

NHS HULL CLINICAL COMMISSIONING GROUP

INTEGRATED AUDIT AND GOVERNANCE GROUP

Minutes of Meeting held on 15 January 2013

PRESENT: K Marshall, Lay Member (Chair)
P Jackson, Lay Member
Dr J Blow, GP Member

In Attendance: A Oliver (External Audit), KPMG
A Grows, Audit Manager (Internal Audit), East Coast Audit Consortium
S Fleming, Counter Fraud Manager (Internal Audit), East Coast Audit Consortium
I Stephenson, Local Counter Fraud Specialist (for item 8)
E Sayner, Chief Finance Officer
D Storr, Head of Finance
G Powell, Associate Non-Exec Director
M Napier, Head of Corporate Governance
T Meyer, IT Operational Services Lead, CSU (for item 3b)
K Billany, Senior Commissioning Manager (for item 10.4)
P Heaford, Personal Assistant

The meeting was held in the Boardroom at the Maltings and commenced at 9.15am

APOLOGIES FOR ABSENCE – Apologies for absence were noted from Dr Mark Follows (GP Member), Rob Thompson (Practice Manager), Damian Murray (External Auditor, KPMG) and Georgina Bristow (Assistant External Audit Manager, KPMG)

40 MINUTES OF THE LAST MEETING

- Resolved** – 1. That the minutes of the Integrated Audit and Governance Group held on 6 November 2012 be taken as read and correctly recorded and signed by the Chair; and
2. that none of the minutes should remain confidential and not be published.

41 MATTERS ARISING FROM THE MINUTES

(23) The Action List from the meeting held on 6 November 2012 was considered and the following items would now be closed:

- Minute 6 – it had been agreed that there was no longer a requirement to appoint a 3rd GP member to the IAGG.
- Minute 13 – a copy of the Public Sector Internal Audit Standards had been forwarded to all members.

- Minute 30 (report 24 below refers).
- Minute 32 – a discussion would take place outside of this meeting to consider options for future Internal Audit provision.
- Minute 35 – a corrected appendix had been circulated to the group following the meeting.
- Minute 36 – an Assurance Framework Workshop, facilitated by Internal Audit, had been arranged for the CCGC Development Session to be held on 25 January 2013.

Resolved – 1. That the Action List be noted;

(24) In accordance with Minute 2, and as further requested at the last meeting, (Minute 30), Tracy Meyer - IT Operational Services Lead for the CSU, presented a written report to evidence that the Disaster Recovery processes in place for NHS Hull were robust and fit for purpose.

A Disaster Recovery Policy had been developed and would be submitted for CCG approval. All information would be kept on servers located within Humber Foundation Trust (and Hull Servers) and would be accessible to staff in the event of NHS Hull having server failure; hard copies would also be kept on file at Park Health Centre and on memory stick.

Overnight back up procedures and regular virtualised testing systems were in place.

Disaster Recovery awareness training for all IT staff would be completed by 31 January 2013.

The policy applied only to the servers managed by NHS Hull, all other data owned by NHS Hull and managed by Humber Foundation Trust would fall under their Disaster Recovery processes.

A new policy would need to be developed moving forward and an Internal Audit review of new arrangements would need to take place in October 2013.

Assurances: Members concluded this item by summarising the assurances/lack of assurances received, namely:

- (i) Members of the Integrated Audit and Governance Group were now in receipt of a written report from the Head of Operational Services for the CSU and the Committee can now be assured that an IT Disaster Recovery Plan for services relating to NHS Hull is in place.

Due to structural organisational changes, Internal Audit would review new IT arrangements in October 2013.

Resolved – 1. That the report be noted;

2. that the report be approved as being robust for NHS Hull's Disaster Recovery process, and
3. that an Internal Audit review of new IT arrangements would take place in October 2013.

Tracy Meyer left the meeting at 9.45am

42 REPORTING OF EMERGENCY MOTIONS

Members noted that, in accordance with Standing Order 3.2(3), no business was to be transacted at the meeting other than that specified on the Agenda, or Emergency Motions allowed under Standing Order 3.6.

The Chair reported that no Emergency Motions had been received/approved.

43 DECLARATIONS OF INTEREST

Members were reminded of the need to declare (i) any interests which were relevant and material to the Humber Cluster Board; (ii) any changes in interests previously declared, and (iii) any pecuniary interest (direct or indirect) in items on the Agenda.

No declarations were made.

The Chair requested that if any issues should arise during the course of the meeting which represented a conflict, then these should be declared at the time.

44 GIFTS AND HOSPITALITY

Members were reminded of the need to declare the offer and acceptance/refusal of any gifts and hospitality in the PCT's public register.

No declarations were made.

45 (25) EXTERNAL AUDIT BRIEFING

The External Audit Manager presented a briefing which provided members with some background and information on the scope and role of KPMG as external auditors.

A timeline of work relating to the PCT accounts sign off was discussed and it was noted that Jon Swift, NY&H Area Team Director of Finance, would have the overall responsibility for Cluster accounts sign off. It was also noted that the Humber Cluster Audit Committee would start to meet monthly from January 2013.

Resolved – 1. That the briefing be noted.

46 (26) EXTERNAL AUDIT PLAN 2012/13

The External Audit Manager presented the External Audit Plan for 2012/13.

The statutory audit responsibilities would remain to review and report on:

- Financial statements (audit opinion)
- Use of resources (value for money conclusion)

Members were advised that, as part of an efficiency drive, offshore audit resources in India may be used for some routine tasks and functions and assurance was given that secure IT network arrangements would be utilised.

The following four key audit risk areas had been identified in terms of their impact on financial statement opinions:

- Closedown of the PCT
- New MfA requirements
- Valuation of assets and liabilities including LIFT
- Organisation restructure

The reduced audit fee of £110,975 was noted.

There would be no flexibility in the plan and an additional rate for any extra work would need to be agreed on a job by job basis and must not compromise independence.

Resolved – That the External Audit Plan and audit fee for 2012/13 be considered and noted.

47 (27) INTERNAL AUDIT AND COUNTER FRAUD PROGRESS REPORT

The Internal Audit Manager and the Counter Fraud Manager presented a joint report which provided an update on progress being made with regard to the 2012/13 Internal Audit and Counter Fraud Plans.

The following three reports had been finalised since the last meeting:

- Corporate Governance Arrangements in Transition (2011/12) – **Significant Assurance** provided - It was reported that the findings from the review of Corporate Governance Arrangements in Transition had been positive with no major issues reported and only a small number of general recommendations across all organisations. The Head of Corporate Governance confirmed that all recommended actions had now been implemented. External Audit would reference the report to avoid any future duplication of work.
- Assurance Audit – Unplanned Care (2012/13) - **Significant Assurance** provided - all 8 workstreams of the Unplanned Care programme were progressing to plan – there were no major concerns to report. The Chief Finance Officer agreed to follow up Key Action 4 – Redesign of Paediatric Unplanned Care Pathway
- Exeter System – GP Payments (2012/13) - **Significant Assurance** provided

Good progress was being made with regard to the remainder of the 2012/13 plan with a number of reports at draft status or nearing completion.

Some consultancy based audit work had been carried out for the Humber Cluster and a draft report on the NY&H CSU Financial Management during 2012/13 would be presented to the Humber Cluster Audit Committee.

The Counter Fraud Manager presented the Fraud Plan Control Schedule for 2012/13 and advised that pro-active and fraud awareness work was continuing.

One large investigation was still on-going and an update was provided to the Committee by Ian Stephenson of the local counter fraud team, summarising work to date and potential timescales and outcomes. It was noted that the work was now likely to carry on beyond the end of March and future management of the investigation was likely to be the responsibility of the Area Team after that date.

Assurances: Members concluded this item by summarising the assurances/lack of assurances received, namely:

The Committee:

- (i) can be assured of satisfactory progress against the 2012/13 NHS Hull Internal Audit Plan and that agreed actions for improvement are being implemented;
- (ii) can be assured of satisfactory progress in delivering the counter fraud plan and of the process and outcome of investigations, which continue to represent appropriate coverage as part of the wider assurance framework

Significant assurance had been given to the following Internal Audit Reports finalised since the last meeting:

- Corporate Governance Arrangements in Transition (2011/12)
- Assurance Audit – Unplanned Care (2012/13)
- Exeter System – GP Payments (2012/13)

Resolved – That the report be considered and noted.

48 REVIEW OF LOSSES AND SPECIAL PAYMENTS

There were no new Losses or Special Payments to report.

49 (28) REVIEW OF OUTSTANDING DEBTOR AND CREDITOR BALANCES

The Head of Finance provided an update of outstanding debtor and creditor balances for NHS Hull over 6 months old and greater than £5,000.

NHS Debtor: St Georges Healthcare for £5,615.26 – agreement had now been reached and a credit note would be processed.

Non NHS Creditors: these were mainly related to the Council for Continuing Healthcare – credit notes had been requested and would be escalated.

Non NHS Debtors:

DISC – a meeting had been set up between Facilities Dept and DISC to try to resolve this matter.

Wilberforce Café – agreement had now been reached.

Assurances: Members concluded this item by summarising the assurances/lack of assurances received, namely:

- (i) The Committee can be assured that balances continue to be managed giving confidence that financial control mechanisms continue to operate robustly.

Resolved – That the report be noted.

50 (29) **BUSINESS INTELLIGENCE REPORT**

The Chief Finance Officer presented this report which provided a high level of assurance around the delivery of financial targets. The following areas were highlighted:

- There remained no significant risks around delivery of the PCT's control total for 2012/13 which comprised of a planned surplus of £19.4m
- Areas of financial pressure and forecast underspend had been indentified and continued to be closely monitored
- Use of the Capital Resource limit for 2012/13 was forecast
- The PCT will incur running costs of £35.90 per head of weighted population
- Better Payment Practice Code was being achieved
- QIPP Programme was on track to deliver targets
- Good progress was being made to deliver the PCT's Investment Programme

Performance Indicators: Business Intelligence were looking at the level of assurance for the new organisation from 1 April 2013.

Contracts Update: Hull & East Yorkshire Hospitals were under trading, but it was anticipated the Trust would deliver activity to Plan by the end of the year.

Assurances: Members concluded this item by summarising the assurances/lack of assurances received, namely:

- (i) The Committee can be assured that forecasts continue to indicate that all financial targets are on track to be delivered and that financial management and control continues to be managed robustly throughout the transition.

The Group recognises the work to be done to consider reporting requirements into the new organisation.

Resolved – That the report be noted.

51 (30) **ANNUAL ACCOUNTS PLAN AND TIMETABLE**

The Head of Finance presented the above report and advised that work was progressing against the detailed year end timetable for the co-ordination, completion and submission of the 2012/13 annual accounts. Members of PCT staff previously involved in the production of accounts would continue to have a responsibility for 2012/13.

Assurances: Members concluded this item by summarising the assurances/lack of assurances received, namely

- (i) The Committee can be assured that the Annual Accounts close-down timetable for 2012/13 is on schedule and will be delivered to the required timescales and quality.

Resolved – 1. That the report be noted

52 (31) WAIVING OF TENDER – STEP DOWN BEDS

The Head of Finance informed the group that a decision had been made that competitive tendering should be waived in relation to the commissioning of community step down beds. This would allow the service to be managed differently by enabling CHCP to widen the scope of their re-procurement exercise to include the beds provided by other local care home providers.

Resolved – 1. That the waiver of tender be noted.

2. That the approval section of the “record of waiving of standing financial instructions” form be amended to “approved, by me” – delete “not approved”

53 (32) EFFECTIVENESS OF THE CORPORATE GOVERNANCE FRAMEWORK

The Head of Corporate Governance presented the above report to provide assurance in relation to the application of the current Corporate Governance Framework which had been assisted by the opinion provided by Internal Audit as a result of their recent review of Governance Arrangements in Transition

Resolved – 1. That the report be noted.

54 COMMITTEE ASSURANCE FRAMEWORK (CAF)

The Head of Corporate Governance provided a brief overview on the development of the CAF which had previously been to the IAGG and would continue to be received on a quarterly basis. Members were advised that an Assurance Framework workshop facilitated by Internal Audit was scheduled to take place at a CCGC development session on 25 January 2013.

Assurances: Members concluded this item by summarising the assurances/lack of assurances received, namely

- (i) The Committee can be assured that systems and process are in place with regard to the development of the CAF in readiness for the establishment of the new organisation.

55 (33) RISK REGISTER 2012/13

The Head of Corporate Governance presented the Risk Register and advised members of the work that was being undertaken to ensure that risks were appropriately managed throughout transition. This work had involved refining current

risks through a confirm and challenge process and identifying new risks moving forward and a number of meetings had taken place which had included support from the CSU.

It was reported that there was a good risk awareness culture within the organisation with a notable increase in recorded risk.

Assurances: Members concluded this item by summarising the assurances/lack of assurances received, namely

- (i) The Committee can be assured that work is in progress to review and refine the Risk Register in readiness for the establishment of the new organisation.

56 (34) ANNUAL REPORT OF THE EXCEPTIONAL TREATMENT PANEL

This item had been deferred.

57 (35) CARERS' SUPPORT SERVICE – JOINT PROCUREMENT WITH HULL CITY COUNCIL

The Senior Commissioning Manager provided an update on the joint procurement with Hull City Council of a Carers' Support Service. There were a number of media issues related to the process by which the successful provider had been chosen and the perceived impact on the current provider. The specific areas of concern for the Hull City Council Overview and Scrutiny Commission were the consultation process and equality impact analysis.

The findings of a debrief meeting between Hull CCG and Hull City Council held on 6 August 2012 were reported, along with the minutes of the meeting and copy letters from Emma Latimer to Trish Dalby, Hull City Council dated 13 July 2012 and her response dated 24 August 2012.

Learning had been identified and intelligence would be shared, onward procurement was now moving forward.

Resolved – 1. That the report, minutes and letters be noted.

58 DATE AND TIME OF NEXT MEETING – The next meeting would be held on 19 March 2013 at 9.00am in the Board Room at The Maltings.

Signed: _____
(Chair of the Integrated Audit & Governance Group)