workstream to look at resilience and performance across the health economy. This is noted as a positive step.</p> <p><i>Members acknowledged the update.</i></p>	

16.010 Internal Audit Progress Report

The Internal Audit Progress Report was presented to members.

Overall, the Safeguarding Audit report shows a significant level of assurance. However, there are a number of actions that have been identified, and the CCG has provided a detailed action plan. M Pilling was pleased that issues with DBS have been identified; A Brown clarified that staff that should have a DBS check in place have one, and that the issue specifically was that there was no list readily available to summarise this. The HR Department at the CSU have been asked to provide this as a matter of course and to maintain this list. Members were assured that professional staff who require a DBS check have one in place.

An interim review of the IG toolkit has been undertaken. Initial feedback has been sent; there were gaps in evidence at the time of the review in January, but this is expected; there are no areas of concern indicated. The final reviews are scheduled to take place on 19 February after which a detailed report will be provided. A Brown observed that the IG audit was always 'last minute' due to the requirements of the IG toolkit.

There are currently audits in progress for Mental Health, QIPP and Better Care Fund. There is one change to the audit plan, which is the audit on Continuing Health Care (CHC). Originally this was going to commence in Q1; however, an independent review was undertaken and it was agreed to postpone the audit. After further discussion, it is now proposed that these audit days are carried forward to 2016/2017 to enable the audit to build on the findings of the independent review. It was noted that Judith Johnston is new to the CCG to manage the CHC issues. It was felt that she would need time to understand the issues and reflect on the independent review undertaken. K Hollis agreed it would be beneficial to delay the audit so that the key person has had time to fully understand the issues. It was agreed to postpone this audit to the next year.

L Warner informed the group that the team had followed up on the recommendations in the SUI Report, and these have been actioned.

The Chair stated that the minutes from the last meeting recorded that there were 3 final audit reports that would be presented, but only 1 has been received. L Warner advised that the Primary Care Commissioning audit is now at draft, but this had been delayed due to issues with the terms of reference; this should be completed by 31 March. The Chair acknowledged that delays to the agreement of the terms of reference have created pressure. It was noted that 62% of audits had been completed, and the Chair asked for assurance that all audits will be achieved by 31 March 2016. This assurance was offered.

L Warner advised that the paper details upcoming audit events for information, such as an event regarding mortality. Feedback from recent audit committee member events has also been provided. In addition, there is some information regarding the considerations needed within the Annual Governance Statement; it was confirmed that this would be beneficial when preparing the CCG's Annual Governance Statement.

Members acknowledged the report and agreed to postpone the CHC audit until 2016/2017; the audit days are to be carried forward.

<p>16.011</p>	<p>CCG Response to previous meeting – Emerging Issues</p> <p>A Brown presented the report to provide assurance that the emerging issues highlighted by their external auditors in their update reports to the audit committee have been considered and appropriate actions put in place.</p> <p>The paper detailed the CCG response to each of those emerging issues and provided assurance to the committee that the issues raised have been given due consideration and, where necessary, actions are being undertaken.</p> <p><i>Members acknowledged the report and the level of assurance.</i></p>	
<p>16:012</p>	<p>External Audit Progress Report</p> <p>The committee received the Audit Committee Progress Report and Emerging Issues and Developments for East Lancashire Clinical Commissioning Group.</p> <p>It was noted that the team have been on site to finalise the Audit Plan for 2016/2017. This will be presented to the next Audit Committee Meeting.</p> <p>F Blatcher advised that a summary report regarding devolution has been included. This report focusses on what is happening nationally around devolution. The full report is available if required.</p> <p>The report also details the latest reports from Kings Fund, including devolution and Mental Health pressures. It was noted that the NHS is facing a difficult financial position and that providers are under pressure to report their financial situations, which will impact on performance.</p> <p><i>Members acknowledged the report.</i></p>	
<p>16.013</p>	<p>Annual Report – Audit Committee</p> <p>The Audit Committee Annual Report 2015 was presented to members. The report provides assurance that over the course of the year the audit Committee has discharged its responsibilities and met its terms of reference.</p> <p>Members confirmed that they had reviewed the report and members agreed to its ratification.</p> <p><i>Members acknowledged the report and agreed to ratify its content.</i></p>	
<p>16.014</p>	<p>Annual Governance Statement – proposed draft</p> <p>The proposed draft for the Annual Governance Statements was presented to members. A Brown advised that the CCG is required to provide a draft statement at Month 09 in advance of the final document.</p> <p>Some additional guidance has been issued in an attempted to make it a more comprehensive document. A Brown advised that there are currently some assumptions within the document, and that this will also be dependent on the opinion from the Head of Internal Audit, which will be issued at the end of the year with the outcome of the final audit reports. This will be sense-checked against the guidance provided by Grant Thornton to ensure that the response is robust.</p>	

	<p>K Wheatcroft advised that NHS England have stated that they require an interim Head of Audit opinion. This will be published by 19 February 2016 as a summary; this will be brief and will detail the audits undertaken to date.</p> <p>Action: This response will shared with members for review and response in preparation for the submission.</p> <p><i>Members acknowledged the report and approved the draft Annual Governance Statement.</i></p>	
<p>16:015</p>	<p>Better Care Fund Progress Report</p> <p>M Youlton attended the meeting to provide an update in relation to the Better Care Fund (BCF). He advised that recent work has focused on developing relationships within the fund. From a finance perspective, the focus has been on ensuring that the money is used in the most appropriate manner. It was agreed that the County would host the money, and the CCG pay a gross amount to the County as part of this.</p> <p>M Youlton advised that most of the targets are being achieved, particularly the non-elective figures. The main issue is more around the complexity of patients going through hospitals; the delayed transfers of care figures are above plan, as are permanent admissions to nursing and care homes. One of the consistent problems reported is around the consistent use of the NHS identifier; there are some issues with local government utilising this as a universal identifier, M Youlton will be progressing this is his role as Senior Responsible Officer.</p> <p>Conversations are being held with providers in the third sector and district councils, as there are a number of benefits they can bring to the Lancashire BCF. There has also been discussions regarding the requirement of health and social care integration; this can be achieved through the BCF by pooling resources; there is currently a BCF for Blackburn and another for Blackpool, and there is consideration for a BCF for Lancashire to enable some of the Healthier Lancashire workstreams to go forward, such as transforming care.</p> <p>The Director for Public Health Lancashire is keen to place Public Health in this area; it is recognized that this would be sensible to enable wider delivery of services. There are plans BCF to focus on a number of high level outcomes for Lancashire and Public Health that could be delivered locally. The Director for Public Health Blackburn is also keen to work across both Blackburn and East Lancashire.</p> <p>Another focus has been to focus on “Start Well, Live Well, Age Well”, and further debate is needed around the support for children and how help them to ‘start well’.</p> <p>M Pilling noted that this has been a journey for a unified plan, which has led to delays. In addition, everything seen in relation to children and young people is where the service cuts have been hardest. The impact from these cuts will not be seen for a number of years, which is a grave concern. M Youlton advised that works is on-going across Lancashire regarding a combined authority and aligning the Health and Wellbeing Board and Partnerships.</p>	

	<p>The Chair queried the cost of the BCF for the CCG; it was confirmed that the CCG have invested £26m this year. It was queried if this was being used within East Lancashire, and M Youlton advised that much of it is invested within East Lancashire. There are currently 21 CCG schemes that are at various stages.</p> <p><i>Members acknowledged the report and the update.</i></p>	
<p>16:016</p>	<p>Conflict of Interest Handling</p> <p>The National Audit Office carried out an investigation into the management of conflicts of interest within NHS CCGs. The findings of this investigation have been published, and the CCG has been benchmarked against these findings. The CCG is compliant with all areas. It was noted that this was useful to understand where the CCG sits, in comparison with other CCG, with how it manages conflicts of interest.</p> <p>The Chair noted that it was a useful paper. M Pilling concurred, noting that internal audit also undertake a review of conflicts of interest.</p> <p><i>Members acknowledged the report.</i></p>	
<p>16:017</p>	<p>Capital Regime</p> <p>The paper was presented to members to advise of the new capital investment governance process adopted by NHS England Lancashire and Greater Manchester, and to assure the committee of the CCG's role within this. It was confirmed that the CCG do not receive any capital resource to manage, and any capital resources are usually received through a bid to NHS England. The governance around how NHS England manage the capital funds has been changed.</p> <p>One of the recommendations from the guidance is for each CCG to have an Estate Strategy Group to assess its assets. There is currently an informal Pennine Lancashire Estate Strategy Group, which considers health economy planning oversight of property and estate.</p> <p>M Pilling how the PL Estate Strategy Group would feed into the organisation. It was advised that this would report to the Local Delivery Group. Currently work is on-going to create a strategic plan for estates which will be at presented to the next Governing Body.</p> <p>The CCG have on-going GPIT infrastructure, as well as rolling out wifi and improving wireless technology to support the plan for paperless working by 2020.</p> <p>It was noted that the Terms of Reference included is a standard one that NHS England have sent for information. The Terms of Reference for the Pennine Lancashire Estate Strategy Group are being processed as part of its establishment as a sub group of LDG; the Terms of Reference will be formally ratified by LDG in due course.</p> <p>Action: Committee to have sight of the Terms of Reference for the Pennine Lancashire Estate Strategy Group prior to ratification by LDG</p> <p><i>Members acknowledged the report and update.</i></p>	

<p>16.018</p>	<p>Any Other Business</p> <p>Members were advised that a letter has been received from NHS England regarding access to the CCG Financial Ledger as part of the Level 3 co-commissioning arrangements. The letter requests that the CCG allows the NHS England Ledger Team delegated access to the CCG's general ledger to enable them to manage the more transactional level detail required for co-commissioning. Members were assured that the system is fully auditable.</p> <p>M Pilling noted that this detail would be beneficial to the CCG. The Chair requested assurance that all Information Governance issues would be accounted for and managed. This was agreed.</p> <p><i>Members acknowledged the letter and agreed to allow NHS England Ledger Team access to the CCG general ledger.</i></p>	
<p>16.019</p>	<p>Date of Next Meeting</p> <p>The next meeting was confirmed as Tuesday, 12 April, 12:30pm in Meeting Room 1 at Walshaw House.</p> <p><i>Please note that this is different from the one on the meeting schedule.</i></p>	