

HARROGATE AND RURAL DISTRICT CLINICAL COMMISSIONING GROUP

Minutes of the Meeting of the Harrogate and Rural District Clinical Commissioning Group Audit Committee

11 March 2014

Community Equipment Store, Unit 2, Manse Lane
Knaresborough, HG5 8LF

Present

Rachel Mann	Vice-Chair and Lay Member, HaRD CCG (Chair)
David Hall	Lay Member, HaRD CCG
Dr Rob Penman	HaRD CCG GP Member

Apologies

Bernard Chalk	Chief Finance Officer, HaRD CCG
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In Attendance

Alison Simm	Corporate Affairs Officer (Secretariat)
Alec Cowell	Head of Finance, HaRD CCG
Steve Appleton	Senior Manager, Mazars (External Auditors)
Mark Kirkham	Director, Mazars (External Auditor)
Sharron Murray	Deputy Head of Internal Audit, North Yorkshire Audit Service
Jon Cooke	Business Services Director, NY & Humber CSU
Janet Probert	Director of Partnership Commissioning

1.0 Introductions and Apologies

Rachel Mann welcomed the attendees of the Audit Committee and introductions were made. Apologies were received from Bernard Chalk.

2.0 Declarations of Interest in Relation to the Business of the Meeting

None.

The Audit Committee:

Noted the above.

3.0 Minutes of the meeting held on 21 November 2014

The minutes for the meeting held on 21 November 2014 were reviewed by the Committee for accuracy and no amendments were made.

The committee discussed whether the minutes should be formally signed off. It was agreed that it wasn't necessary as the minutes were reviewed and agreed at the following Audit Committee.

The Audit Committee:

Noted the above.

Confirmed

4.0 Matters Arising from the Minutes

The action log was reviewed by the Committee and the following was noted:

Item 7.3 Audit Recommendations Status Report

Rachel Mann and Sharron Murray to have further discussions.

Item 9.1 Counter Fraud Update Report

Still no guidance received.

Rachel Mann would like a procedure developing to process matters arising from previous meeting.

5.0 Review of Audit Committee Timetable

The Committee reviewed the Audit Committee Timetable and it was noted that the timetable had been amended to show new meeting dates of March 2014 and May 2014.

Review audit committee Assurance Framework Content removed from March 2014 meeting.

Counter Fraud Update brought forward from November 2013 to March 2014 meeting.

The Audit Committee:

Noted the above changes.

6.0 Finance Governance

6.1 Update and Assurance

Key Dates

Alec Cowell informed the committee on the key dates for the submission of the final accounts.

- Draft accounts to NHS England by 23 April 2014
- Final and signed off submission to NHS England by 5 June 2014
- Accounts to be published by 13 June 2014.

Draft Accounts to be brought to Audit Committee on 22 April 2014.

Finalised Accounts to be brought to the Audit Committee on 27 May 2014 with all audit work signed off and completed.

The Chief Financial Officer and Chief Officer to jointly present the Accounts to the Governing Body.

Audit Committee to recommend the Final Accounts to the Governing Body on 5 June 2014.

Rachel Mann summarised the Role of the Audit Committee in relation to final accounts. The Key points being:

- Ensure adherence to timetable
- Liaison with Auditors
- Assuring Consistency Statements – Statutory Accounts must agree with ledger balances
- Assuring Non ISFE Data
- Assuring appropriate Governance Statements
- Controls Assurance for CSUs

Rachel Mann has concerns with lack of financial experience within current audit committee. This will be picked up in Agenda item 9.4 Terms of Reference. The Committee would be within its rights to get further external advice if they had any financial concerns.

Alec Cowell informed the committee that there were no real concerns going into Year End.

Rob Penman informed the committee that errors had been found in the spreadsheets that track prescribing costs. This was flagged up as a potential issue going into Year End as these errors were rectified.

The Audit Committee:

Noted the above and agreed to update the Governing Body in the key messages.

6.2 Losses and Special Payments

None to date.

Alec Cowell informed the committee of a sales invoice that had been raised on the CCG ledger in error; this is a legacy issue and should have been raised on the old PCT ledger. As a result there is a credit note to raise. This will be brought to the Audit Committee for recording formally in April 2014.

The Audit Committee:

Noted the above.

7.0 Internal Audit

Bernard Chalk drafted a protocol in response to the matter raised of timescales slipping. This introduces a process for the management of completion dates. The Corporate Affairs Officer will present an internal audit recommendation log to Senior Management Team each month and the lead manager will be required to provide an update on progress. Any decision to extend the timeline for audit recommendations to be dealt with as an exceptional action and the reason documented and agreed by the Senior Management Team.

The Corporate Affairs Officer to update Sharron Murray on any changes.

The Audit Committee:

Noted the report and the protocol is to be adopted.

Confirmed

7.1 Approval of Audit Plan

Sharron Murray handed out an updated version of the draft Internal Audit Plan to the committee.

Sharron Murray presented the draft Internal Audit Plan for 2014/2015 for discussion and approval.

The key changes being:

- Resource has been included to review the management and assurance arrangements for reporting and addressing performance issues as included in the dashboard.
- Time has been transferred to the audit of the Partnership Commissioning Unit to reflect the level of risks being addressed by the unit.
- Following concerns raised by North Yorkshire CCGs resource has been included to provide assurance to all four CCGs on the arrangements in place for Children's Safeguarding.
- Time has been included to review the effective implementation of a new initiative, the Referral Safeway Process.
- The level of resource initially allocated to partnership working and pooled budgets has been increased to reflect the increased importance of this area of activity.
- Separate time has been included to review the transfer of payroll data once the new payroll provider is agreed. This has been included following on from the payroll issues experienced by all CCGs during 2013/2014.
- The time included for financial systems has reduced to reflect the lower risk profile of these systems in the CCG. This has been used to offset some of the time required in other risk areas.
- Resource initially allocated for audits in a number of other areas has been reviewed and reduced as we have become more familiar with the CCG's arrangements. This has been used to offset other areas included in the plan.

Rob Penman updated the committee on the new Referral Management initiative.

The areas of audit in The Partnership Commissioning Unit (PCU) have been identified as follows:

- Continuing Healthcare.
- Out of Area Placements (CHC and Adults).
- Mental Health Contract Management.
- Personal Health Budgets.
- Safeguarding Adults.

A separate audit of Business Intelligence processes that inform the dashboard is being undertaken by the CSU jointly with East Coast Audit Consortium.

The Board Assurance Framework is being reviewed in April 2014. Any changes made are to be fed back to Sharron Murray so that they can be reflected in the Audit Plan. The Audit Plan to be brought back to Audit Committee on 27 May.

The Audit Committee:

Approved the Audit Plan but noted changes arise from the revised Board Assurance Framework which will be approved through the audit committee.

Confirmed

7.2 Internal Audit Reports

Sharron Murray presented the report which summarised activity undertaken in relation to the HaRD CCG 2013/14 Internal Audit Operational Plan for the period 1 April 2013 to 3 March 2014.

Work has progressed on the 2013/14 audit programme as follows:

- A final report has been issued following the audit work undertaken to validate the payroll for the CCG.
- Fieldwork has commenced on the review of arrangements for overseeing the Quality and Safety of provider organisations
- Fieldwork has commenced on the audit of Governance arrangements at the CCG and how these are becoming embedded
- Fieldwork has commenced on a review of Contract Management arrangements
- Fieldwork has commenced on a follow up of the Interim Financial Controls audit
- Fieldwork has commenced on a review of the Information Governance Toolkit
- Planning has commenced on a review of Delivery of the Commissioning Strategy.
- Commencement of the audit of the Quality, Innovation and Improvement Programme (QIPP) is planned.

The Audit Committee:

Noted the above.

7.3 Internal Audit Reports

Sharron Murray presented the report which summarised the findings, recommendations and responses for the internal audit reports issued in the period since the last Audit committee meeting on 21 November, which includes

- 2013/03 Payroll Validation.

Limited assurance of the accuracy of the payroll was given.

At the time of reporting the primary outstanding issues relate to three queries regarding the contracted hours for three GP's.

Alec Cowell informed the audit committee that one of the issues highlighted within the payroll audit was to do with a member of staff that had transferred from the PCT to the CCG. Due to a misunderstanding by their line manager rather than a fraudulent action, travel claims payments were overpaid. HaRD CCG is taking action to correct any mistakes from this financial year, but previous overpayments that occurred during the PCT time have not been pursued and effectively written off. This decision was taken by the Chief Officer and the Audit Committee agreed it was the correct action.

Alec Cowell informed the Committee that HaRD CCG was now more stable in its staffing. There is a full complement in Finance to be able to work through the audit recommendations.

There is to be a procurement exercise for a new payroll provider and audit time has been built in for this.

The Audit Committee:

Noted the above.

7.4 Audit Recommendations Status Report

Sharron Murray presented the paper which provided an update on the status and progress in implementing audit recommendations at the CCG. The report is split into two, Section A relates to recommendations transferred from NHS North Yorkshire and York and Section B relates to recommendations generated from audit reports issued to the CCG.

Committee discussed the need to keep control of recommendations and if timescales are slipping the Audit Committee to be informed by exception.

Bernard Chalk has drafted a protocol for managing internal audit reports as outlined in item 7.0.

The Audit Committee:

Noted the above.

8.0 External Audit

8.1 External Audit Plan

Mark Kirkham presented the Audit Strategy Memorandum which sets out the external audit plan for 2013/14. He drew the Committee's attention to 3 significant risks and the planned programme of work to address them.

Mark Kirkham described the concept of materiality and how it underpins the auditor's work programme. He explained the factors they considered in setting the materiality thresholds proposed for the audit. He asked the Committee for their views on the appropriateness of the thresholds and whether there were any additional considerations they wished to be taken into account.

The Committee considered the materiality levels and were not aware of any additional factors that needed to be taken into account at this stage.

8.2 External Audit Progress Report and Briefing

Steve Appleton presented the paper which updated the Committee on progress in Mazars meeting their responsibilities as the CCGs external auditors. The paper includes key emerging national issues and developments.

It was noted that the initial planning of the 2013/14 audits is almost complete, and we are presenting our audit Strategy Memorandum (i.e. audit plan) at this meeting.

Reference was made to the ICSA governance code for CCG's. Chair of Audit and Accountable Officer would be reviewing the code against the HaRD CCG's governance processes.

8.3 Request for Declarations

Mazars have lodged a request to Audit Committee and Senior Management Team for a response to issues. A joint response is acceptable.

Rachel Mann to meet with Bernard Chalk and Alec Cowell to draft a joint response. The draft response to be brought to the audit Committee on April 22.

The Audit Committee:

Noted the above.

9.0 Governance and Assurance

9.1 Counter Fraud Update Report

Still no guidance received.

The Audit Committee:

Noted the above.

9.2 CSU Assurance Update

Jon Cooke was welcomed to the meeting.

Jon Cooke presented the paper which provided an update on the CSU Final Internal Audit Report in relation to assurance to NHS England and also production of a Service Auditor Report.

Deloitte have undertaken an interim review of the CSU to ascertain the readiness for the provision of third party assurance. The CSU has no priority 1 recommendations and over 50% of the priority 2's had been completed prior to the draft report being published at the end of January 2014.

The detailed recommendations have been shared with the Chief Finance Officer.

The CSU is on track to deliver the Service Auditor Report.

Jon Cooke will draft an executive summary of final report for all CCG's.

The committee had previously expressed concerns over assurance and the Service Auditor Report provides this assurance.

The committee discussed the need for the CCG to have access to documents and audit trails for any work being done by the CSU on behalf of the CCG.

Rachel Mann needs assurance that the final report has gone to the SMT for 'sense check'.

The Audit Committee:

Confirmed

Noted the above.

9.3 PCU assurance Update.

Janet Probert was welcomed to the meeting.

The committee discussed the need for assurance from the PCU that they were tied in to the audit process, Janet confirmed that they were.

Janet verbally updated the meeting on the key areas of work currently being undertaken by the PCU.

- Continuing Healthcare (CHC):
 - Since September number of processes put in place to improve the system and teams have been reconfigured as a consequence.
 - Additional non-recurrent resources have been agreed by the CCG's to address the in- year backlog.
 - Aim to have additional capacity in place from April 2014.
 - SystemOne being implemented this week. This will allow remote and mobile working to be established.
 - CHC providers are being offered NHS contracts. This will improve the financial flow. PCU working with Sharron Murray to ensure robust systems.
- Mental Health & Vulnerable people (MH/VP)
 - Since September PCU have been clarifying the priority areas and ensuring they have clear delivery plans.
 - In January the PCU took over responsibility for the two main MH providers.
 - Key areas in MH/VP have been access for patients to a place of safety (section 136 suites), management of individual complex patients, review of psychological therapies and delivery of the winterbourne Concordat.
 - Children's commissioning priorities: management of children through transitions, access to CAMHS services, children with special educational needs, review of paediatric & maternity services at the Friarage hospital and reviewing local services for children with long term conditions and maternity services against national guidance.
- Safeguarding Adults
 - PCU working with local authorities to ensure that all commissioned services are safe and demonstrating good practice.
 - A review of the safeguarding team is currently taking place.
- Quality
 - All commissioning will include effective engagement with patients/carers and clinicians as well as a comprehensive review of the evidence.
 - Within CHC and MH/VP the Winterbourne concordat recommendations are now incorporated in every assessment or review: to ensure that opportunistic reviews of care settings are always undertaken.

Confirmed

- Financial
 - The PCU budget is agreed and managed by the PCU senior team and the Chief Finance Officers of the four CCGs

There is no contract for Continuing Healthcare equipment. This is a high risk area and a new approach may be needed if it can't be resolved.

Rachel Mann summarised that Janet Probert had inherited a system lacking assurance. And that Janet Probert was working closely with internal audit to put that assurance in place.

The Audit Committee:

Noted the above.

9.4 Terms of Reference:

Committee noted that since its inception there had in practice only been 3 members. Quoracy was sometimes difficult to achieve and it was agreed therefore that Rachel Mann to review the Terms of Reference and membership and bring a proposal to the next meeting.

The Audit Committee:

Noted the above.

10.0 Any Other Business

11.0 Key Messages to the Governing Body

1. Clarification of final accounts process including Governance statement.
2. Audit Plan.
3. Payroll Audit.
4. External Audit.
5. CSU Assurance.
6. PCU Assurance.

12.0 Next Meeting

22 April 2014, Boardroom, 1 Grimbald Crag Court, St James Business Park
Knaresborough, HG5 8QB

The Audit Committee:

Noted the above.

Follow Up Action

The actions required as detailed above in these minutes are attached at Appendix A.

HARROGATE AND RURAL DISTRICT CLINICAL COMMISSIONING GROUP
Actions from the Audit Committee on 11 March 2014

Appendix A

Meeting Date	Item	Action	Responsibility	Action Completed / Due to be Completed (as applicable)
		To update time		
11 March 2014	4.0 Matters Arising from the Minutes	Rachel Mann and Alison Simm to develop a procedure for processing Matters Arising.	Rachel Mann	22 April 2014
11 March 2014	7.0 Internal Audit Matters Arising	Alison Simm to present internal audit recommendation log to SMT	Alison Simm	17 March 2014
11 March 2014	7.1 Approval of Audit Plan	Feedback to Sharron Murray any changes to Board Assurance Framework	Rachel Mann	End of April 2014
11 March 2014	7.1 Approval of Audit Plan	Bring back Audit Plan to May audit committee.	Sharron Murray	27 May 2014
11 March 2014	9.2 CSU Assurance update	Executive summary of Service Audit Report to Audit Committee	Jon Cooke	22 April 2014
11 March 2014	8.3 Request for Declarations	Joint response to be drafted	Bernard Chalk, Alec Cowell, Rachel Mann	22 April 2014
11 March 2014	9.4 Terms of Reference	Rachel Mann to review Terms of Reference.	Rachel Mann	22 April 2014

Confirmed