

**Audit and Integrated Governance Committee  
Unconfirmed minutes of the meeting held on 28 March 2013  
Boardroom, 722 Prince of Wales Road**

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**Present:** John Boyington CBE, Lay Member (Chair)  
Amanda Forrest, Lay Member  
Dr Andrew McGinty, CCG GP

**In Attendance:** Martin Colclough, Assistant Director of Finance, NHSSCCG  
Carol Henderson, Committee Administrator, NHSSCCG  
Sue Laing, Deputy Corporate Support Manager, West and SY&B CSU  
(on behalf of the Head of Corporate Governance / Company Secretary)  
Tony Moore, Senior Quality Manager, NHSSCCG (for item 11/13(iii))  
Julia Newton, Chief Finance Officer, NHSSCCG  
John Pannell, Engagement Manager, KPMG  
Ian Saxton, Deputy Head of Internal Audit (on behalf of the Internal Audit Manager)  
Linda Wild, Engagement Manager, KMPG (shadowing)

Minute & AF ref		ACTION
01/13	<p><b>Apologies for Absence</b></p> <p>Apologies had been received from Kate Pilling, Internal Audit Manager, Dr Leigh Sorsbie, CCG GP, Jonathan Idle, Head of Internal Audit, John Prentice, Engagement Lead, KPMG, Linda Tully, Head of Corporate Governance and Company Secretary, NHSSCCG, and Karen Varley, Local Counter Fraud Officer.</p> <p>The Chair welcomed Linda Wild, Engagement Manager KPMG, to the meeting. Linda would be replacing John Pannell, who was retiring from the organisation in April 2013. Mr Pannell was thanked by the Committee for his work with the PCT.</p>	
02/13	<p><b>Declarations of Interest</b></p> <p>Ms Forrest declared a conflict of interest in item 12iii, Competitive Tender Waivers since 1 April 2012 (paper T).</p>	
03/13	<p><b>Minutes and Matters Arising of the meeting held on 13 December 2012</b></p> <p>i) <u>Accuracy</u></p> <p>The minutes of the meeting held on 13 December 2012 were agreed as a correct</p>	

record.

ii) Matters Arising

**a) Internal Audit Progress Report 2012/13 (minute 28/12(i) refers)**

The Deputy Head of Internal Audit advised the Committee that South Yorkshire and Bassetlaw Internal Audit would be merging with East Midland Internal Audit with effect from 1 July 2013.

**b) Counter Fraud (minute 38/12 refers)**

The Deputy Head of Internal Audit would seek clarification from the Head of Internal Audit as to where the Gatekeeping role for Overseas Visitors sits.

**c) Legacy Transition (minute 40/12(iv) refers)**

The Chief Finance Officer advised the Committee that the Chief Executive, Director of Finance, and Chief Nurse of Sheffield Primary Care Trust, and a representative of the NHS Commissioning Board, had formally handed over the PCT Quality Handover Document to the Quality Assurance Committee on 8 March, who were receiving the document on behalf of Sheffield CCG.

The CSU Deputy Corporate Support Manager advised the Committee that the CCG's final transfer scheme was still to be received.

**d) Progress Report on Better Payment Policy and Aged Debtors and Payables Report at 31 July 2012 (minute 41/12(i)(a) refers)**

The steps to make sure that balances over 90 days were reduced were included in the report to be discussed further under minute 13/13(i).

**e) Legal Claims (minute 41/12(iv) refers)**

The Assistant Director of Finance drew the Committee's attention to Appendix A to the matters arising table, which detailed an assessment of the legal claims for 2012/13 outstanding and the probability of success to the complainant.

04/13

**Audit and Integrated Governance Committee**

Agreement of 2013/14 Work Plan

The Chief Finance Officer presented the proposed workplan for the Committee for 2013/14.

The Committee asked for several additions to be made and a revised workplan reissued with the minutes.

In addition to her report, she advised the Committee that a final meeting of the

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Cluster Audit Committee would be held to sign off the PCT's 2012/13 financial accounts. The June 2014 CCG AIGC would receive the first set of the CCG's 2013/14 accounts.

The Committee received and noted the report.

**05/13**

**External Audit**

**AF 1.3**

i) Draft External Audit Plan for 2012/13

The Engagement Lead, KPMG, presented this report. He advised the Committee that the audits had proceeded according to plan, however, a substantial piece of work was ongoing to audit the PCT's 2012/13 financial accounts. He also advised the Committee that there were no issues of significance relating to the Value for Money risk assessment.

He advised the Committee that although the Audit Commission had proposed that the scale of audit fees for 2013/14 be set at the same level as the fees applicable for 2012/13, they had proposed an exceptional increase in scale fee of 10% for the coming year only, to cover the additional costs that auditors would incur in the first year of CCG audits as they would not be able to rely on work carried out for other bodies in previous years. However, the Audit Commission would pay a rebate to the CCGs as they will fund these costs from their reserves.

The Committee received and noted the report.

ii) Interim Audit Report 2012/13

The Engagement Lead, KPMG, presented this report and advised that there were no significant issues to bring to the Committee's attention. Key findings showed that the preparation of financial accounts was going reasonably well and the CCG had the financial capacity to deliver these.

Page 3 of his report highlighted two potential risks that related to closedown of the PCT and continuing healthcare (CHC) provisions). He reported that, following discussions with the Chief Finance Officer about risks to the CCG during the transition period, including establishing a new general ledger system, changes to the PCT staffing structure, and the possible loss of any officers, these risks had now evaporated. With regard to the number of retrospective claims seeking financial reimbursement of continuing healthcare costs in response to the nationally determined deadline of September 2012 he noted that the PCT's estimate at M11 was c£5m provision which was considered a material financial risk by external audit.

The Committee received and noted the positive preliminary year end report.

**06/13**

**Internal Audit**

**AF 3.3**

i) Internal Audit Progress Report 2012/13

The Deputy Head of Internal Audit presented an update of progress against the 2012/13 plan. He advised the Committee that no major concerns had been identified, and asked them to note the full assurance received for Infection Prevention and Control.

He advised the Committee that at cluster level there had been a request for a review of the funding for public health services transferred to local authorities, the processes involved in the transfer and how any risks were being identified. The Chief Finance Officer reported that she was comfortable that PCT fully understood the resources and related contracts which have been transferred and that a very thorough handover process had been undertaken. She also confirmed that the CCG would be keeping under close scrutiny the impact of the reduction in funding associated with the public health transfer on the CCG.

The Committee received the report and noted progress against the 2012/13 Audit Plan.

ii) Internal Audit Draft Annual Plan 2013/14

The Chief Finance Officer presented the draft plan, which she had agreed with the Internal Audit Manager and previously discussed with the Chair of Committee and which she now recommended to the Committee for approval. She reported that the plan proposed a total of 165 days of which 30 were allocated for Counter Fraud. She highlighted that there had been lengthy debates around how much Counter Fraud time would be required by CCGs given their different responsibilities compared to PCTs. She confirmed the five local CCGs had agreed to risk share days for investigations and keep under review.

The Engagement Manager, KPMG, asked if the standardised internal audit manual from 1 April had been taken account of in the plan. The Deputy Head of Internal Audit responded that this would be reviewed and he would present a further draft, including timescales, to the next meeting.

The Committee received and agreed the draft plan.

**07/13**

**Counter Fraud**

**AF 1.4**

Counter Fraud Progress Report Update 2012/13

On behalf of the Local Counter Fraud Officer, the Deputy Head of Internal Audit presented this report which provided members with details of work undertaken during 2012/13 to discharge the requirements of NHS Sheffield CCG's Counter Fraud Plan. He drew the Committee's attention to the two Local Fraud Alerts

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that had been issued to NHS bodies in South Yorkshire. He reported that there was nothing of major concern and some investigations had been closed down.

Members queried the number of penalty notices that had been issued following prescription exemption checks. The Deputy Head of Internal Audit agreed to undertake to clarify the figures and check how they benchmarked across the patch.

The Committee received and noted the report.

### **08/13 Follow Up Report on Audit Recommendations - High and Medium Risks**

#### **AF 1.3**

The Assistant Director of Finance presented this report and advised the Committee that no new risk recommendations had been received since December and two out of the seven actions carried forward from December were now implemented. He reported that the risk management of business continuity for IT systems would need to be followed up by the CCG. The CSU Deputy Corporate Support Manager commented that some of the recommendations in the risk management audit were impossible or unable to achieve as the CCG was in transition and would be carried forward as they were ongoing risks for the CCG or other successor organisations.

The Committee:

- Noted the progress against all the outstanding high and medium risk actions.
- Agreed that all the 'green' completed actions could be excluded from any further updates to the Committee.

### **09/13 Establishment of CCG**

- i) Review of proposed revisions to CCG's Standing Orders, Scheme of Delegation and Reservation and Prime Financial Policies

The Chief Finance Officer presented this report. She advised the Committee that she had received helpful comments from both Internal and External audit colleagues on the version used for the CCG authorisation process in September 2012. She highlighted that most of these had been taken into account within the proposed changes, shown as track changes and were there for discussion at the meeting.

She confirmed that none of these were fundamental and that versions presented to the Governing Body in the autumn remained fit for purpose from 1 April 2013 but the intention was to make the changes once CCGs had confirmation from NHS Commissioning Board as to the process for formal revisions given that the documents form part of the CCG's Constitution.

The Chair drew the Committee's attention to section 2, composition of membership, tenure and role of members and reported that the Remuneration Committee would be recommending to the Governing Body in April that GPs on the Governing Body should be CCG employees.

The Committee suggested that the first two paragraphs under section 3.6, Quorum of the Governing Body, be merged as they both applied to quoracy.

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The Committee approved the changes to the documents, subject to the changes made as noted above, and final approval by the CCG Governing Body.

ii) Approval of detailed financial policies in support of the Prime Financial Policies

The Chief Finance Officer reported that she had tried to keep these policies fairly high level to support the Scheme of Reservation and Delegation. She advised the Committee that the CCG had agreed to adopt existing PCT policies, which would be presented to the Governing Body in April for formal adoption, except for the four presented today, which the Committee had delegated authority, through the Scheme of Reservation and Delegation, to approve.

Budget Management Policy incorporating CCG's operational scheme of delegation and listing of authorised budget signatories

The Chief Finance Officer presented the policy.

The Committee approved the policy.

Losses and Special Payments Policy

The Chief Finance Officer presented the policy.

The Committee approved the policy, subject to clarification as to whether there remains a limit on local approval or whether over a certain level there also needs to be NHS CB or DoH approval.

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Tendering Policy

The Chief Finance Officer presented the policy. She advised the Committee that the new Regulations on procurement had now been received, with further guidance expected in April. She reported that Tender Waivers had already been approved, as part of the Prime Financial Policies, by the Governing Body.

The Committee approved the policy, subject to any further clarification from the new guidance. The Chief Finance Officer suggested that if there were any further changes they could be approved virtually by the Committee.

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Fraud, Bribery and Corruption Policy and response plan

The Chief Finance Officer presented the policy.

The Committee approved the policy.

10/13

### **Implementation of Integrated Single Financial Environment**

The Assistant Director of Finance presented an overview of the NHS Commissioning Board's initiative on producing a standard financial accounting system for all CCGs. His report set out how the system would be implemented in South Yorkshire and the progress to date.

The Engagement Manager, KPMG reported that the PCT Cluster had asked KPMG to undertake an audit of how the system had been implemented, the outcome of which had been agreed by the Cluster Director of Finance, and which he would present to the CCG as soon as possible. He had given the Director of Finance and the Cluster assurance about the readiness to use the system from 1 April 2013, albeit with a couple of recommendations, one of which, the arrangements to support the system, was highlighted as more than a minor risk.

The Committee received and noted the report.

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11/13

### **Governance: Key Issues for Audit and Integrated Governance Group**

i) Draft Annual Governance Statement for 2012/13

The CSU Deputy Corporate Support Manager advised the Committee that work to produce the PCT's Annual Governance Statement was ongoing, which would be presented to the Cluster Audit Committee in June for approval as this document needed to be signed by the Cluster Accountable Officer.

ii) 2012/13 Assurance Framework (AF) and Risk Register

The CSU Deputy Corporate Support Manager presented this report. She advised the Committee that this was the final report for the PCT, no new risks had been added to the AF, and any changes had been marked in Red. She reported that risk leads had been asked to review the AF and identify any high or medium risks that remained open, which would have to be reported on the Annual Governance Statement and handed over to the new organisations. She also advised the Committee that an OD session for Governing Body members on the Assurance Framework had been arranged for the afternoon of 9 May.

The Committee received and noted the report.

iii) Governance Sub Committee report

The CSU Deputy Corporate Support Manager presented the unadopted minutes of the meeting held on 21 February 2013. She had no significant issues to report to the Committee this month.

The Committee received and noted the minutes.

iii) Assurance Committee report

Tony Moore, Senior Quality Manager, attended for this item and presented the unadopted minutes of the Quality Assurance Committee meeting held on 8 March 2013. He drew the Group's attention to the key highlights.

- Sheffield Teaching Hospitals NHS Foundation Trust (STHFT) had been declared fully compliant in both of its Care Quality Commission (CQC) unannounced non-risk based inspections carried out in December and January.
- The Chair and Chief Executive of STHFT would be attending the April meeting of the Governing Body to discuss in private concerns about a number of issues relating to Never Events and lapses around A&E waiting times targets.
- As reported under minute 3/13(ii)(c), the CCG's quality legacy handover had taken place at the end of the Assurance Committee meeting.

Ms Forrest commented that the amount of work that had gone into preparing the paperwork for the meeting was immense and she would be meeting with the Chief Nurse and Deputy Chief Nurse to discuss how to streamline the process.

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The Committee received and noted the minutes.

**12/13**

**2012/13 Accounts Issues**

i) Review of Accounting Policies 2012/13

The Assistant Director of Finance presented the annual review of accounting policies. He reported that the PCT Cluster still had accountability for the PCT accounts which would be submitted to the Cluster Director of Finance for inclusion in his Cluster Audit Committee reports.

The Committee:

- Noted that a full review of accounting policy has taken place.
- Approved the changes in accounting policy for 2012/13.

ii) Basis of Estimation in 2012/13 Financial Statements

The Assistant Director of Finance presented this report which covered the basis of estimation for key figures in the 2012/13 Financial Statements. He reported that we have to provide a list of key items where we will make estimates and show how we are going to make these. He highlighted the table on page 3 of his report which showed the proportion of the items to be used for the estimation.

The Committee received the report and noted the requirement to document the basis of estimation of key figures in the 2012/13 financial statements.



13/13

## **Other Reports**

AF 1.3

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

The Assistant Director of Finance presented this report.

a) Payables

There had been a rise in the number of payables over 90 days old, predominantly due to payments to private nursing homes and to continuing health care. This was an area that needed to be kept under scrutiny.

b) Receivables

The total unrecovered debt over 90 days old at the end of January 2013 remained broadly unchanged from the position report to the Committee in December.

The Committee received and noted the report.

(ii) Losses and Special Payments since April 2012

The Chief Finance Officer presented this report. She had nothing specific to draw the Committee's attention to this month.

The Committee received and noted the report.

(iii) Competitive Tender Waivers since 1 April 2012

The Chief Finance Officer presented this report. The Committee noted the eight tender waivers that had been approved so far this year.

The Committee received and noted the report.

14/13

## **Any Other Business**

On behalf of the Committee, the Chair thanked the Assistant Director of Finance, who was attending his last meeting of the Committee, for his hard work and contribution to the group over the past few years.

There was no further business to discuss this month.

15/13

## **Date and Time of Next Meeting**

Thursday 13 June 2013, 2.00 pm - 4.00 pm, Boardroom, 722 Prince of Wales Road

As Mr Boyington had sent apologies, the meeting would be chaired by Ms Forrest, as Vice Chair