

Minutes of the Meeting of the CCG Audit Committee

Wednesday 12 November 2015

WNCCG Headquarters, King's Court, Chapel Street, King's Lynn

Present: Revd Hilary De Lyon (HDL) Lay Governing Body Member (Governance & Audit), Chair
Dr. Tony Burgess (TB) GP Governing Body Member
Rob Bennett (RB) Lay Member (Audit & Finance)

In Attendance: John Ingham (JI) Chief Financial Officer
Emma Kriehn-Morris (EKM) Finance Manager
Heather Farley (HF) Governance Manager
Mark Hodgson (MH) External Auditor, Ernst & Young (EY)
Neil Abbott (NA) Internal Auditor, TIAA (part only)
Lisa George (LG) Counter-Fraud Manager, TIAA
Joanne Mawson (JM) PA to Chief Officer & Chair (Minutes)

ACTION

15.102 Declarations of Interest

There were no new declarations.

15.103 Apologies for Absence

Apologies were received from Cathy Gale and Kevin Limm, Internal Auditor TIAA. The Committee noted concern about the non-attendance of the lay member PPI who had so far only attended part of one meeting.

15.104 Minutes of the Last Meeting held on 16 July 2015

The minutes were **APPROVED** subject to the following amendments:

Item 15.82: apologies from Emma Kriehn-Morris and Lisa George were noted.

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

It was noted that minute 15.91 relating to the Clinical Academic Reserve was considered Freedom of Information Act (FOIA) exempt.

15.106 Action Points from Minutes

The new format of the Action Log was noted and it was agreed that in future the log should be sent out earlier, firstly for responses and then a second copy for the meeting.

HF

It was noted that in minute 15.83, referring to item 15.65, it had been agreed that reference to the Internal Audit should be included in the action points.

HF

The committee focused initially on actions which had no content in the 'Progress' box:

Action 61: The counter-fraud issue had not been closed down but would be discussed with the Counter-Fraud Manager and information distributed before the next meeting.

JJ/LG

Action 67: The issue of backlogs was discussed and it was noted that staff are receiving weekly figures and there are no issues of concern. It was agreed that the Quality Team should be asked to explain more fully about the figures for backlogs relating to new cases awaiting assessment and that Dr. Burgess would report this back at the next meeting. He would also include a summary of their response in the Action Log prior to the next meeting. **TB
TB**

Action 70: No answer had been received from NELCSU and the matter will be chased. **HF**

Action 71: The Patient Safety & Quality Team receives a Quality Dashboard from Norfolk County Council at each of their meetings. They are now confident that this new report gives all the information that the team needs.

Action 79: No update had been received from Angela Rushbridge. When available this will be sent by email before the next Audit Committee meeting. If this information is not forthcoming the matter will be escalated through the CSU Performance Meeting. **HF/AR
JI**

Action 83: This action has been completed by Dr. Burgess and Dr. Sue Crossman.

Action 84: Papers will be tabled at the end of the meeting or could be emailed on request. **HF**

Action 87: Engagement with the CQC strategy will be on the Governing Body agenda in November. **HF**

Action 88: It was agreed that the request to Ernst and Young to include a question on governance and devolution to be included in the next Audit Committee briefing should be followed up. **AR/MH**

Moving on to other issues in the Log:

Action 64: Dr. Burgess was happy that the whistleblowing issue had been resolved but added that as the complaint had referred to an external organisation it may not have been whistleblowing. The process had been followed because of the nature of the complaint and in order to assess how it was dealt with internally by that organisation.

Action 16: The committee heard that there has not been much enthusiasm for the establishment of a Nominations Committee but the Chair had agreed to produce a briefing for the Audit Chairs' meeting in February to try and persuade them of its value. **HDL**

Referring back to the tabled paper (84), more time was requested to allow thorough reading of the document outside the meeting. This was agreed.

The Committee **NOTED** the action points.

FINANCIAL MANAGEMENT & AUDIT

15.107 Financial Recovery Plan (FRP) Update

The committee heard that the FRP had been discussed in detail at the October Governing Body meeting and they were reminded that a copy of the report is available on the WNCCG website. Based on a template provided by NHS England (NHSE), the FRP has been well received by the regional team of NHSE.

The Chief Financial Officer (CFO) summarised the key drivers which have contributed to the projected deficit of around £5m at year end: acute over performance, under delivery, QIPP and GP prescribing. He then outlined some of the measures that are being put in place to address the gap: addressing the key activity issues, enhancing QIPP delivery, reviewing discretionary spends and finally a review of all other spending. The trajectory

shows that by March the CCG should be showing a 1% surplus.

An interim recovery team with specialist skills has been appointed to oversee delivery of the FRP. To support its delivery there will be some changes to the internal structure and interim governance plans are being established to support this. A Financial Recovery Committee now meets monthly, to which various task and finish focus groups will report. The committee had met that morning and had been well attended with representatives from the QEH, the community mental health provider and the Ambulance Trust. The Council of Members has been focused on the plans and has had an opportunity to contribute. A further meeting with NHSE had been scheduled for the following week.

The committee then heard from Mark Hodgson, External Auditor, who said that having reviewed the FRP he did not need to take any action at this time. He stressed that he should be informed and kept apprised of the monthly movements and monthly reporting and he would make a judgement if any of the trajectories were not hit between now and the year end. Regarding the formal audit, a judgement will be taken based on the position at the year end. Referring to Minute 15.87 of the last meeting, he explained that the name of the Act is new, but the legislation is not. He has already issued a Section 30 referral under the Local Audit and Accountability Act. He went on to explain that a Section 30 Letter is a statement of fact, for example that break-even duties are going to be breached. Whereas the Public Interest Report is where the auditor does not feel that appropriate action is being taken in a timely manner. The latter rarely happens as it signifies a breakdown of governance procedures. A Public Interest Report can come cumulatively if, over a period of years, actions are seen not to be working.

The Chair stressed that the Interim Recovery Team is setting in place procedures which will extend beyond its tenure to ensure that systems remain effective into the future. She thanked the CFO and External Auditor for their comments.

It was noted that the Governing Body had discussed the FRP at length and that delivery of the plan is now paramount.

15.108 Internal Audit

Neil Abbott, Internal Auditor, introduced his report, highlighting two issues in particular:

Referring to the seven days which would not now be required for Co-Commissioning, he asked if the committee required any alternative assurances. It was agreed that the time should be taken out for the time being and the matter reviewed when the corporate risk register is considered in January.

HF

The committee heard that the table in the report now reflects the list which the committee had also received, and that both the client portal and finance audits have been updated. The Chair asked for clarification of how and when risks which appear to be outstanding can be closed. The Governance Manager, being relatively new in post, did not feel it appropriate to close off risks until she felt confident that the necessary actions had been taken. She would discuss the matter with Jean Clark, Governance Advisor.

HF

It was agreed that in future the committee would receive only a list of outstanding risks and that the layout would be simplified so the higher and older risk are easier to identify.

NA

It was noted that there had been some confusion about the presentation of the paper and it was agreed that in future all papers and appendices should be numbered. Members also heard that the 'owner' of document is the Internal Auditor although the Governance Manager could also input updates. A process is required to ensure the updates are catalogued on a monthly basis. Going forward, the report will be reconfigured to show risks in priority order and date outstanding, so the priority risks are at the top. It was also agreed that the risk 'priority' column could be repeated in terms of the overdue actions so the committee can assess the severity of the risk and focus on remedial action.

HF

NA/HF

NA/HF

Concern was raised at the significant number of overdue recommendations, albeit in part different actions to those in the previous report, suggesting that they are not being actioned in a timely manner. Of particular concern were the overdue items regarding care homes and continuing care areas. Assurance was sought that recommendations would be implemented within the timescale or an explanation given and remedial action explained. Also discussed was the need for realistic deadlines to be agreed between the audit team and the managers.

HF/NA

HF/NA

The Committee **NOTED** the Internal Audit Progress Report.

15.109 External Audit

In a brief verbal report the committee heard that planning is being taken forward for the January to March period. The significant risk will be around break-even duty and their approach to materiality for the audit. He pointed out that their audit plan would include their intended approach but that this might vary depending on year-end outcome. If the organisation is very close to break-even and materiality the audit fee may increase as it had been set on the basis of break-even being achieved comfortably. It was not expected that the situation would impact on the work being scheduled pre-year-end.

15.110 Counter-Fraud

Lisa George, Counter-Fraud Manager from TIAA, introduced her report, drawing attention points of interest:

Strategic Governance: a table has been inserted as requested to clarify the number of days spent on counter-fraud work against the budget. It was noted that although more days had been spent on strategic governance than originally intended, it would not impact on the overall budget as there would be movement within other areas. It was also noted the budget could not support the Counter-Fraud Manager's attendance at all committee meetings.

Improve and Involve: the committee was updated on training and heard that a date had been set for her to attend Practice Managers' Forum to discuss training. Additionally, the Fraud Stop newsletter has been emailed to staff and it was agreed that the Governing Body and all others in the organisation should also receive this.

LG

LG

Prevent and Deter: the committee heard that there had been one urgent fraud bulletin which set out details of a bank mandate scam. Counter-fraud has liaised with the Deputy Head of Administration at the CSU who has since reviewed their systems with SBS and is confident that they could prevent that particular fraud from occurring.

On pro-active prevention work, they had been hoping to complete the recommendations matrix provided at the previous meeting but unfortunately, despite requesting management responses, there had been no progress. It was believed that this was because of changes in staff duties. The CFO offered to provide a new contact at director level at the CSU. It was noted that there had been no new referrals since the last meeting. The Counter-Fraud Manager was asked to provide a copy of the full report rather than just the matrix, albeit in draft form, by email in advance of the next meeting.

Jl

LG

The escalation process for overdue actions was queried and committee heard that in normal circumstances matters were not escalated internally but would be discussed with the relevant CCG. The committee was concerned at the lack of response to queries, particularly in view of the nature of some of the actions. The Counter-Fraud Officer agreed to communicate with the CSU director once the contact has been provided, stressing the nature and urgency of the matter. She will copy the correspondence to the CFO. The committee emphasised the need to see this matter progressed before its January meeting.

LG

The scoring system was queried, particularly regarding four low priority actions on p.8

(Appendix A). It was agreed that the categorisation would be reviewed once the full draft report has been made available. It was noted that the reason the report is still in draft form is that specific information requested from the CSU has not yet been received. The CFO asked to be forwarded a copy of the draft report and he too would escalate the issue within the CSU.

LG

Jl

The Committee **NOTED** the Counter-Fraud Progress Report.

15.111 **Financial Governance Assurance Update**

The CFO referred to the Self- Assessment received at the last meeting, which had been an NHSE requirement for all CCGs. He then presented the updated document for review and challenge. It was noted that the SLA with the CSU has progressed and is almost at a point of being finalised. Also noted was that the document refers to a training need for the Audit Committee.

HF

The committee heard that NHSE had not provided any further feedback on the Assessment although they had previously indicated that WNCCG might have scored itself a little harshly. They had not raised any other concerns.

The regard to training needs, the Chair will discuss the issue with other audit chairs across Norfolk to investigate possibilities for joining together to share costs. Their next meeting will be in February and she will suggest the matter goes onto the agenda.

HDL

It was agreed the Mr. Bennett should attend the Counter-Fraud training session on 19 January 2016.

RB

The Committee **NOTED** the Financial Governance Assurance Update.

GOVERNANCE AND RISK

15.112 **(a) Governing Body Assurance Framework (GBAF)**

The Governance Manager summarised the paper highlighting key points. She told the committee that the document is currently being reviewed and asked for suggestions for its improvement. She added that the Corporate Risk Register will not be available until January as more work needs to be undertaken to clarify the document.

It was felt that initial risk descriptions needed to be clear as stand-alone items so that later on in the monitoring process the purpose of the action would remain clear. Also requested was the risks are listed individually rather than being grouped together, again, to facilitate monitoring. The Governance Manager will go through the register with the Quality Team in order to take these recommendations forward.

HF

HF

HF

There was comment that where mitigation controls have been put in place, the original risk rating could be adjusted to reflect this. Giving an example of the Quality Team's assessment of risks and mitigation, Dr. Burgess noted that difficulties arise in that ratings are based on mitigation by third parties and that the Team can only monitor, not influence, the implementation of their actions.

There was further discussion on the issue of risk and mitigation, focusing on 3.3 the risk of 'Failure to discharge financial duties'. Although a financial recovery plan and infrastructures had been put in place, the risk rating had not altered, presumably because the FRP had not yet been delivered. The CFO questioned whether in this, and similar circumstances, the document should include comment that the likelihood of a risk crystallising is reduced because plans have been introduced. Also noted was that in some instances the probability of a risk materialising will vary from month-to-month.

HF

The External Auditor commented that the CCG's assurance framework is intended to show how its strategic objectives will be delivered but where some of these objectives

are delivered by third parties, controls are limited to contractual negotiations and contractual penalties. Therefore, controls were only likely to be effective over a contract cycle of several years rather than in a year's management of a provider.

There was discussion about the layout of the document focusing on the target risk and target dates. It was suggested that a realistic date, based on management plans should be inserted, possibly March 2017. It was agreed that target dates should be reviewed.

HF

Dr. Burgess noted that one of the purposes of the document is to ensure that the Governing Body is aware of the risks being carried and how these risks are managed.

The CFO pointed out that the Governing Body agenda links in with the Audit Committee agenda but wondered if there was a case for being more explicit and producing explanatory papers for items which are not progressing. Also suggested was that there should be a regular review to ensure that notable items discussed by the Audit Committee are taken back to the Governing Body.

J/HF

It was agreed that the risks would be reviewed in the light of the strategic objectives to ensure that the right risks are included and described appropriately. Scoring, in terms of inherent and current risks, should also be revisited although it was noted that there is an element of judgement to this.

J/HF

Also suggested that there should be opportunities for the Governing Body to discuss the risks and the delivery of strategic objectives outside its formal meetings. The Chair of the Governing Body would be asked to schedule such opportunities on a regular basis. It was also considered that these meetings might facilitate efficient delivery of plans.

HDL

Mr. Bennett highlighted the NSFT risk relating to independent access to psychological therapies and dementia which was an area of concern. He also queried whether winter pressures constituted a risk which should be included in the framework.

The issue of winter planning was discussed and there was reluctance to separate the issue as it was implicit within the risk of delivering performance targets at the QEH. It was noted that whilst winter does impact on services, the System Resilience Group (SRG) is active in its planning for these pressures. Also queried was whether there was an assurance gap resulting from the lack of formal reporting from the SRG beyond a summary at Governing Body meetings. It was considered important to ensure that risk descriptions should be absolutely clear, defining as many aspects of that risk as can be collected, to include where appropriate 'winter' issues, and then include in the mitigation the action that is being taken by the SRG.

HF

It was noted that some risk headings did not include any information. These will be reviewed and deleted if appropriate.

HF

The Committee **NOTED** the GBAF.

(b) Corporate Risk Register

This register is currently being reviewed and will be brought to the January meeting.

J/HF

Mr. Bennett commented that in advance of the January meeting, issues to be considered include cyber-crime, dishonest reporting, media reports about disruption to energy supplies, and weather warnings, all things which could impact on corporate risks and lead into disaster recovery and crisis management.

15.113 Conflicts of Interest Committee Chair's Report

(a) Chair's Report

There had been no meeting and the next one is scheduled for the following week.

(b) Progress on Actions.

It was agreed that Dr. Burgess would share with the Conflicts of Interest Committee key points of a document which is used in General Practice to highlight conflict of interest issues. This would be picked up at the meeting the following week.

TB

The Governance Manager gave assurance that progress is being made on securing full details of conflicts and a number of issues would be taken to the Conflicts of Interest Committee next week for decision. She was thanked by the Chair.

HF

15.114 Health and Safety

The committee heard that the Governance Manager had met with the Dave Clack, Safety & Welfare Advisor at the Borough Council with which there is a formal agreement to provide support to the CCG in this area. A number of actions have been considered including an unannounced inspection of the offices to review and highlight internal risks. He will also be advising on issues such as event organisation and ensuring that staff understand their responsibilities with regard to health and safety. He has an obligation under the agreement to attend one meeting of the Audit Committee each year and has been invited to the January meeting when he, and the Governance Manager, will present a report based on his informal inspection of the premises.

DC/HF

The Governance Manager explained that she has responsibility within the organisation for health and safety issues. She added that lines of reporting are set out comprehensively in the Health and Safety Policy although to date, she has not been made aware of any issues requiring action. She felt that this might, in part be through lack of awareness, hence the importance of raising the profile of health and safety within the organisation.

The Committee **NOTED** the Health & Safety update.

15.115 Training Compliance

It was noted that around 50% of Governing Body members had not completed their statutory training and there was concern that some may not be aware that the training is necessary. All staff and Governing Body members will receive a reminder to complete their training by the end of November, this email to include a link to the online training.

HF

With regard to mandatory training, the Senior Management Team (SMT) now receives a monthly report which logs training compliance and so enables managers to pick up and act on any overdue training within their teams. A generic email will be sent to Governing Body members including a link to the online training. Going forward an email reminder will be sent on a regular basis, possibly three-monthly. There should be a review of which training is required by whom and the frequency that re-training is required.

**HF
HF
HF**

The Committee **NOTED** the Training Compliance update.

15.116 Policy Progress

The committee discussed the procedure for updating policies. It was agreed policies should be divided into groups, such as clinical, employment, strategic, to facilitate prioritisation and review. A realistic timetable for review should be agreed, taking into account that where legislation changes a policy will need updating regardless of the timetable. It was agreed that in the first instance, the parameters for policy review should be clarified, to ensure an appropriate timetable and sign-off procedure is in place. It was noted that the information governance policies are currently being updated by Jean Clark, Governance Advisor, under a retainer agreement.

HF

HF

JI/HF

The Committee **NOTED** the Policy Progress update.

15.117 Capacity & Recruitment

The content of a tabled paper was outlined by the CFO who asked that the committee consider the content outside the meeting and email any questions to him. It was agreed that the SMT should be asked to review the document and formulate an action plan which the Audit Committee would then evaluate.

**All
JI**

Underlining the issue of capacity, concern was expressed about asking the CFO to undertake additional work on the matter whilst the FRP is in hand. This matter should be raised with the SMT.

JI

The Committee heard that both the CFO and the Director of Operations will be leaving the organisation shortly although exact timings have yet to be confirmed. The importance of maintaining confidentiality regarding these impending staff changes was noted. There was observation that this further illustrated the issues of capacity and recruitment, and concern as to whether necessary action is being taken in respect of recruiting these critical posts. The CFO reported that his post is statutory and will be advertised straight away. The committee heard that the SMT may take this opportunity to review the structure before recruiting a Director of Operations. It was also noted that there is currently an interim Head of Commissioning, an existing member of staff acting-up for six months, whilst that post and the Director of Operations are being reviewed.

The Chair congratulated the CFO on his new role at the Norwich CCG saying that West Norfolk CCG would be very sorry to lose him.

15.118 Tender Waivers

There were none to report.

15.119 Losses & Compensations

There were none to report.

15.120 Internal Audit Reports

There were none to report.

15.121 Patient Safety & Clinical Quality Committee Minutes

(a) 15 September 2015

(b) 20 October 2015

The committee heard that both sets of minutes had been to the Governing Body. Dr. Burgess reported that there were a number of concerns, some almost significant enough to be considered strategic issues in the relevant provider organisations. These included pressure injuries and infection at the QEH, and the NSFT's issue with the Lorenzo software. He added that transformation work around NCH&C's operation of the hub is still not producing any solutions.

The Committee **NOTED** both sets of minutes.

15.122 Finance & Performance Committee Minutes

There were no minutes to note.

15.123 Reflections on the meeting

The committee discussed how to make its meetings more effective.

It was felt that reports should be available ahead of meetings and that papers should make clear the points to be considered. It was agreed that papers would be available at least a week in advance of the meetings, by email initially, and then sent by first class post.

HF

Concern was expressed that the committee tended to get wrapped up in processes rather than focusing on outcomes and delivery. Also important is to get assurances that recommendations are being followed-through and completed.

It was agreed that at the start the next of the next meeting there should be a reflection on whether the papers are sufficient to enable the committee to accomplish its remit. This should also be reviewed at the end of the meeting. This would be an agenda item.

HDL/HF

15.124 Any Other Business

Clinical Academic Reserve (CAR)

This item is considered to be exempt from the FOIA disclosure as it relates to an on-going legal case.

There being no further business the meeting closed at approximately 3.00pm.

Date of Next Meeting: 21 January 2016, 10.30pm to 1.30pm CCG Offices