

Minutes approved
on 23 May 2017

**MINUTES OF A MEETING OF THE
AUDIT COMMITTEE
Thursday, 30 March 2017 at 10.00am
Heritage Room, Moor Lane Mills, Lancaster**

PRESENT:

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

In attendance:

Sharon Brock Local Anti-Fraud Specialist, Mersey Internal Audit Agency
Sue Cole PA, Lancashire North CCG (Minutes)
Kevin Parkinson Chief Finance Officer/Director of Governance
Liz Squires Senior Audit Manager, Mersey Internal Audit Agency

Action

13/17 **GENERAL ISSUES**

Members met with the internal and external auditors for a discussion before the meeting without Kevin Parkinson (KP) being present.

14/17 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Christopher Paisley, KPMG and Louise Cobain, Mersey Internal Audit Agency (MIAA).

15/17 **DECLARATIONS OF INTEREST**

There were no declarations of interest relating to items on the agenda. Recorded declarations of interest are reviewed and updated quarterly and can be viewed on the CCG's website.

16/17 **MINUTES OF THE LAST MEETING HELD ON 9 FEBRUARY 2017**

The minutes of the last meeting of the Audit Committee held on 9 February 2017 were agreed as a correct record.

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

Kevin Parkinson referred to item 08/17 (External Audit) and confirmed the Membership Council had agreed to the amendment for the Governing Body, from 1 April 2017, to have the authority to approve the CCG's annual accounts and annual report.

Action Sheet

The action sheet was reviewed and updated.

18/17 **GOVERNANCE**

Review of Checklist of Sources of Assurance

Kevin Parkinson presented the Sources of Assurance checklist which had been reviewed and he confirmed no changes had been made. He asked the Audit Committee if they felt the checklist was still valid.

The Audit Committee approved the checklist and Clive Unitt requested the date be changed to reflect the approval.

KP

Information Governance Annual Report

Kevin Parkinson presented the Information Governance Annual Report which had been previously approved by the CCG's Executive Team and Governing Body. He confirmed that the overall submission score & status for the Information Toolkit, was 91% (satisfactory) and the CCG would be striving to improve this score.

The report was noted and received by the Audit Committee.

Review Audit Committee Terms of Reference

Kevin Parkinson presented the Audit Committee's Terms of Reference (TOR) for annual review. He explained that these were part of the amended constitution.

The Audit Committee approved the TOR.

Assurance Framework and Risk Register Update

Kevin Parkinson presented the Assurance Framework and Risk Register update. He explained there remained a timing issue and despite best endeavours he would have liked some areas to be more current. He confirmed however that fundamentally the issues are correct.

Clive Unitt raised questions and asked for clarity in regard to 1.1.7 – AF125, 1.3.7 – RR144 and risk 56. Kevin Parkinson provided

explanations to CU's enquiries.

The Audit Committee noted the assurance provided.

Waivers of Constitution

KP explained the background to Waiver 010 which is an extension to an existing contract for patients records storage system; this is a single tender request due to the specialist nature of the software.

Losses and Compensations

Nil return.

Finance and Performance Group Minutes 29 November 2016 and 31 January 2017

The minutes of the Finance and Performance Group Minutes 29 November 2016 and 31 January 2017 were noted.

Quality Improvement Committee Minutes 6 December 2016

The minutes of the Quality Improvement Committee 6 December 2017 were noted.

19/17 **INTERNAL AUDIT**

Draft Internal Audit Plan 2016/17

Liz Squires, Senior Audit Manager, MIAA presented the Internal Audit Plan. The plan on a page describes how the proposed plan had been developed and how MIAA will deliver internal audit services in 2017/18. Liz asked the Committee if they were happy with the proposals and if there were any other areas that they would like covering.

Kevin Parkinson requested that the proposed timing of assessing the 'Effectiveness of CSU Services' following the Boundary Change be moved to Quarter 2 to allow the service to embed further.

Clive Unit raised a query in regard to decision making and mapping; was this CCG or the STP? Kevin Parkinson explained that the CCG wanted to make sure decisions within the STP are not being made that shouldn't be made outside of the CCG. Clive Unitt endorsed this decision. He also commented that he couldn't see any Lay Member representation on the STP Committee. Kevin explained that this was because each organisation has two representatives and that Andrew Bennett and Alex Gaw, as representatives, were aware of the CCG's delegated levels.

The Audit Committee approved the Internal Audit Plan for 2017/18 with KP's amendment being made.

Liz Squires confirmed that fees for 2017/18 would remain the same as 2016/17.

Internal Audit Progress Report

Liz Squires Senior Audit Manager, MIAA presented the internal audit progress report which provides an update in respect of assurances, key risks and progress against the internal plan for 2016/17. She continued that a consolidated follow up position is outlined to the Committee in Section 4 of the report. Liz Squires agreed to share the working paper with the Committee.

LS

Clive Unitt requested the 'tense' be changed to the 'past tense' in the last paragraph of Section 4. He also requested that within the Performance indicator it states 31/3/17 and as the status is green the wording in the summary requires amending.

LS

The Audit Committee approved the Internal Progress Report.

Insight

Liz Squires presented the MIAA Insight which was here for information only.

20/17 **EXTERNAL AUDIT**

External Audit Technical Update

The External Technical update, which highlights the main technical issues which are currently having an impact of the health sector was referred to.

The update was noted by the Audit Committee.

21/17 **COUNTER FRAUD**

Anti-Fraud Work Plan 2016/17

Sharon Brock presented the Anti-Fraud Workplan for 2016/17 which cover the following four key areas:

- Strategic Governance - to ensure that anti-crime measures are embedded at all levels across the organisation.
- Inform and Involve - raising awareness of crime risks against the NHS, and work with NHS staff and the public to publicise the risks and effects of crime against the NHS.
- Prevent and deter - to discourage individual who may be tempted to commit crime against the NHS and ensure that opportunities for crime to occur are minimised.
- Hold to account - to ensure that all suspicions of fraud are investigated in a timely and professional manner and that all appropriate sanctions and redress are applied.

Kevin Parkinson added that the proposed activity to look at CHC was to look at risk to the CCG and there had not been any suggestion of fraud.

Sharon Brock confirmed the fees would remain the same for 2017/18.

The Audit Committee approved the work plan.

Anti-Fraud Self-Review Toolkit

Sharon Brock presented that Self-Review Toolkit Submission. There is a requirement for an annual declaration to be made to NHS Protect by the CCG based upon the perceived levels of compliance with the Standards for Commissioners. Previously, the national deadline for the SRT had been on or around 31 May however this had now been revised to 1 April 2017. The CCG's current level of compliance with the standards overall rating is green. This is consistent with the outcomes from previous self-assessments.

Sharon continued that she would be working with the CCG to ensure that all Providers have anti-fraud measures in place.

Accounts Timetable

Kevin Parkinson presented the 2016/17 Accounts timetable which outlines the plan of action to allow the CCG's financial accounts to be completed on time.

Review of Accounting Standards

Kevin Parkinson explained that the CCG are proposing to follow all the NHS accounting standards guidance.

22/17 **MATTERS TO BE DRAWN TO THE ATTENTION OF THE GOVERNING BODY**

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

23/17 **ANY OTHER BUSINESS**

Review Effectiveness of Internal Audit

The internal auditors left the meeting for this item.

Kevin Parkinson explained that each year a review is taken of internal audit. A discussion followed around the internal auditors' effectiveness.

Financial Risk

Kevin Parkinson explained that the CCG's financial position had been escalated and the CCG was having a visit from the National QIPP Support Team.

24/17 **DATE AND TIME OF NEXT MEETING**

Tuesday, 23 May 2017 at 1.00 pm, Heritage Room, Moor Lane Mills, Lancaster.