

**MINUTES OF A MEETING OF THE
AUDIT COMMITTEE**
Thursday 3 August 2017 at 10.00 am
Heritage Room, Moor Lane Mills, Lancaster

PRESENT:

Clive Unitt	Lay Member, Morecambe Bay CCG (Chair)
Dr Mike Flanagan	Secondary Care Doctor for the Governing Body, Morecambe Bay CCG
Sue McGraw	Lay Member, Morecambe Bay CCG

In attendance:

Sharon Brock	Local Anti-Fraud Specialist, MIAA
Barbara Carter	Corporate Affairs Support Manager, Morecambe Bay CCG (Minutes)
Christopher Paisley	Manager, KPMG
Kevin Parkinson	Chief Finance Officer/Director of Governance, Morecambe Bay CCG
Liz Squires	Senior Audit Manager, MIAA

Action

36/17 **GENERAL ISSUES**

Members of the Audit Committee met with Internal Audit and External Auditor for a discussion before the meeting. Kevin Parkinson (KP) joined the meeting after the discussion.

37/17 **WELCOME AND INTRODUCTIONS**

Clive Unitt (CU) welcomed members of the Audit Committee to the meeting.

38/17 **APOLOGIES FOR ABSENCE**

No apologies for absence were received.

39/17 **DECLARATIONS OF INTEREST**

Declarations of interest were requested that would be relevant to the items to be discussed on the agenda. No declarations of interest were made. Recorded declarations of interest can be viewed on Morecambe Bay CCG's (MBCCG) website.

40/17 **MINUTES OF THE LAST MEETING HELD ON 23 MAY 2017**

The minutes of the last meeting of the Audit Committee held on 23 May 2017 were agreed as a correct record.

41/17 **MATTERS ARISING INCLUDING REVIEW OF ACTION SHEET**

There were no matters arising.

Action Sheet

The action sheet was complete.

42/17 **GOVERNANCE**

Summary of Register of Interests

KP presented the annual summary of the Register of Interests and explained that the CCG maintains a Register of Interests declared by CCG members and employees in line with guidance. The summary gives confidence to the Audit Committee that the CCG are carrying out their duties around Conflicts of Interest. The Register of Interests are published and made available to the public on the CCG's website.

RESOLVED:

The Audit Committee were content with the processes in place to maintain the Register of Interests.

Review Audit Committee Annual Report 2016/17

CU presented the report. It was agreed to append the report to the Audit Committee minutes which allowed the Governing Body to view the report when the minutes appeared on their agenda. Minor amendments were made to the report as follows:-

Page 1, second paragraph, remove the last sentence.

Page 1, Objectives to the Committee, remove the word "below" and replace with "for 2016/17".

Page 6, External Audit, first bullet point, amend date to read "31 March 2016".

RESOLVED:

Members of the Audit Committee approved the Audit Committee Annual Report 2016/17 subject to the above amendments.

Review of Audit Committee Work Programme 2017/18

KP presented the Audit Committee Work Programme for 2017/18 which enables the Audit Committee to plan agendas and work programmes.

Chris Paisley (CP) stated that under the External Audit section for May 2018 the Annual Audit Letter should be removed as this is no

longer required.

Liz Squires (LS) requested that the “Head of Internal Audit Opinion” should be included within the Internal Audit section for May 2018.

RESOLVED:

Members of the Audit Committee approved the Audit Committee Work Programme 2017/18 subject to the above amendments.

Assurance Framework and Risk Register Update

KP stated that the Assurance Framework (AF) and Risk Register (RR) had been withdrawn from the Quality Improvement Committee meeting and the Audit Committee meeting due to the volume of work updating the documents following the Quality Improvement Committee Workshop in June 2017. The AF and RR report is currently being re-drafted and will be presented at the next Quality Improvement Committee meeting and the Audit Committee meeting.

KP agreed to circulate a copy of the AF and RR once it was completed to the Audit Committee members.

KP

Losses and Compensations

Nothing to report.

Waivers of Constitution

Nothing to report.

Finance and Performance Group Minutes 28 February 2017 and 25 April 2017

Minutes of the Finance and Performance Group were received for information.

KP stated that the membership has been extended to include the South Cumbria expertise.

Quality Improvement Committee Minutes 7 February 2017 and 4 April 2017

Minutes of the Quality Improvement Committee were received for information.

43/17 **INTERNAL AUDIT**

Internal Audit Progress Report

LS presented the Internal Audit Progress Report to the Audit

Committee which provides an update in respect of the assurances, key issues and progress against the Internal Audit Plan for 2017/18. The following key areas were highlighted:-

Transfer of Services to Morecambe Bay CCG - Mersey Internal Audit Agency (MIAA) have been working closely with the CCG to update the following policies:-

- Competition Dispute Resolution Policy.
- Procurement Strategy.
- Standards of Business Conduct.
- Whistleblowing Policy.

KP confirmed that there are some minor changes to be made to the Whistleblowing Policy.

LS stated that there are still some resources available to cover any additional work that may arise.

Learning Disability Homes - the information received from Lancashire County Council was deemed to be inadequate. MIAA found that the information received contained a number of potential duplicates. This review has been superseded by a Pan-Lancashire wide group which will hopefully highlight any duplication and avoid CCGs from paying twice. LS agreed to contact Kirsty Hollis regarding the work being undertaken by the Pan-Lancashire wide group.

LS

It was noted that under the circumstances the report presented was the best that MIAA could have produced. It was felt that it was not a useful report (not through any fault of MIAA) due to it being vague and not knowing if there was any duplication within the report.

Work in Progress - fieldwork due to commence. Terms of Reference (ToR) have been agreed for Effectiveness of CSU Services and Safeguarding.

Sue McGraw (SMcG) requested examples of fieldwork. LS agreed to share the ToR for Effectiveness of CSU Services.

LS

Consolidated Follow Up - LS outlined the table within the report which summarises the recommendations made and what actions have been taken.

An error was highlighted on page 3. It should say 20 recommendations and not 21 recommendations.

MIAA Insight - for information.

44/17 **EXTERNAL AUDIT**

External Audit Technical Update Report

CP presented the External Audit Technical Update Report for information. The following two amber areas were highlighted:-

- Staff survey results.
- Protecting against the cyber-attack.

The Audit Committee noted the update.

External Audit Annual Audit Letter 2016/17

CP presented the Annual Audit Letter 2016/17 and explained that this will be the last time the Annual Audit Letter will be presented to the Audit Committee.

The letter summarises the key issues arising from the 2016/17 audit and highlights areas of good performance and also provides recommendations to help the CCG improve performance where appropriate. There were no high risk recommendations and no public interest reports were issued throughout the year 2016/17.

The Annual Audit Letter 2016/17 has been uploaded to the CCG's website.

The Audit Committee noted the update.

45/17 **ANTI-FRAUD**

Anti-Fraud Annual Report 2016/17

Sharon Brock (SB) presented the Anti-Fraud Annual Report 2016/17 which provides a summary of the work undertaken.

SB highlighted the standards that have been assessed as currently having an amber level of compliance against the standards. Five of the standards rated as amber are in the Hold to Account section and could only be rated green if the CCG could evidence that a fraud allegation had been received and fully investigated, including seeking the most appropriate sanction and redress. It was anticipated that some of these standards might be upgraded to green standards.

A summary of the work completed against each of the four generic areas of anti-fraud activity was provided.

It was noted that the CCG had had no fraud referrals during the financial year 2016/17.

46/17 **MATTERS TO BE DRAWN TO THE ATTENTION OF THE GOVERNING BODY**

There were no additional items to be drawn to the attention of the Governing Body.

47/17 **ANY OTHER BUSINESS**

There was no other business.

48/17 **DATE AND TIME OF NEXT MEETING**

Thursday 9 November 2017 at 10.00 am, Heritage Room, Moor Lane Mills, Lancaster.