

Minutes of the Meeting of the CCG Audit Committee
FRIDAY, 24th MARCH 2017 10:00am – 1.15pm
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)

In attendance:

Heather Farley	Head of Corporate Affairs	(HF)
Chris Randall	Chief Finance Officer	(CR)
Chris Humphris	Interim Chief Officer (part)	(CH)
Emma Kriehn-Morris	Deputy Chief Finance Officer	(EKM)
Alison Riglar	External Auditor, Ernst & Young	(AR)
Kevin Limm	Internal Auditor, TIAA	(KL)
Neil Abbott	Internal Auditor, TIAA	(NA)
Lisa Preston	Minute Taker, WNCCG	(LP)

ACTION

Welcome

HDL welcomed the Audit Committee members to the meeting.

17.31 Declarations of Interest

No new Declarations of Interest were made.

17.32 Apologies for Absence

Apologies were received from Mark Hodgson and Lisa George.

17.33 Minutes of the Last Meeting held on 6th December 2016

Page 2, Item 17.06a (Internal Audit Process): The Committee agreed that the Minute would be amended to read “...*due diligence on Primary Care is reflected by a contingency of 2-days in March 2017.*” **LP**

Page 4, Item 17.07 (External Audit): The Committee agreed that the Minute would be amended to read “...*the STP around governance is not working...*” **LP**

With those amendments made the minutes were accepted as an accurate record of the meeting.

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

Section item 17.41 was considered FOI exempt.

17.35 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 7th September 2017.
- 16/28** – (Progression on Budget Policy): On the Agenda for this meeting. Item Closed.
- 16/68** – (Update on meeting deadline for signing-off ICA's): On the Agenda for this meeting. See Associated Actions #16/69 & 17/01.
- 16/69** – (Check & challenge 28-day review information on Broadcare): On the Agenda for this meeting. See Associated Actions #16/68 & #17/07.
- 16/73** – (Arrangements for NHS Protect & Security management specialists investigated): CR is awaiting CSU's response in regard to contract management. The Committee agreed to re-date this action to 24th May 2017 meeting.
- 16/75** – (Issue of Governance around STP to go to Finance Group): On the Agenda for this meeting.
- 16/80** – (Reporting back on care planning as part of PHB process): Action completed. Item Closed.
- 16/82** – (Service Auditor Work added to the Annual work plan): Action completed. Item Closed.
- 16/85** – (Relationship between GB & Audit to be part of GB Development Session): KL & NA to advise dates they would be available to assist. Action re-dated for August 2017.
- 17/01** – (Recruitment of a new GP member of the Audit Committee): HDL's action was completed. Item Closed. See Associated Action #17/27.
- 17/02** – (Palliative Care Budget Paper): The Committee noted that the submitted Paper was from SMT (not F&P Committee). Action completed. Item Closed.
- 17/07** – (CHC Audit issues in relation to the Annual Control Statement): On the Agenda for this meeting. See Associated Actions #16/68 & #16/69.
- 17/09** – (Contract Register review by Audit Committee): The Contract Register was being progressed. See also Associated Action #17/10. The Committee agreed to re-date this action to 23rd June 2017 meeting.
- 17/10** – (Contract Register review by Internal Audit): See Associated Action #17/09. The Committee agreed to re-date this action to 23rd June 2017.
- 17/11** – (Reports to include a grid highlighting areas of business assurance): Col would be included in the grid within future Reports.
- 17/12** – (External Audit Report): On the Agenda for this meeting. Item Closed.
- 17/15** – ('Organisational Culture' meeting to be scheduled): LP/KL/NA would liaise regarding availability and scheduling.
- 17/16** – (Discuss the background of the Financial Control Paper): Financial Control Paper is in progress. The Committee agreed to re-date this action to 24th May 2017.
- 17/17** – (Linkage of key themes with self-assessment): Action completed. Item Closed.
- 17/18** – (Financial Accounts Timetable & Plan): On the Agenda for this meeting. Item Closed.
- 17/19** – (WNCCG's change of leadership to be added to the GBAF Paper as a

- risk): Action completed. Item Closed.
- 17/20** – (Consideration of Col items on CRR being incorporated as one risk): The Committee approved HF's recommendations. Item Closed.
- 17/21** – (Discussions with QEHLK regarding information sharing re non-delivery of plan): In progress. The Committee agreed to re-date this action to 24th May 2017.
- 17/24** – (Self-Assessment: 'Options' - Paper, item 3, pg 1 - to go to GB): Issue to be submitted to the next available Governing Body meeting.
- 17/25** – (July 2017 Audit committee to be rescheduled): The Committee members would Doodle their availability.
- 17/26** – (Recording of signatures on the Contract Register): Issues regarding internal audit access would be discussed with CHC.
- 17/27** – NEW ACTION (Recruitment of new Audit Committee GP member): HDL/IM would progress discussions with potential candidates. See Associated Action #17/01.

Paper 17.35 (Integrated Palliative Care Service Financial Assessment): Due to the timescale involved, HDL had asked for the Chair to be informed.

TB declared that he was a fundraiser for Tapping House. The Committee did not consider it to be a Conflict of Interest issue.

CH joined the meeting.

CR summarised:

- Financial pressure was identified and discussed at SMT as part of M6 re-forecasting.
- Issues arose in the calculation of the contract envelope, based upon an incorrect assumption that QEHLK resource would move in its entirety into palliative care service.
- Procurement was carried out in line with procedures, but with incorrect data. Had all related contracts for service reconfiguration been processed at the same time, the inconsistency would have been identified.
- WNCCG did not have responsibility for HR issues including TUPE transfers.
- The Governing Body approved the business case in line with the Scheme of Delegation.
- NHS England was aware of the issue and had challenged WNCCG.
- Lessons had been learned and acted upon:
 - Financial envelopes would be checked and challenged at the point of setting them.
 - Levels of operational oversight and challenge would be considered and built into the process.
 - Issues of independent oversight would be considered.
 - The timeline for bringing issues to the Audit Committee would be considered.
 - A formal procedure would document business case sign-off.
 - Relationships with other commissioning teams were considered, including instances where WNCCG would not be the lead. Processes were in place and earlier engagement required.
 - Where procurement would lead to a change in service with

consequences for staff, engagement with staff representatives would occur.

- Joint commissioning proposals would be considered by a committee of 5-CCG's, which would include CFO's in its membership and, follow agreed procedure.

The Chair expressed concern about the length of time that had elapsed since the problem had arisen, and sought assurance that in future any similar event would be reported to the Chair and the Audit Chair immediately.

The Committee noted that the issue was captured as a variance in the Finance & Performance Integrated Report and referred to this Committee.

The Committee noted that the contents of Paper 17.35 had been extracted from a Paper submitted to SMT in June 2016. The Committee sought assurance that controls would be put in place so that such an event could not recur.

The Committee discussed risk mitigation:

- Business cases would now be presented to the Finance & Performance Committee and SMT for consideration and decision making.
- A standard Business Case Sign-off Procedure would be in place to timetable approvals at the appropriate levels.
- Items of this nature were deemed to be an issue rather than a risk and therefore would not be included in the CRR.

KL/NA

The Committee agreed it required internal and independent assurance and accepted that associated cost would be incurred.

ACTION:

KL and NA would liaise with CR to put appropriate assurances in place and present a Paper to the Committee on 24th May 2017.

CH left the meeting.

FINANCIAL MANAGEMENT & AUDIT

17.36 Internal Audit

a) Internal Audit Progress Report

The Committee noted:

- Draft Paper 17.36a (Interim Head of Internal Audit's (IHIA) Opinion) summarised work-to-date. KL did not anticipate material changes in the final version.
- The IHIA's opinion was that reasonable assurance could be given in regard to internal controls.
- Due to access restrictions and limitations, no opinion could be given in regards to CSU for this review.
- A final version of the Paper would be submitted to the Committee at the 24th May 2017 meeting.
- Overall performance was good and, consistent with the previous year.

HDL thanked HF for her work with regard to IG Toolkit (V14) and GBAF.

Final Paper 17.36a (Internal Audit Progress Report), Page 7: The Committee noted that management responses to the draft report within the 10-day timeframe were 29%. Individual areas would be identified in future reports to facilitate internal progression.

ACTION:

NA would identify management response 'snag-points' by individual areas in future reports.

NA

ASSOCIATED ACTIONS:

- The Committee's opinion concerning a 29% response to the draft Internal Audit Progress Report within the 10-day timeframe would be fed back to the organisation.
- KL would schedule follow-up meetings with managers if required in future to facilitate response timeframes.
- TB and KL to diarise a telephone discussion in regards to the draft report.

CR

TB/KL

Final Paper 17.36a, page 20: The Committee noted that the number of outstanding recommendations had been significantly reduced.

Three areas had been carried-forward from the previous meeting:

- Internal Audit access to records
 - The CHC Director at CSU gave written assurance that appropriate access to records would not be an issue.
- ICA sign-offs raised by External Audit
 - Action Log #16/68 Update: No reasons were recorded on agreements not being signed: MC to confirm the National Framework Guidance to CR. CR to discuss with Sam Paige (SP).
- 28-day completion target (Broadcare)
 - Action Log #16/69 Update: WNCCG would be unable to respond until the cause of a breach was identified. CR had scheduled a meeting next week with SP in this regard.

CR

CR

ACTION:

CR and HF to circulate the corresponding Paper to the Committee members via email.

CR/HF

Action Log #17/07 Update:

KL to submit a revised Control Statement for the 24th May 2017 meeting.

KL

Final Paper 17.36a, page 18: The Committee disagreed with the Internal Auditor's suggestion that top risks in the CRR would be reported to the GB. The members had previously agreed as a Committee that issues would be reviewed by the Audit Committee. Issues deemed by the Audit Committee as appropriate for GB consideration would be moved from the CRR to GBAF and worded appropriately.

This was an Operational Effectiveness Matter and Internal Auditors did not challenge the Committee's decision, acknowledging WNCCG's approach to the

mitigation, variation and escalation of risk.

b) CHC Audit Update

The Committee noted the discussions for Agenda Item 17.36a.

c) Annual Internal Audit Plan including Terms of Reference

The Committee noted that the Paper had been presented at the last meeting on 19th January 2017 and was subsequently submitted to SMT for review.

The Committee formally approved the Annual Internal Audit Plan.

17.37 External Audit

a) Audit Committee Briefing

Page 5: The Committee noted the NHS 2016/17 Final Accounts timescales.

NHS England's work in regards to operational vanguards (Midlands/East) had been reviewed by WNCCG and incorporated, as appropriate, into the Operational Plan.

Page 4: The Committee discussed the King's Fund report statement; "...*this requires leaders who are (in their words) 'comfortable with chaos'...*" The Committee's view was that leaders should be confident in managing chaos and dealing with risks, but not satisfied with the perpetuation of chaos.

ACTION:

CR would review the King's Fund report for context.

CR

TB referred to the Chancellor's Spring Budget and queried the impact of Adult Social Care Transformational Funding allocated to STPs. The Committee noted that approx. £100m would be allocated across 4-STPs, which was not deemed to be sufficient for the perceived scale of challenge.

ACTION:

SMT discussions in regard to Social Care funding would be fed-back to this Committee.

CR

Page 10: The Committee noted the 'Key Questions for the Audit Committee':

- WNCCG had put in place a detailed closedown plan and other arrangements to ensure the delivery of 2016/17 draft accounts and support for the external audit process.
- WNCCG did not have access to vanguard funding: no new vanguards had been identified.
- Paper, page 3: the Committee noted the findings of the National Quality Board.
- The National Tariff Payment System had been reflected in the contracts held by WNCCG.

ACTION:

CR would ask MC to draft an update on King's Fund recommendations in commissioning requirements.

CR/MC

b) Audit Plan

AR summarised:

- Paper 17.37b set out the key audit risks and how they would be addressed within the audit.
- Page 2 identified financial risks and procedures during the audit.
- Pages 4 & 5 identified value for money risks:
 - Action Log #16/75 Update:
 - The new delivery model for STP would be a challenge
 - Co-commissioning was an evolving picture and governance issues would be audited.
- Page 9: Materiality would be updated upon receipt of the draft accounts.

CR

The Committee noted the Audit Plan.

17.38 Counter Fraud

a) Progress Report

The Committee noted that the Paper was WNCCG's annual self-assessment submission (SRT) against compliance with standards.

KL summarised:

- Inform & Involve: There were some difficulties with the clearing tool in this regard, so no timeframe was shown in the report. Details would be circulated by Q1 in the new financial year.
- Hold to Account (update): LG liaised with CHC on irregular and overlapping periods resulting in invoice over-claim. LG proposed that no fraud had taken place with that provider and recommended the item for closure.

The Committee noted the update and accepted the recommendation.

b) Draft Strategic Work Plan 2017/18

Page 6: The Committee noted the 3-year Work Plan Areas and Delivery Timetable.

KL summarised the Fraud Risk Assessment (FRA) key points:

- Prescribing: no incidents had been recorded, to date.
- Mandate Fraud: there had been a number of unsuccessful attacks. There was a focus on testing in this area and vigilance would be maintained.

The Committee noted that support organisation processes and staff turn-over would be a potential mandate fraud risk area.

EKM confirmed that attempted attacks were escalated and incidents shared between DCFO's.

ACTION:

CR would review NHS Litigation in terms of SLA insurance cover and establish the degree of protection, and update the Committee at the 24th May 2017 meeting.

CR

ACTION:

KL would amend the term 'co-commissioning' to 'primary care delegated commissioning' within the report.

KL

With the above amendments made, the Committee accepted the Draft Strategic Work Plan.

17.39 Financial Control Environment Assessment

The Committee acknowledged that CR had previously reflected upon the value of Financial Control Processes and the ability to challenge the provision of controls at a granular level.

CR presented the CIPFA Paper as an example of a good control model that facilitated 360° reviews of financial competence. CR recommended the application of a robust control model.

ACTION:

The Committee would consider the application of a more robust control model and, associated resource.

ALL/CR

Action Log #17/16 Update:

CR/TB discussed the financial control model outside of the Committee meeting. Item Closed.

17.40 Final Accounts Timetable and Plan

The Committee noted that the Paper scheduled the main stages and processes; tasks and attributed responsibility; collaborative working and deadlines. EKM would monitor the timetable on a daily basis.

ACTION:

EKM to complete the Timetable dates and bring to the 24th May 2017 meeting.

EKM

Governance & Risk

17.41 Clinical Academic Reserve

****This item was FOI Exempt****

17.42 Risk Management

a) GBAF

HF summarised the GBAF which shows 14 risks:

- 1 was a new item
- 4 had been removed
- 3 had decreased in risk rating
- There were no increases in risk rating
- No items were moved to the CRR
- All items were within completion deadlines

The Committee noted that items presenting a current risk without any assurances would be added to the risk register.

Cyber security had been discussed by the IG Committee: NELCSU had been through a period of reorganisation including new appointments. Assurance had been taken that robust processes would support WNCCG.

CR and HF had attended Advanced SIRO training; a considerable part of which addressed cyber security. The acquired learning was brought back to the IG Committee. The Governing Body had visibility of cyber risk via the SIRO's bi-annual report.

ACTION:

CR would expand the cyber security section of the SIRO's bi-annual report to the Governing Body.

CR

The Committee noted there would be changes in terms of Data Protection and associated fines effective from May 2017.

The Committee noted the GBAF Paper and update.

b) CRR

HR advised that the GB had understood that CRR item 4.11 had been closed via the provision of £100k. EKM advised it would be assessed by HMRC for 2-years. The risk articulated what may be recoverable. CR advised that as a matter of due diligence, it needed to be embedded in the CRR.

The Committee noted the CRR Paper and update.

Governance & Risk

17.43 Conflicts of Interest Committee Chair's Report

There have been no meetings since the last Committee: a meeting is planned for 11th April 2017.

17.44 Information Governance Chair's Report (including Minutes)

- a) **IG Committee Minutes: 17th January 2017 – final**
- b) **IG Committee Minutes: 28th February 2017 – draft**
- c) **Terms of Reference**

The Committee recognised the work undertaken by the Corporate Services Team.

ACTION:

HF to add a bullet point to the Terms of Reference in regards to GDPR.

HF

The above amendment being made, the Committee approved the Terms of Reference.

17.45 Tender Wavers

None to report.

The Committee noted that processes were in place in regards to Contract Register and the identification of tender wavers. All tenders would go before the Governing Body and would follow the procurement process.

17.46 Losses and Compensations

None to report.

17.47 Changes to Standing Financial Instructions and Accounting Policies

a) Budget Setting

EKM confirmed the Paper was generated at the request of Internal Audit and included 2016/17 issues. It was written at user level to facilitate Finance Team understanding of practicalities and to provide assurance to the Committee that issues would be considered throughout the year.

EKM advised that approval levels were unlimited on the system (with the exception of invoicing), subject to system permissions. NELCSU was unable to amend journals: updates would be curtailed by log-on and actioned by EKM and the Finance Manager and notified to CR.

Initial plans were submitted to NHS England on proposed monthly phasing and planning assumptions. Best Value Schemes were not profiled in the same way: a local journal, managed by EKM and CR, would ensure where reserves would be brought forward to mitigate and balance the budget.

CR advised that the reserve budget was subject to frequent change and should be documented as controlled expenditure.

The Committee determined that assurance was required on authorisation limits at different levels of process.

ACTION:

CR would consider appropriate documentation and generate a draft policy for Committee consideration.

CR

17.48 Contract Register Review and Update

CR confirmed that work was in progress but significant work would still be required as a result of contracting being brought in-house from CSU in October 2016. WNCCG would complete a comparison of the contract register to supplier turnover records to identify material gaps.

CR intends to expand the contract register to include supplier completion of IG Toolkit and confirmation of contract signature. CR would investigate mechanisms to electronically link the database with contracts. A tick-list would be considered to ensure that required supplier documentation was in place (e.g. anti-slavery statements).

The Committee noted that a single, comprehensive contract register would be required in terms of Data Protection and IG Toolkit.

CR confirmed that process validation was in progress.

ACTION:

CR to present an update including assurances at the July 2017 meeting (date to be re-scheduled).

CR

17.49 SIRO Report

The Committee noted the key points in the Executive Summary and accepted the Report.

17.50 Governance of the STP

CR summarised:

- The STP structure for Governance was evolving.
- Consideration would be given to potential gaps in engagement with the Voluntary Sector, workforce representatives and the public. Concerns and feedback would be raised with the STP Executive.
- A Memorandum of Understanding in relation to the STP was in progress.
- CR would update the Committee in regards to the demonstration of Governance processes at the 24th May 2017 meeting.

Action Log #16/75 Update:

The item remains open on the Action Log.

The Committee noted the STP Governance update.

17.51 Annual Workplan Review

The Committee noted that there would be a review of the Annual Governance Statement (final version) in May 2017 and agreed that the item would be removed from the plan.

The Committee agreed the Terms of Reference would be considered in September 2017.

The Committee agreed that the Contract Register would be added to the Work Plan for November 2017. Should the Committee identify available capacity for an earlier review (e.g. month 8 or 9), the item would be moved.

ACTION:

The Committee would confirm if Service Auditor Work would be added and, advise an agreed date. **ALL/CR**

ASSOCIATED ACTION:

HF to add STP Governance as a standing item for every meeting, with the exception of May 2017. **HF**

The amendments being made, the Committee agreed the Work Plan.

17.52 Annual Report and Accounts Update

The Committee noted that the Corporate Affairs Team was progressing pulling together content for the Annual Report.

17.53 Training Compliance

HF advised that only 1-person had not completed the mandatory IT Training and WNCCG had achieved in excess of the percentage required for the IG Toolkit (V14).

Counter Fraud training had been a challenge: TIAA was contracted for only 2-sessions per year. Online training would be utilised where appropriate.

The Committee noted the good performance.

Items for Information

17.54 Finance & Performance Committee Minutes

- a) 24th January 2017 – final
- b) 22nd February 2017 – draft

For information without discussion.

17.55 Patient Safety & Clinical Quality Committee Minutes

- a) 20th December 2016 – final
- b) 17th January 2017 – final
- c) 22nd February 2017 – draft

For information without discussion.

17.56 Internal Audit Reports

- a) Information Governance Toolkit
- b) Governing Body Assurance Framework
- c) Care Home Contracts

For information without discussion.

17.57 STP Governance

- a) Hempsons Governance for Transformation
- b) HMFA Emerging Approaches

For information without discussion.

17.58 TIAA Items Emailed Previously

- a) TIAA Cyber Security Benchmarking Survey
- b) IG Benchmarking Report

For information without discussion.

Other Items

17.59 Reflection on the Meeting

RB reflected upon a good discussion in regards to palliative care but was concerned about CHC. RB found the Internal and External Audit feedback helpful.

RB left the meeting.

The Committee reflected that assurance was provided by:

- HDL (Audit Committee Chair) being a member of the Finance & Performance Committee
- RB (Finance & Performance Committee Chair) being a member of the Audit Committee
- Integrated Finance and Performance Reports were submitted to the Governing Body.
- TB (and others) had the opportunity to challenge the financial position at the Governing Body meeting.
- HDL, RB & TB would feedback from the Governing Body to this Committee and to the Finance and Performance Committee, as appropriate.

HDL thanked the Committee for their input.

NA, KL, AR, EKM left the meeting.

Date of Next Meeting

17.60 Next meeting is scheduled for 10am on Wednesday, 24th May 2017.

Note: July meeting to be rescheduled.

Internal Audit, External Audit and Counter Fraud to leave for these items:

17.61 FOI Minutes from Part 2 of the Audit Committee

**** This item is FOI Exempt****