

**West Leicestershire Clinical Commissioning Group
Minutes of the Audit Committee (The Committee)
Held on Wednesday 27 May 2015, 9.00 am
Board Room 1, Woodgate, Loughborough**

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Present:

Ray Harding, Lay Member (Chair)
Evan Rees, Lay Member

In Attendance:

Ket Chudasama, Assistant Director, Corporate Affairs
Amy Stevens, Corporate Affairs Officer
Tony Simpson, Head of Financial/Corporate Accounting
Annette Tudor, Deputy Director, 360 Assurance
John Gregory, Director, Grant Thornton
Simon Turner, Grant Thornton
Antony Upton, Counter Fraud Specialist
Michele Morton, Senior Committee Clerk (minutes)

AC/15/049 Apologies for Absence

Apologies for absence were received from Steve Churton and Caroline Trevithick

AC/15/050 Minutes of the meeting held on 29 April 2015

The minutes of the meeting held on 29 April 2015 were approved and accepted as a correct record with the exception that Spencer Gay was present.

AC/15/051 Matters Arising

Paper B, the action log, was received and updated.

Confidential Audit Committee Meeting – Mr Chudasama reported a confidential Audit Committee meeting had been held on 29 April where an issue relating to the CCG Governance Framework 2015/16 was considered. The minutes were subsequently approved via email. The issue was constitutional in nature and surrounded the appropriateness of using sub committees when conflict of interest issues were involved. A decision had been made to explore a number of possible options which included the establishment of an extended Board committee made up of non-conflicted members.

A Board Development Session had been held recently where a number of potential options had been explored and this had been attended by 360 Assurance. The options were currently being refreshed and would be presented to the localities prior to submission to the July Board for approval. Meanwhile the CCG would need to be particularly mindful of any issues that required approval where conflict of interests might be involved. Any constitutional changes would also affect the CCG's Remuneration Committee.

Action

Liaison continued with NHSE on the timescales and any proposed constitutional changes would be emailed to the Regional team in Mid-July.

Head of Internal Audit Opinion – Mrs Tudor said a draft Head of Internal Audit Opinion had been received at a previous Audit Committee meeting, however a legal opinion on the Alliance Contract issue was outstanding. This had now been received and the narrative had been updated to reflect the action taken. This document would be available at the next Audit Committee meeting.

AC/15/052 Declarations of Interests on agenda topics

There were no declarations of interest.

AC/15/053 Counter Fraud, Bribery and Corruption Annual Report 2014/15

Mr Upton presented paper C which provided information that enabled the Committee to receive the necessary assurance regarding the CCG's counter fraud arrangements, and 360 assurance counter fraud service's performance. Proactive and reactive work had been undertaken during 2014/15 in accordance with the approved annual work plan.

Mr Chudasama pointed out the CCG had recently taken on delegated authority for primary care co-commissioning and some support on this was likely to be required during the year, although at present this was difficult to quantify.

Action:

The Audit Committee **RECEIVED** the Counter Fraud, Bribery and Corruption Annual Report 2014/15.

AC/15/054 Review and approve the annual 'Counter Fraud, Bribery and Corruption Risk Assessment & Work Plan'

Mr Upton presented paper D which had been approved by the Chief Finance Officer and developed within the resources determined to be available by the CCG. The document was designed to provide counter fraud, bribery and corruption work in generic areas of activity in compliance with NHS Protect guidance, following the issue of "Standards for Commissioners 2015/16: Fraud, Bribery and Corruption". Key points to note:

- A self-assessment toolkit would be completed for the end of July, assisted by Mr Gay. Mr Gay added this was generic in nature and would benefit from being cross referenced with 360 Assurance.
- In terms of NHS Protect, a considerable amount of work would take place in the first quarter.

Action:

The Audit Committee **RECEIVED** the annual 'Counter Fraud, Bribery and Corruption Risk Assessment & Work Plan'.

AC/15/055 Independent Auditor's Report to the Members of West Leicestershire Clinical Commissioning Group

Mr Gregory presented paper E which highlighted the key issues affecting the results of WLCCG and the preparation of the CCG's financial statements for the year ended 31st March 2015. It was also used to report the audit findings of management and those charged with governance in accordance with the requirements of international standards on auditing (UK & Ireland) 260.

Mr Gregory reported the external auditors would be in a position to sign off the report, with an anticipated unqualified opinion on the accounts, assertion and value for money. The auditing of the accounts had been processed relatively smoothly with no amendments likely to change the bottom line performance of the CCG. The accounts had been subject to a few minor disclosures and re-classifications. One outstanding issue in respect of the Alliance Contract had been remedied by the CCG, which meant a Section 19 referral would no longer be issued.

Mr Turner made the following points:

Page 8 – set out the audit findings against significant risks.

Page 9 – audit findings against other risks which related to secondary care commissioning and the accounting for contract costs and activity variation adjustments.

Page 10 – significant matters discussed with management which related to the Alliance Contract.

Page 11 – Accounting policies, estimates and judgements – sets out work done by external audit, with no issues to report.

Page 12 – other communication requirements.

Page 13 – Internal controls.

Page 14 – Misclassifications and disclosure changes.

Section 3 detailed work carried out on value for money which identified no issues arising.

Page 18 – detailed findings against six risk areas used to assess the CCG's performance against the Audit Commission's criteria.

Section 4 – fees, non-audit services and independence – included an additional fee in respect of regularity work which would be discussed separately with Mr Gay.

Section 5 – communication of audit matters.

Mr Rees sought further clarification on the secondary care commissioning risk on page 9 of the report. Mr Gay explained this consideration had been identified and accounted for correctly by the CCG, who were not liable to pay the sum at this point in time. Agreement had already been reached with UHL on the year end position.

Mr Gay confirmed the Letter of Representation was included as part of the full accounts pack and this would be submitted to the Board for approval and sign off.

Action:

The Audit Committee **RECEIVED** the Independent Auditor's Report to the Members of West Leicestershire Clinical Commissioning Group.

AC/15/056 Review full draft Annual Report 2014/15 (including the Annual Governance Statement)

Mr Chudasama presented paper F, the Annual Report for the year ending 31st March 2015. The NHS Act 2006 required CCGs to prepare their Annual Report and Annual Accounts in accordance with Directions issues by the Department of Health and comprised a number of sections.

A draft Annual Report had been submitted to NHSE. Comments had been received and included from NHSE, external auditors and Audit Committee members from a meeting held on 29th April and board members had received copies for comment.

Mr Gay clarified to Mr Harding that the £390 million gap had been identified in terms of the BCT covering a five year time span.

An extract from the HOIAO recently inserted into the report was tabled, which related to risk assessment and relation to governance, risk management and internal control. Other minor amendments were:

- Mr Rees to be removed as a member of the Finance Committee.
- Page 31 – patient story line repeated.
- Page 8 – first line, females to read female
- Any other minor amendments to be emailed to Mrs Venables with immediate effect.

Action:

The Audit Committee **REVIEWED AND DISCUSSED** the content of the document, taking into account the opinions of the auditors, and **RECOMMENDED** that the CCG Board formally approve the Annual Report for the year ended 31st March 2015.

AC/15/057 Review full draft Annual Accounts 2014/15

Mr Gay presented paper G, the full draft Annual Accounts for 2014/15. Section 14/15 and Section 17 of Schedule 1A of the National Health Service Act 2006 (as amended) requires, respectively, that the Clinical Commissioning Group prepares Annual Accounts for the year ending 31st March 2015.

Draft Annual Report and Accounts were submitted to NHS England on 23rd April, and the statutory audit carried out by Grant Thornton commenced soon after. The auditors' report was a separate document, however no amendments to the drafts were required which affected the overall reported financial position of the CCG for 2014/15. The Auditor's opinion was included within the Annual Report, and their Audit Findings report had been presented to this Committee as a separate item.

The Annual Accounts would be submitted to the Board where Board members would be asked to declare that:

‘the Governing Board was not aware of any relevant audit information that had been withheld from the CCGs external auditors, and members

of the Governing Board would take all necessary steps to make themselves aware of relevant information and to ensure that this is passed to the external auditors where appropriate'.

The Letter of Representation would also be included.

The accounts were consistent with the management accounts received by the CCG's Finance Sub-Group and consistent with the ledger which had been signed off by Mr Gay.

Action:

The Audit Committee **REVIEWED AND DISCUSSED** the contents of the Annual Accounts, taking into account the opinions of the auditors, and **RECOMMENDED** that the CCG Board formally approve the Annual Accounts for the year ended 31st March 2015.

AC/15/058 Reflection of Meeting

Audit Committee members shared a brief positive reflective period before the closure of the meeting.

Action:

- The Audit Committee **NOTED** the above.

AC/15/059 Any Other Business

No other business.

AC/15/060 Date and Time of next meeting

Wednesday 9 September 2015, 9.30 am, Board Room 1, Woodgate, Loughborough.