

**Minutes of the Meeting of the CCG Audit Committee
Tuesday 6th December 2016 10:00am – 1.00pm
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)
Dr Tony Burgess	GP Member	(TBu)
Tim Bishop	Governing Body Lay Member	(TBi)

In attendance:

Heather Farley	Head of Corporate Affairs	(HF)
Alison Riglar	External Auditor, Ernst & Young	(AR)
Chris Randall	Chief Finance Officer	(CR)
Kevin Limm	Internal Auditor, TIAA	(KL)
Maggie Carter	Director of Quality Assurance (part)	(MC)
Judith Berry	Minute Taker, WNCCG	(JB)

		ACTION
	Introductions: HDL introduced LP and welcomed Tim Bishop (TBp) to his first Audit Committee meeting. Introductions were given from attendees around the table.	
16.133	Declarations of Interest HDL has requested slight amendment to how her interests are worded and will liaise directly with HF on this.	HDL
16.134	Apologies for Absence Apologies were received from Dr Ian Mack, Emma Kriehn-Morris, Neil Abbott, and Lisa George.	
16.135	Minutes of the Last Meeting held on 28th September 2016 RB referred to pg 5 16.114, CR was not at the meeting so did not comment, should say NCH&C not NHSE. 16.115 “RB clarified that any form of bullying behaviour is unacceptable and could not comment directly on that case” RB requested that the rest of that sentence should be deleted. 16.128 RB considered that there was a way forward to resolve the issues of access. KL 16.111 KL agreed that they could not provide an opinion on the report due to some of the restrictions. With those amendment made the minutes were accepted as an accurate record of the meeting	

<p>16.136</p>	<p>Confirmation of any part of the Minutes that is currently considered Freedom of Information Act (FOIA) exempt</p> <p>The Part 2 section items 16.160 and 16.161</p>	
<p>16.137</p>	<p>Action Points from Minutes and Action Log</p>  <p>Action Log Audit - Agreed with Chair.d</p> <p>Recommendations of closure accepted. The Committee NOTED the action points.</p>	
<p>FINANCIAL MANAGEMENT & AUDIT</p>		
<p>16.138a</p>	<p>Internal Audit Progress Report</p> <p>KL gave a report to show the progress of the internal audit plan since the last meeting. There is a proposed change to the programme in relation to the Transformation Change and GP Public Engagement Audit. There have been further discussion with regards to this representing best value, which will be discussed with CR over the coming month. Although the report states two audits are DRAFT, they are FINAL and the Co-Commissioning report is underway.</p> <p>KL went on to discuss Best Value/QIPP in detail. The recommendations focus in the area of capacity of SMT, Check and Challenge to ensure robust monitoring for invest to save and a timetable of assurance that the CCG gives itself as much time as is possible with QIPP schemes. There are three Priority 3 recommendations in terms of operational effectiveness matters. KL invited any questions on this report. RB thought that it was a helpful report and acknowledged the work in this area. The recommendations for Finance and Performance are helpful and he will discuss this further with CR. HDL commented that Best Value is a great improvement on what had been done previously and is more successful.</p> <p>KL discussed the Prescribing Medicines Management Review. There are two important recommendations and one routine. KL acknowledged an error on page 16. The recommendations relate to the absence of a Rebate Policy. It is felt that this would strengthen the governance process. There were some gaps in action plans when reviewing progress of individual practices. KL invited questions. RB said this was a helpful report. HDL referred back to the meeting paper showing KPI's where the responses were 0% of the 95% target on page 7. HDL asked what had happened. KL said there is a framework of KPI's which look at interactions within the service along with response rates. This makes it difficult to set a KPI that moves. KL reassured the committee that it has been flagged. Pg 2 of KL's report shows the timeline of 3-4 weeks for a response. The CHC did take longer. KL acknowledged that this CCG is doing a good job considering the challenges that it faces. RB asked if KL is happy with the co-operation and access that is given by</p>	

	<p>the CCG. KL confirmed that he was. CR added that some reports are complex and the appropriate consideration and time needs to be given. RB asked KL if they are on course to complete the programme this year. KL agreed that they were. TBi asked if the CCG has the resources to manage this level of work. CR said that in relation to Internal Audit and SMT, capacity should be adequate but he acknowledges that it may be difficult.</p> <p>Referring to pg 18, KL highlighted the three outstanding recommendations. The second one has been discussed with HF and will be dealt with. CR asked if the committee are happy to change the audit programme as shown in the paper. All agreed.</p>	
<p>16.138b</p>	<p>CHC Audit Update – This item was taken after 16.139</p> <p>Maggie Carter joined the meeting for this item.</p> <p>CR introduced this paper. There has been some concern from the CSU with matters raised within the report and its findings. CR referred to 16.138b in terms of restriction to CHC information in section A. Whilst there were some issues, CR does not believe that it was appropriate for the CSU to say they were not told of a problem. CR has asked for evidence of the claim that auditors were late and cancelled meetings. CR felt it was unreasonable. CHC assessments and Individual Care Arrangements not being signed off – the concern is there may have been reasons but there is no evidence of documenting this. CR is awaiting feedback on this. Other concerns were not specific issues for West Norfolk.</p> <p>MC added that the weekly panel assists with ICA’s being signed off in a more timely way. Some delays are down to detail being needed. TIAA can refer to Broadcare for evidence. CR added that the other issue is how to get assurance from CSU and that this will not be a problem for the year end. CR has asked CSU for assurance on this. MC has said that TIAA need to see Broadcare to see how robust it is. HDL invited questions or comments from other members of the committee, TBU said CSU are not robust enough with providers to give confidence. MC has said that decisions will be deferred if needed so providers can provide more detail. TBU said some ICA’s are delayed. It was clarified that the money would have been spent and the issue cannot be resolved properly. MC confirmed that it actually creates a delay in payment to the provider. TBU said this creates a negative reputation of not paying for care that has been delivered and this needs addressing. The second point is the reasons for delays of the 8 cases that internal audit have highlighted. RB has not seen a satisfactory response as yet and referred to TBU comments which states that the problem is still happening. RB has not seen anything about the 28 day requirement and would like more reassurance that these issues are being adequately addressed. CR will carry on with this investigation and come back in January with an update. The actions for this item will remain open.</p> <p>Maggie Carter left the meeting.</p>	

<p>16.139</p>	<p>External Audit</p> <p>AR updated on the latest version of the Audit Committee briefing. HDL went through the report section by section. TBi was concerned that this report is light on the social care funding and any associated risk, for example an ageing workforce and Brexit, and how this impacts on the NHS and its resources. AR clarified that this report is produced quarterly to pick out keys points. AR has made a note to put these considerations forward. HDL thought it was a helpful report as a briefing and is sure that social care has been included previously. TBi suggested that these issues would also have an impact on the STP. HDL thanked TBi for his points.</p> <p>HDL referred to the first item, EY Item Club, which raises the issue of sterling performance and asked if this would affect the cost of medicines. CR said there is a high level of Best Value focus on prescribing costs and agreed that it will create a challenge.</p> <p>Sustainability and Transformation Plans raised the question of whether there are sufficient governance arrangements in place. HDL went on to explain that at the most recent Audit Chairs meeting it was stated that the audit chairs should be involved in the STP. CR said that the governance has not been developed for the STP process as yet and is not in an organisational structure as it stands. A governance process to fit with this is something to be considered by this committee. CR acknowledged that further reassurance on the risks is required. HDL asked as an Audit committee if there was anything else that could be done. CR said knowing that there is potential risk and there should be an action plan, possibly through the STP finance group. CR will take this to the STP finance group to come up with an action plan to address the governance issues.</p> <p>HDL went onto the next section, Health finances. There is a paper about budget setting policy later on this agenda. HDL asked if anyone has comments or points to make on this. RB thought that the national picture is not positive.</p> <p>On Treasury confirms public sector pay off HDL suggested that this may not necessarily affect us directly. CR said the treasury consultation has taken place.</p> <p>Dr Tony Burgess joined the meeting.</p> <p>TBi said the cost of individuals exiting and coming back into employment is a concern and the risks need to be mitigated. CR said this risk could be managed by appropriate succession planning. HDL also added that the regular restructuring of the NHS can cause these issues.</p> <p>HDL moved on to the Group accounting manual. There were no comments to add to this.</p> <p>Governing culture practical considerations, HDL suggested that culture needs to be looked at in a separate session. HDL suggested a session in March to look at this. RB said the link between culture and risk is very relevant, and suggested internal</p>	<p>CR</p>

	<p>audit could help in some capacity to facilitate this separate session. HDL asked KL if he could help with this. KL will be happy to help to facilitate this. CR spoke about leadership transition and the CCG need to be mindful of this. HDL said this would be useful to do whilst the CCG is in transition.</p> <p>Uniting Care Partnership: CR was previously employed by this organisation and has learnt lessons around being mindful of gaps in knowledge. He has an understanding of the risks. HDL said it would be a benefit to understand what the risks are. CR will produce a brief paper on this for the agenda for January. CR also noted the need to be aware of VAT.</p> <p>NHS National Tariff Payments: HDL invited CR to speak about this and HRG4+. CR said there have been changes to how the tariff is funded. There has been a move to a different form of prices and services referred to as HRG4+ and the identification of specialist activity that is paid for by NHS England. The second challenge is the activity transferred away from the CCG. NHS England have offered providers less than the CCG commissioned for. This is a concern and is being looked at as a £10-15m financial risk. Ultimately the hospital is being paid less for the same work. The hospital is then facing a loss, and this is a national problem. HDL thanked CR for this.</p> <p>Gender pay gap relates to 250 or more employees. TBi referred to the gender pay gap and asked for reassurance that the recruitment system is in line. HF confirmed that the CCG is within the correct boundaries of this and is a fair reflection of the NHS. Equal access is provided.</p> <p>CR added that 50% of the SMT is female and more opportunity has been provided due to restructuring.</p> <p>HDL thanked AR for her paper.</p>	<p>CR</p>
<p>16.140</p>	<p>Counter Fraud</p> <p>The committee received a verbal update from KL, there was an action in relation to NFI checks. These will be reported on in the 2017. CR said it is positive to see how the organisations work together to prevent fraud. HDL thanked KL.</p>	
<p>Financial Control Environment Assessment</p>		
<p>16.141</p>	<p>Financial Control Environment Assessment</p> <p>CR gave an overview of his paper. The current financial challenge has been reflected in this paper. Some scoring has changed (item 4) in year financial performance. There is some deterioration. Items 13 and 14 brings the committees attention to the NHSE process for alerts on risks and mitigations. It is counterproductive and this is reflected as a challenge for the CCG.</p> <p>RB said a true financial position of the CCG is needed along with risks and mitigations. RB said the issues from last year were that NHSE wanted teams to look into the accounting and at ways to maximise the position. The CCG needs to</p>	

	<p>be mindful of this for next year. CR has also focussed on the difference between the financial position reported as at now and what is being forecast for the rest of the year. HDL thanked CR for this report.</p>	
16.142	<p>Service Auditor Update</p> <p>The report was difficult to read online and points will be discussed after this meeting if needed. CR explained that the self-assessment process refers to this particular piece of work.</p> <p>RB noted that the final report was due 2/12/16 CR confirmed that it would be available in the next week or so. CR will share it.</p> <p>Clinical Academic Reserve</p> <p>HDL said at the National Audit Chairs meeting it was identified that the Interim NHSE Audit Chair, to whom the original letter had been written, was no longer in post. The substantive replacement is Joanne Shaw. HDL asked Joanne Shaw to contact her and she has responded, HDL has sent the correspondence to Joanne who has offered to discuss progress on this by phone on 14/12/16. HDL will report this back to Dr Ian Mack for the Governing Body meeting. RB is pleased with the progress being made with this and thanked HDL. The other aspect is the future arrangements for CAR., CR reported that the CAR has been budgeted for 2017/18. CR does not have anything else to report on the position of this although it is being reflected within the financial positions.</p>	CR
	Governance & Risk	
16.144	<p>HF has noted that the governance of the STP should go onto GBAF rather than the corporate risk register. Also, to note the financial risk regarding the tariff and HRG4+. HF gave a further overview, the commissioning team have completed a re-write of the corporate risk register and the GBAF. HF is happy that there is a robust process in place now.</p> <p>RB asked if the STP is covered on the GBAF. CR said there are references to transformation and the alignment but not the governance issue itself. RB acknowledged the helpfulness of the GBAF going to the senior management team on a monthly basis and asked how often it goes to Governing Body. HF confirmed every other month.</p> <p>TBi noted that the risk of the ambulance service is being removed from the register on the GBAF. HF confirmed that it had being removed. TBi asked where this gets monitored now, HF said it would be incorporated into the QEH Risk to delivery of constitutional targets. TBi has concerns that response times then impact on admissions to A&E and potentially result in individuals being more unwell than previously. HF acknowledged the need to see risks that are a concern are listed and monitored. The A&E plan will come to the next meeting for information.</p>	HF

	<p>piece that has received a limited opinion. RB referred to continuing healthcare. CR suggested that he would bring specific examples to the next meeting.</p> <p>TBi referred back to the Governing Body issue, and asked if the Governing Body is clear about its role in terms of challenge and seeking information. This could be an opportunity to set the tone for the Governing Body and the areas that they need to be looking at. HF said the Governing Body development session in April could discuss the Audit Committee's proposed objectives.</p> <p>CR said this meeting has been useful in having a list of questions from the External Audit and it may be useful to have at the Governing Body meeting. TBu said that the Committee report is quite near the end of the agenda and is may be useful to restructure the agenda. HF said Audit Committee report could move to the top of the Governance section within the Governing Body meeting, but that moving the governance section could be a challenge.</p> <p>RB asked if Ernst and Young produced an audit committee checklist on the effectiveness on audit committee, CR said there is a national audit office audit committee checklist, RB asked for some wider material for next year.</p>	<p>CR</p> <p>HF</p> <p>HF</p> <p>HF</p>
<p>16.151</p>	<p>Training Update</p> <p>HF gave an overview that statutory training was at 100% at the deadline set by this committee. Focus is now moving on to the mandatory training requirements. The SMT have set the deadline to 31/12/16. Counter Fraud is booked for 15/12/16 with only 3 people unable to attend it. HDL requested that there could be an online training for Counter Fraud. CR has discussed this with LG and will await notification of the availability of any online Counter Fraud training.</p>	
	<p>Other Items – Reflection on the Meeting</p>	
	<p>HDL thanked Dr Tony Burgess for his input into this committee which has been very valuable. RB also thanked Dr Tony Burgess and has valued his perspective and input.</p> <p>HDL invited reflection on the meeting from RB. RB will discuss any thoughts with HDL. TBi acknowledged that the proposal from the audit for objectives would be very helpful. CR is happy to offer a pre-meet for TBi. TBi thanked CR for this. HDL asked TBi to comment if there are things he feels would be useful for development and training.</p> <p>TBu highlighted that this committee has become very effective and thanked HDL for her chairing of the meeting. HDL added that the papers have improved the focus of the meeting.</p> <p>AR and KL left the meeting 12.35pm.</p>	
	<p>Internal Audit, External Audit and Counter Fraud to leave for these items:</p>	

West Norfolk Clinical Commissioning Group

16.160	Annual Review of Effectiveness of External Audit **FOI Exempt**	
16.161	Minutes from part 2 of the Audit Committee **FOI Exempt**	
	Date of next Meeting	
	Next meeting 19 th January 2017. 10am.	