

Minutes of the Meeting of the CCG Audit Committee
Friday, 23rd June 2017 1.00pm – 4.00pm
WNCCG Headquarters, King's Court, Chapel Street, King's Lynn

Present:

Revd Hilary De Lyon (Meeting Chair)	Deputy Chair & Lay Member (Audit)	(HDL)
Rob Bennett	Lay Member (Finance)	(RB)
Tim Bishop	Governing Body Lay Member	(TBi)
Dr Imran Ahmed	Governing Body GP	(IA)

In attendance:

Heather Farley	Head of Corporate Affairs	(HF)
Chris Randall	Chief Finance Officer	(CR)
Emma Kriehn-Morris	Deputy Chief Finance Officer	(EKM)
John Webster	Accountable Officer	(JW)
Zoe Thompson	External Auditor, BDO	(AR)
Neil Abbott	Internal Auditor, TIAA	(NA)
Cathy Hudson	Minute Taker, WNCCG	(CLH)

ACTION

Welcome

HDL welcomed the Audit Committee members to the meeting and in particular Dr Imran Ahmed, the new GP Governing Body member. She also welcomed John Webster, the new Accountable Officer and Zoe Thompson representing the new External Auditor, BDO. and

17.83 Declarations of Interest

No new Declarations of Interest were made.

17.84 Apologies for Absence

Apologies were received from Kevin Limn and Lisa George.

17.85 Minutes of the Last Meeting held on 24th May 2017

Due to the technical nature of the discussions at the May meeting, it was agreed that a number of amendments would be made:

Pg 7 – a) Annual Report – para 'RB asked why the..' Additional sentence – *EKM told the meeting that draft accounts had not previously been provided to the Audit Committee.*

RB noted that in previous years, a copy of the draft account had been sent to him as soon as they were available on the understanding that amendments might be made following scrutiny by the auditors. This was in agreement with the previous Chief Finance Officer.

ACTION:

CR agreed that this would be added to the timetable to ensure it would be done in future years. CR

Pg 7 – a) Annual Report – Para ‘*EKM confirmed the Finance Team..*’ EKM would suggest a form of words with the agreement of RB and an amendment would be made.

Pg 7 – b) Annual Accounts – EKM would suggest a form of words with the agreement of RB and an amendment would be made.

ACTION:

EKM would work with Lisa Preston and RB to make the changes to the wording on two points on page 7 of the May minutes. EKM

Pg 7 – b) Annual Accounts – Action for EKM. The action attributed to EKM was not entirely accurate. The analytical review was prepared ahead of the year end accounts and was given to the auditors as part of their assurance. It would only need to be forwarded on to the Committee members. RB had asked for this review and had yet to receive it. CR apologised and this would be sent to RB.

ACTION:

EKM would send the report to RB by June 26th. EKM

Pg 8 – Para ‘*Page 128, Item 4.2...*’ EKM asked for the addition of ‘*on a statutory guidance base and is mandatory as part of the accounts*’ at the end of the second sentence.

Pg 8 – Para ‘*Page 128, Item 4.3...*’ EKM asked for an amendment to the first sentence. This should read; *EKM advised that the sickness data had been received by NHS England after the draft stage, as was the case annually, this data was never available before the final accounts.*

Pg 8 – Para ‘*HDL acknowledged that NHSE...*’ 2nd sentence will change to ‘*RB noted that in spite of the tight timescales and limited resources available, the Audit Committee has a responsibility to review the draft accounts before they are submitted to Council of Members.*’

Pg 8 – EKM queried the action for EKM to confirm the value of incorrect charges. It was agreed to remove this action as it was written in error.

P9 – Para ‘*CR confirmed there had been no...*’ The para should begin ‘*RB asked CR if there had been any manipulation of the year end results to improve the outcome against a control total of £3.7m*’.

The Committee asked for it to be noted that LP had done a very good job minuting the May meeting as it had involved very technical discussions.

17.86 Confirmation of any part of the Minutes that is currently considered Freedom of Information Act (FOIA) exempt

Items 17.113, 17.114 and 17.115 will be exempt under the Freedom of Information Act.

17.87 Action Points from Minutes and Action Log

Recommendations of closure accepted. The Committee **NOTED** the action points.

16/19 – (Formalise agreement with NELCSU re office accommodation): Action dated for next meeting.

16/73 – (Arrangements for NHS Protect, and Security management specialists to be looked into): CR updated the Committee to say this was still being explored with NEL CSU to see if this was covered in the existing specification. CR had, on behalf of all Norfolk CCG's, been discussing with TIAA the cost of putting in this service if it was not covered. It was included from April 1st in the LPF as part of contract management.

16/85 – (Relationship between GB & Audit to be part of GB Development Session): Item is dated for completion by 31st August 2017.

17/07 – (CHC Audit issues in relation to the Annual Control Statement). NA told the meeting the response had been seen by NEL CSU. Item closed.

17/09 – (Contract Register review by Audit Committee): An update would be given during the meeting but the item would remain on the action log until a paper had been presented at the next Audit Committee.

17/10 – (Contract Register review by Internal Audit): Action for the next meeting.

17/21 – (Discussions with QEHKL regarding information sharing re non-delivery of plan): This information had now been received and the item was closed.

17/26 – (Recording of signatures on the Contract Register): Not on agenda. Re-dated for October meeting.

17/27 – (Recruitment of new Audit Committee GP member): IA had been appointed as the GP representative and was present at the meeting. Item closed.

17/28 – (IPCS – Paper regarding assurances for the mitigation of risk): CR told the Committee that he and NA had met to go through the business case. NA made a number of recommendations which had been incorporated into the current version on today's agenda for discussion. Item closed.

17/33 - (King's Fund update including SMT views): On agenda for today. Item closed.

17/34 - (NHS Litigation review in terms of SLA insurance cover): CR had spoken to HSLA for confirmation on cover in case of fraud. CR felt this did not clarify

the amount the risk would be mitigated and would depend on each individual case. Item closed.

17/36 - (Committee consideration of robust control model): This was superseded by action 17.48. Item closed

17/40 - (Expanded cyber-security section in SIRO's report to GB): The SIRO's report was scheduled for later in the year.

17/42 – (Budget setting policy drafted for Committee consideration): On agenda for today. Item closed.

17/43 - (Contract Register update, including assurances): This action was covered within action 17/10 and was therefore closed.

17/44 - (Annual Work-plan review. Service Auditor work to be confirmed): This had been added to the work-plan and was on today's agenda. Item closed.

17/46 – ('Organisational Culture' meeting scheduled 26th July 2017): HDL has spoken to KL about the session. KL suggested using the work undertaken by The King's Fund with NHS Improvement. Elements of that could be used. HDL would speak again to KL to take further.

17/48 - (CIPFA model (Financial Control) to be reviewed in comparison to alternatives and preferred model to be adopted). A Paper supporting the decision would be presented at the next meeting.

17/55 – (17.67e Key Principle 2 (3.3 Amber); A follow up system to be established): A template would document all counter fraud bulletins and notices issued. That would set out what had been done to ensure it had been communicated to staff and, followed up. CR recommended to the Committee that this document to be brought to the next meeting for information.

17/56 – (Procurement Policy): The strategy was on the agenda for today but the policy would be presented at the next meeting.

17/57 – (Analytical review): To be amended following previous discussion to make changes to May minutes. The Action was for EKM to send review to RB by the end of next week.

17/58 – (Press notes accompanying the Annual Report to include an explanation of the method of calculation of employee numbers and, the reduction in staff sickness which was below the national average for the NHS): To be discussed at the next meeting.

17/59 – (The value of incorrect charges to WNCCG to be confirmed, per case) To be removed as per earlier discussions in Item 17.85 Minutes of the Last meeting.

17/60 – (Agreement of balances with providers: the gap with QEHL to be confirmed): EKM would provide this information by the end of next week.

17/61 – (Outcomes of disputed items to be reported): To be discussed at the next meeting.

17/65 – (The IG Committee would consider the payroll breach and ensure all recommendations were implemented. A report would be brought to the Audit Committee): The payroll information was now received password protected to prevent an issue like this in the future. The risk has been mitigated. The Information Governance Committee would review the breach and update the Audit Committee at the next meeting.

17/66 – (IG Committee to review WNCCG's processes to prevent the possibility of breaches in other areas): RB noted the speed in which this breach was dealt with by HF. The Information Governance Committee would review the breach process and update the Audit Committee at the next meeting.

17/67 – (A Cyber-Attack Paper to be brought to the Committee): For the next meeting.

17/68 – (Internal Auditor to share thoughts and recommendations regarding Audit Committee agenda reconciliations with HF): For the next meeting.

FINANCIAL MANAGEMENT & AUDIT

17.88 Internal Audit

a) Internal Audit Progress Report - Final

NA informed the Committee that Q1 had not yet finished so there was a limited amount to report to Audit Committee.

The report showed the Personal Health Budgets (PHB) draft report had been converted to a final report and that it had been issued earlier in the week and would come to the September Committee meeting. Another two audits were in progress and due to be completed by the end of next week. RB asked NA to update the Committee on the overall conclusion regarding the PHB report. NA responded that there was reasonable assurance.

The follow up of Audit recommendations show there were currently 11 overdue. NA explained that 5 of these were in relation to the Due Diligence piece. A business case had now been completed and had incorporated the recommendations from this report. Those 5 five would be closed following the meeting.

CR and NA had discussed those audits that had revised target dates. NA asked the Committee to agree the revised target dates. It was expected these would all be complete by the next meeting. HDL noted that it was important these were realistic dates.

CR informed the meeting that audit recommendations were discussed with the wider team. The importance of using realistic dates was explained to the team along with the expectation that, where targets were not reached, they would be expected to attend Audit Committee to explain.

JW told the Committee there had been revised statutory guidance on the Conflicts of Interest. HF was aware of the changes and had arranged time to rewrite the policy reflecting these changes.

b) Comparison of Internal Audit Opinions

This paper was prepared following the previous meeting in May. The Audit Committee had asked TIAA to provide some data showing the comparisons between other Norfolk CCGs.

It was noted that each CCG had different audits and therefore this would make comparisons difficult. The report showed that West Norfolk CCG results were similar to the other CCGs in Norfolk.

EKM suggested comparing against our own previous years' audit data to show the trend over time.

ACTION

NA and HF would audit data and trends and bring it back to the next Committee.

NA/HF

- 17.89** TB noted the significant increase in recommendations across the CCGs but in particular in West Norfolk. The Committee discussed how the increase in recommendations could have an impact on workload and therefore finances for the CCG. CR told the meeting that each recommendation would have a different impact and therefore would be difficult to attribute a cost overall.

External Audit

a) Introduction and Update

ZT told the Committee that Ernst and Young had signed off the Audit and given professional clearance for BDO to issue an engagement letter to WNCCG. Documents would be sent on to WNCCG and strategic liaison and operational liaison meetings would be set up. This would enable the agreement of timetables and agreements as to how WNCCG and BDO would work together. This should happen over the next month.

HDL asked if a half-day training session for Audit Committee members across the Norfolk and Waveney CCGs could be provided by the internal and external auditors later in the year.

ACTION

NA and ZT will discuss training for Audit Committee members in Norfolk and Waveney.

NA/ZT

- 17.90** EKM also suggested that WNCCG spend some time with BDO to share the knowledge that had been gained from working with EY for the last four years.

ACTION

NA and ZT will arrange to meet and discuss how they will work together. NA/ZT

EY provided a regular update for CCGs. This was very useful. HDL asked ZT if this was something that BDO could produce. ZT told the Committee that information was currently produced and could be tailored to suit the needs of West Norfolk CCG.

Counter Fraud

a) Progress Report

A Cyber Security training module had been released. HF and LG agreed this should be mandatory training. HF would work on getting this set up for use.

ACTION

HF would arrange for everyone to be set-up to undertake the Cyber Security training as soon as possible. HF

A further e-learning module on the Fraud and Bribery Act was being launched. That module would give further options to the Face-to-Face training which could be difficult for some staff members to attend. Currently there were some technical issues with this which were being looked at.

ACTION

NA would look into the technical issues with this module as a priority. NA

An allegation of fraud had been investigated thoroughly. It was felt there were no fraudulent claims by the provider and it was recommended that the investigation be closed.

17.91 Procurement Strategy

CR presented a strategy which reflected the current approach but had not been documented. The good work of both NHS South Norfolk and NHS Cambridgeshire and Peterborough CCG had been studied as they had been noted as using best practice.

TB asked if the strategy could be clearer to show the difference between procurement and commissioning. It would also be useful to show how engagement with patients, families and carers was conducted.

With these amendments the Committee agreed the strategy.

JW left the meeting.

Governance & Risk

17.92 Risk Management

a) GBAF

The Governing Body had looked at and approved the changes to the mapping following the new Improvement and Assessment Framework for CCGs introduced by NHS England.

The GBAF contained a considerable amount of recorded new risks for the Contracting and Commissioning Team. A new process had been set up by the team with three members taking ownership for the risks. HF and Phil Riedlinger would meet with the risk owners to discuss expectations on how risks would be updated.

RB commented on the removal of risk 2.3 – delegated commissioning for Primary Care. Due diligence work had taken place flagging the transfer of resources, but this would be an ongoing risk with concerns with sufficient resources devoted to delivering high quality, sustainable services. A new risk should be in its place.

As this was a whole new area it was felt that the GBAF should reflect the general risk within Primary Care with specific relevant risks.

EKM recommended that when team members presented best value schemes at Finance and Performance Committee they would discuss the relevant risk at the same time to ensure they would be highlighted.

HF highlighted that risks should be challenged regularly to ensure movement was continual and progress was seen to be made.

b) CRR

Covered in item 17.92a

17.93 Conflicts of Interest Committee Chair's Report

There had not been a meeting of the Conflicts of Interest Committee since the last Audit Committee meeting.

CR updated the meeting on the concerns with NEL CSU conflicts of interests. At a recent performance meeting NEL CSU were asked to formally respond to request for conflicts of interest. A response had been received by CR yesterday. That response stated their previous position along with reference to new guidance which had been issued in February. The new guidance was not as clear as previous versions and did not help the WNCCG position.

Our concern would be raised with NHS England as we saw this as a potential problem in the future.

17.94 Information Governance Chair's Report to include Minutes

There had not been a meeting of the Information Governance Committee since the last Audit Committee meeting.

The meeting would take place on Monday, 26th June. CR would circulate the minutes following that meeting.

17.95 Tender Waivers

The QEH had asked the CCG to sign off Waiver documentation on a wheelchair service. They had raised concerns due to capacity issues with a current provider. The agreement would cover up to the period when the service would go for procurement. CR and Chris Humphris signed-off this document and the Audit Committee were asked to note it.

TB asked if there had been any concerns of legal challenge raised by other potential providers as this had not gone out to tender. CR responded to say other providers were approached and the feedback was that there would be problems with resourcing due to capacity issues.

The provider given the contract was involved in the service previously given at the QEH but not involved in any of the areas of concern. They were able to provide good evidence of the service they provided and had no capacity concerns.

Other CCGs who had used the service commented that the response from users of the service had been positive.

The possibility of provision across Norfolk was being looked into, ready for when procurement would be undertaken.

17.96 Losses and Compensations

None to report.

17.97 Changes to standing financial instructions and accounting policies

a) Virement Policy

The first draft of the policy was prepared by CR and taken as read.

RB commented that he felt the virement delegation limits for CO & CFO at £2m and CFO at £1m were too high. RB recommended these be reduced to £1m and £500k respectively.

Once recommended amendments had been made, the policy would be seen by the Governing Body.

17.98 Contract register review and update

CR apologised for this not yet being completed. Work was ongoing and this would go to the meeting in September.

17.99 Governance of the STP

There was a move towards CCGs working more closely together. Conversations were taking place on the governance of any Committees that were formed to support this. Once there was a plan, this would be seen by the Governing Body.

There was not quite so much movement towards working together with providers and more work needed to be done here.

Patricia Hewitt had been appointed as the independent chair for the Norfolk and Waveney STP. Dr Ian Mack had already met with Patricia and arrangements would be made for her to meet with HDL.

JW returned to the meeting

JW updated the meeting that the plan was well advanced for creating a strategic commissioner for the STP area. Some of this was predicated on progressing joint Committees in the future for the constituent CCGs. JW had made it clear that where it made sense to share with the rest of Norfolk this would be done. Where it made sense to advance our plans locally this would be what we would do. What we plan locally would fit with the plans of the STP. There would still be a strong commissioning function within West Norfolk.

17.100 Annual work plan

HF had made changes to the annual work plan, adding the Service Auditor Work. STP Governance would be added to all meetings with the exception of May.

Some changes would be made to the meeting dates to ensure they would fit in with the year end requirements. This would mean moving the March meeting to April, then making the remaining meetings quarterly. The May meeting would only contain the essentials to adequately allow time for discussion for end of year items and sign off the accounts.

One amendment HF would make to the presented paper was to change the Review Annual Report and Accounts process to 'draft'.

EKM asked the Committee to keep in mind the time frames for papers being sent in advance, in April. Time would be very tight during this time and even the end of April would make it very tight.

ACTION

HF would make amendments to the Terms of Reference and this would be seen by the Governing Body in July.

HF

17.101 A&E delivery plan

The Committee noted the paper sent prior to the meeting.

IA asked if the A&E delivery plan included primary care streaming. CR would check on this.

ACTION

CR would look into whether the A&E delivery plan included Primary Care Streaming. CR

17.102 King's Fund paper update

The paper gave an update on the Kings Fund view of the key priorities for NHS and Social Care in 2017. The work was continually evolving.

17.103 Policy update

HF provided bi-annual updates to the Committee on the CCGs policies.

Julie Sherwood and HF would be meeting to discuss and update outstanding policies. HF would work on the Conflict of Interest policy as this one was a concern.

TB commented on the PSCQ meeting where the PSCQ strategy was discussed as it was due for review in 2013. TB was seeking assurance on how out of date the policies were.

TB also told the meeting of concerns where other CCGs were leading on policies to ensure these policies were checked for accuracy.

HF responded that where a policy was very out of date she sought assurance from colleagues that the policy was reasonable to cover for the current time. Where no policy existed, such as with some HR policies, the Agenda for Change policy was adopted.

HF would bring the full policy register to the Committee when it was next due on the agenda.

CR recommended a system where CCGs could get together to review each other's policies.

ACTION

CR will speak to Maggie Carter to discuss PSCQ clinical policies. CR

17.104 Business case protocol

CR had been working on the business case protocol, following discussion at the May Audit Committee. CR intended to continue working on the document and bring the completed process to the September meeting.

ACTION:

CR would present a Business Case Protocol Paper at the September meeting. CR

The changes were to include a three step process set out within the paper.

TB asked if a flow chart could be produced to show the whole process.

TB also asked to show how the development of a business case would include input from patients.

Where a business case would not have any clinical relevance it would not need to be seen by CLEX.

RB told the Committee that a proposal that had been seen by the Primary Care Commissioning Committee included large finances that had not been seen by the finance team beforehand. This protocol needs to ensure that this would not happen and that the finance team were aware of all spend. EKM told the meeting that she was looking into how the commissioning team could work closely with the finance team so they could be involved in all stages of business case development.

17.105 Health and Safety update

There was full compliance with the mandatory Health and Safety and, Fire training. The ongoing issue with the electrical sockets had been completed on 22nd June.

RB asked about the success of the evacuation process. It was believed they were conducted annually but this would be checked.

ACTION

HF would ask David Clack from BCKLWN to produce a short update on the frequency and success from any fire evacuation drills held on the premises.

HF

Items for Information

17.106 Finance & Performance Committee Minutes:

- a) 24th May 2017

For information without discussion.

17.107 Patient Safety & Clinical Quality Committee Minutes

- a) 17th May 2017 – Draft

For information without discussion.

17.108 EY Annual Audit letter

The final version of the EY Annual Audit was identical to the draft that had been seen by Audit Committee.

17.109 Fraud

- a) Fraud Stop Newsletter
- b) Fraud Digest 2017

For information without discussion.

17.110 Emergency Care work plan

For information without discussion.

Other Items

17.111 Reflection on the Meeting

IA commented on the amount of papers that need to be read prior to the meeting and it would help to have some explanation on some of the items beforehand.

ACTION:

IA would have an induction session with CR.

CR/IA

RB asked if something could be done to the action log to speed it up. Some of the actions could be merged or grouped together.

JW found it was very interesting discussion.

ZT commented that the meeting was interesting and it was good to see the officers were being challenged by the Committee members.

Date of Next Meeting

17.112 Next meeting would be moved to October. This would be arranged as soon as possible.

FOI Exempt Items

17.113 FOI Action Log

** This item was identified as FOI Exempt**

17.114 Clinical Academic Reserve

** This item was identified as FOI Exempt**

17.115 FOI Finance and Performance Committee Minutes 24th May 2017

** This item was identified as FOI Exempt**

There being no further business the meeting closed at 3.40pm