

**Audit and Integrated Governance Committee  
Unconfirmed minutes of the meeting held on 13 June 2013  
Boardroom, 722 Prince of Wales Road**

**P**

**Present:** Amanda Forrest, Lay Member (Chair)  
Dr Andrew McGinty, CCG GP  
Dr Leigh Sorsbie, CCG GP

**In Attendance:** Carol Henderson, Committee Administrator, NHSSCCG  
Linda Tully, Company Secretary / Head of Corporate Governance, NHSSCCG  
Julia Newton, Director of Finance, NHSSCCG  
Gary Roe, Local Counter Fraud Specialist, emias  
Ian Saxton, Acting Head of Internal Audit, Assure  
Janet Siddall, Finance Lead – Corporate Finance and Financial Governance, W&SY&B CSU  
Kevin Watkins, Associate Director, emias  
Linda Wild, Engagement Manager, KPMG

Minute & AF ref		ACTION
16/13	<p><b>Apologies for Absence</b></p> <p>Apologies had been received from John Boyington CBE, Lay Member, and John Prentice, Engagement Lead, KPMG,</p> <p>The Chair welcomed Gary Roe, Janet Siddall, and Kevin Watkins to the meeting.</p>	
17/13	<p><b>Declarations of Interest</b></p> <p>There were no declarations of interest.</p>	
18/13	<p><b>Minutes and Matters Arising of the meeting held on 28 March 2013</b></p> <p>i) <u>Accuracy</u></p> <p>The minutes of the meeting held on 28 March 2013 were agreed as a correct record, subject to the following amendment:</p> <p><b>Payables (minute 13/13(a) refers)</b></p> <p>Additional sentence to be added as follows: It was noted that it was important that payments to the voluntary sector be made within the 30 day better payment terms whenever possible, to support cash flow in, what in some cases, can be vulnerable organisations.</p>	

The Director of Finance drew the Committee's attention to the revised AIGC 2013/14 workplan which was attached as Appendix A to the minutes.

ii) Matters Arising

**a) Counter Fraud (minutes 38/12, 03/13(b) refer)**

The Local Counter Fraud Specialist advised the Committee that he had contacted the Department of Health (DH) to ask for the most recent guidance on GP and trust responsibilities regarding Overseas Visitors and was directed to a document dating from 2010. The Director of Finance confirmed she would circulate this to GP members of the Committee, together with the latest version of guidance for GPs on overseas treatment from the General Practitioners Committee (GPC) from 2011. Dr Sorsbie would contact the Local Medical Committee to ask if they knew of any additional guidance.

JN

LS

**b) Review of proposed revisions to the CCG's Standing Orders, Scheme of Reservation and Delegation and Prime Financial Policies (minute 09/13(i) refers)**

The Director of Finance confirmed that, as agreed, she had merged the first two paragraphs under section 3.6, Quorum of the Governing Body, and advised that the revised Standing Orders would be presented for formal approval to the Governing Body once confirmation had been received from NHS England on their approvals process for revisions to CCG Constitutions.

**c) Tendering Policy (minute 09/13(i) refers)**

The Director of Finance advised members that the Monitor guidance issued during May 2013 would form part of her procurement update to Governing Body in July.

JN

19/13

**PCT 2012/13 Statutory Accounts**

i) PCT Audited Annual Accounts and Explanatory Paper

The Director of Finance presented the accounts which were attached for information for members as the CCG AIGC had no official role to play in reviewing or approving the final set of Sheffield PCT accounts. However, she pointed out that the CCG accounts for 2013/14 were expected to have a similar format and would require scrutiny via the CCG AIGC and hence it was useful for members to have the opportunity to familiarise themselves with the content of these formal accounts.

The Chair asked for an explanation of taxpayers' equity and this was provided by the Engagement Manager, KPMG.

The Committee received and noted the accounts.

ii) External Audit Report on the Accounts

The Engagement Manager, KPMG, presented this report. She advised members that the accounts had been produced to a very high standard and the only changes to the draft accounts were of a minor presentational nature. KPMG had assessed that the biggest risk had been about closedown and production of accounts, which had not proved to be the case. She expressed her thanks to finance staff, given the pressures they had been working under.

The Director of Finance advised members that the PCT legacy process was supposed to be finalised by the end of June, but there were still a range of things to be resolved and the process would be continuing for some months. The Engagement Manager, KPMG, commented that she would carry on working with CCG officers to make sure it was a smooth process.

The Committee received and noted the report.

**20/13**

**External Audit**

**AF 1.3**

i) Cluster-wide Report on Transition to New Financial Service Arrangements

The Engagement Manager, KPMG, presented this report. She advised members that the report had been issued to the Cluster covering all of the five Cluster PCTs for last year and drew members' attention to the key headlines.

Several improvement areas had been identified during and post-transition, which included defining the support model after 'Go-Live', with actions in place to address these, including making sure there were enough resources and people available to do the job, especially with regard to producing year end financial accounts.

The Director of Finance reported that Internal Audit had also been involved in the local Programme Board for the national ISFE project to implement the new finance ledger and payments system. She confirmed the project was still work in progress and consuming significant time and focus from the finance team.

The Associate Director, emias, advised members that they had increased the time in their plan for financial systems to provide sufficient assurance.

The Committee noted the presentational error in the report of double listing staff at page 8 (Appendix 2).

The Committee received and noted the report.

ii) Technical Update

The Engagement Manager, KPMG, presented this report. She advised members that this was a new paper and presented to the Committee for

information. She had tried to flag up areas that might be of more interest to members than others, most of which included links to further information, and drew members' attention to the draft national CCG Assurance Framework that had been published.

The Chair advised members that an event would be taking place on 4 July about patients becoming partners and asked if KPMG thought that there could be any information or learning from their report that could be circulated to attendees. The Engagement Manager, KPMG, would check and pass this on via the Director of Finance.

LW

The Committee received and noted the report.

iii) Update on 2013/14 including Audit Fee Letter

The Engagement Manager, KPMG, presented this report, which set out the scale fee the Audit Commission sets out. She advised members that the proposed fee for 2013/14 was £105k (excluding VAT), plus a one-off uplift of £10k reflecting the additional audit costs that would be incurred because CCGs are new bodies, but that this latter cost was being met nationally. She advised members that this fee had come down quite substantially from previous fees that PCTs paid, following the national procurement process. The fees were based on the expectation was that financial accounts would be prepared, requiring no or little adjustments, and she had no reason to believe this would change from the previous good practice for Sheffield PCT. She also advised the Committee that the audit team would remain the same as it had for the last 12 months, with John Prentice as engagement lead, so there would be continuity.

The Committee formally accepted the annual audit fee for 2013/14, which the Director of Finance would report to the Governing Body in July.

JN

21/13

**Internal Audit**

i) PCT 2012/13 Annual Report (including Head of Internal Audit Opinion)

The Acting Head of Internal Audit presented the summary report of last year's plan, and drew the Committee's attention to page 5 and the key elements of the Head of Internal Audit Opinion.

The Director of Finance advised members that the report had been presented to the Cluster Audit Committee as it related to the PCT, but that anything from the report that was pertinent and related to Sheffield CCG would be picked up and included in future reports to Committee on the implementation of audit action plans.

JN/JS

With regard to risk, she advised members that the Governing Body had received and revised the CCG's Risk Management Strategy, and the Associate Director, emias, advised members that their plan for this year included a review of risk

management.

The Committee received and noted the report.

ii) Final Progress Report on 2012/13 Audits and Counter Fraud

The Acting Head of Internal Audit presented this report. He advised members that, since the last meeting, eight audit assignments had been finalised, which were summarised in Appendix B. The key reports were around financial systems and he highlighted that no concerns or major weaknesses had been reported. Since the report had been written, the Safeguarding audit had been finalised. The cluster wide Continuing Health Care (CHC) retrospective claims audit, which had been delayed due to problems with accessing some records, was in the process of being pulled together into a report. The Director of Finance confirmed that any actions arising from the reports for the CCG would be again picked up as part of the "response to recommendations" or action plan report to the next meeting of AIGC.

The Committee received and noted the report.

iii) Updated CCG 2013/14 Internal Audit Plan

The Director of Finance presented this report, which had been revised following discussion at the March meeting, although the total number of days at 165 (of which counter fraud formed 30) had been maintained.

The Associate Director, emias, advised members that emias was working on how to align plans from their clients, which should provide them with the opportunity to benchmark things such as governance structures and risk management and to bring that learning to the Committee. He also advised the Committee that in some areas audit days had been reduced as there were some audits they were hoping to do across the patch.

He advised members that there was one piece of work around quality or patient engagement that still needed to be identified, and he would be discussing with the CCG's Chief Nurse on how best to use this time.

The Director of Finance advised members that although a Quality, Innovation, Productivity and Prevention (QIPP) audit had not taken place the previous year, it would be done in 2013/14. We would also be deciding whether to have a focus jointly with Sheffield City Council on Right First Time.

She advised members that the plan could be flexed if other things came up in-year, and additional audit time could be bought.

The Committee received and agreed the updated Internal Audit plan for 2013/14.

**KW**

iv) Internal Audit Recommendations – Report on recommendations to PCT which need to be followed up by the CCG

The Finance Lead – Corporate Finance and Financial Governance, presented this report and drew the Committee's attention to the key issues which included actions from five audit reports which were pertinent for the CCG to take forward either itself or via the services it was now commissioning from the CSU. She also highlighted the recommendations that were marked up as Green as they were complete which with Committee's agreement would therefore be excluded from the next report.

The Committee:

- Noted the progress against all the outstanding agreed actions.
- Agreed that all the Green completed actions could be excluded from any further updates to the Committee.

v) Merger of Internal Audit Services - oral update

The Director of Finance advised the Committee that the CCG's current Internal Audit service provider Assure was still expected to merge with emias on 1 July but this remained subject to final due diligence processes. The final meeting of the Assure Audit Management Board comprising all 10 clients would take place on 17 June with the intention of resolving any remaining issues re the Assure service. She advised members that the merged service would be hosted in Leicester but have satellite offices. The merged service was expected to provide services to a range of mainly public sector organisations including 18 CCGs across South Yorkshire and the east midlands which should allow for additional benchmarking, sharing of intelligence and resilience of audit service.

The Committee noted the report.

22/13

**Counter Fraud**

Counter Fraud 2013/14 Plan

The Local Counter Fraud Specialist presented this report which laid out four areas of work which were based on the previous seven areas used for PCTs. However it was noted that the number of days for the CCG at 30 were substantially less than for the PCT as many of the areas of work for the PCT and of potential significant risk were now the responsibility of NHS England. He reported that as yet there had been no guidance from NHS Protect as to what the expectations were for CCGs and hence the 2013/14 plan may need to be updated in due course.

The Committee received and approved the update counter fraud plan for 2013/14

**Governance – Key Issues for Audit and Integrated Governance Committee**i) Assurance Framework (AF) and Risk Register for 2013/14 – oral update on progress

The Company Secretary gave an update on progress and reported that she hoped to send round a draft AF to members the following week for comment. The framework would be built around the CCG's four strategic objectives, plus a further one on organisational development. She advised members that directors had collectively considered the possible principal risks and that it was likely that the AF to be presented to the Governing Body for approval on 4 July would contain in the range of 15 to 20 such risks. Leads for each risk were being identified who would consider controls and assurances and whether there were any gaps and mitigating actions to be taken. She also confirmed that the process was involving looking at a different presentation of the AF to make it more "user friendly".

LT

She also advised the Committee that CCG Governing Body members had taken part in an OD session on 9 May, facilitated by the Acting Head of Internal Audit and Associate Director, emias, that had helped members understand the process and set the environment.

In relation to the Risk Register the Director of Finance commented that the CCG as looking at a new product to replace the old PCT Datix system which would be more interactive and should support placing risk management at the centre of how the CCG undertakes its operational business. In parallel directors, portfolio leads and their teams were being asked to review the existing risk register inherited from the PCT and consider which risks remained valid and what new risks should be added. An update on this would again be made available to Governing Body on 4 July and AIGC members and audit colleagues would be given the opportunity to comment on the register in the near future.

JN

The Committee noted the update.

ii) Assurance Committee Report including Unadopted Minutes of the Quality Assurance Committee held on 31 May 2013

The Chair presented the minutes and drew members' attention to the key discussions which included how to enable the Governing Body to engage with Quality, and how to handle, as a CCG, the recommendations from the Francis report. This had also been discussed at the June Governing Body, when there was a recognition of the recommendations as CCG core business.

The Committee received and noted the minutes.

iii) Governance Sub Committee oral report

The Company Secretary advised members that the next meeting of the Sub

Committee would be held on 7 August, as the 8 May meeting had been cancelled as there was no critical business to discuss. She tabled a late paper that outlined a position report on the Legacy process and the two transfer schemes for Sheffield PCT - staff transfer scheme generic provisions and Property. She advised members that the property transfer scheme had 600 lines on 400 pages so it was not practicable to bring to Committee. She reported that due diligence had been undertaken on the signed Property Transfer Scheme, and the baseline Annex 2 which provides further supporting detail. There is still a 12 month window to make any changes.

She advised members that the Schemes had been drafted by the PCT as a 'Sender', with a 'Receiver' focus, with lots of checks and re-iterations and at every step of the way it had been checked and validated by South Yorkshire and Bassetlaw cluster and solicitors.

The Committee approved the due diligence process, recognising that a robust process has been in place which followed Department of Health guidance throughout.

24/13

### **Other Reports**

i) Progress Report on Better Payment Policy and Aged Debtors and Payables Report at 31 March 2013

The Finance Lead – Corporate Finance and Financial Governance, presented this report. It related to PCT figures, which needed to be closed down, but she would report CCG figures starting at the September meeting.

a) Payables

Good progress was being made to clear all relevant year end creditors (payables). As at 20 May, there remained invoices totalling £1.2 million to be paid.

b) Receivables

Progress was also being made to collect in all debtors (receivables) within the PCT balance sheet. At 20 May, there remained £1.5m for collection. At the year end debts over 90 days old were low at £64k with a provision made in the accounts that £16k would not be recovered and hence no/minimal impact expected for the CCG. .

Members asked if previous quarter end comparator information could be included on future reports. The Finance Lead – Corporate Finance and Financial Governance confirmed that this would be possible, but for the comparator to be meaningful this would require CCG only balances to be included and hence this would only really be practical with data from April 2013.

**JS**



The Committee received and noted the report.

ii) Losses and Special Payments since April 2013

The Finance Lead – Corporate Finance and Financial Governance, presented this report, explaining that whilst such payments could be authorised by the Director of Finance or Accountable Officer it was a requirement of the CCG standing orders for any such payments to be subsequently brought to the Committee's attention. She confirmed that there had been no requests since 1 April 2013 for any write off of losses or special payments.

The Committee received and noted the report.

(iii) Competitive Tender Waivers since 1 April 2013

The Finance Lead – Corporate Finance and Financial Governance presented this report. The Committee noted the one tender waiver that had been approved so far this year. The Director of Finance advised the Committee that the Scheme of Delegation gave her and the Accountable Officer delegated authority to sign off tender waivers, with the requirement to advise the Committee once this had been done.

The Committee received and noted the report.

**25/13 Any Other Business**

There was no further business to discuss this month.

**26/13 Date and Time of Next Meeting**

Thursday 19 September 2013, 2.00 pm - 4.00 pm, Bessemer Room, 722 Prince of Wales Road