

Item

**Minutes of the Meeting of the CCG Audit Committee
Wednesday, 25th April 2018 10.00am – 1.00pm
WNCCG Offices, King's Court, Chapel Street, King's Lynn**

Present:

Revd Hilary De Lyon (Meeting Chair)	Deputy Chair & Lay Member (Audit)	(HDL)
Rob Bennett (left at item 18.55)	Lay Member (Finance)	(RB)
Tim Bishop	Governing Body Lay Member	(TBi)

In attendance:

Heather Farley	Head of Corporate Affairs	(HF)
Mark Wheeler	Interim Chief Finance Officer	(MW)
Emma Kriehn-Morris	Deputy Chief Finance Officer	(EKM)
Neil Abbott	Internal Auditor, TIAA	(NA)
Kevin Limn	Internal Auditor, TIAA	(KL)
Zoe Thompson	External Auditor, BDO	(ZT)
Barry Pryke	External Auditor, TIAA	(BP)
Lisa George (left at item 18.45)	Counter Fraud, TIAA	(LG)
Arlene Sheppard	Administrative Assistant, Minutes.	(AMS)
Ross Collett (item 18.38 only)	Director of Operations (item 18.38 only)	(RC)
Vincent Rooney (item 18.54 only)	Interim Acute Contracts Manager (item 18.54 only)	
Julie Sherwood (items 18.56 & 18.57)	Governance Manager (items 18.56, 18.57 only)	(JMS)

Apologies:

Dr Imran Ahmed	Governing Body GP	(IA)
Cathy Hudson	Governance Officer, Minutes.	(CLH)

ACTION

Welcome

HDL welcomed the Audit Committee members to the meeting, and noted that all papers circulated would be taken as read.

18.33 Declarations of Interest

The Chair noted the circulated list. There were no amendments raised.

18.34 Apologies for Absence

Apologies were received as above.

18.35 Minutes of the Last Meeting held on 31st January 2018

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Item 18.07 Page 6 External Audit. Final paragraph to be amended to read 'TB commented on the possibility of delays nationally in relation to the introduction of ACOs'.

Page 12 Amend time of meeting closure to 1.40pm

Subject to the amendments above, the Minutes of the last meeting held on 31st January 2018 were agreed as an accurate record.

Matters Arising

Item 18.23 Page 9 Policy Update TB requested an update on the Equality and Diversity Policy refresh. HF confirmed that current Communications and Engagement Department members were focussed on preparing the Annual Report currently but review of the Equality and Diversity Policy was included on their workplan. HF to update on this at next meeting.

ACTION

HF to update on review of WNCCG Equality and Diversity Policy. HF

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

None

18.37 Action Log

16/19 – (Formalise agreement with NELCSU re office accommodation): Considerable progress has been made, lease and licences have been prepared and are being reviewed by their appropriate authority. Lease includes the additional office space. Update at next meeting.

17/09 – (Contract Register review by Audit Committee): HF will add Contract Register to Agenda schedule for twice-yearly review. Agreed to close **HF**

ACTION

HF to add review of Contract Register to Agenda schedule for twice-yearly review.

17/10 – (Contract Register review by Internal Audit): Covered in 17/09, agreed to close.

17/26 – (Recording of signatures on the Contract Register): Covered in 17/09, agreed to close.

17/56 – (Procurement Policy): On Agenda at item 18.53a. Agreed to close.

17/69 – MW confirmed action complete and on agenda at item 18.45. Agreed to close.

17/72 – (Training for Audit Committee members in Norfolk and Waveney): The Chair requested that TIAA and BDO agree what training can be provided and

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email to her for consideration and circulation. Half day workshop to take place late Summer.

17/77 – (The A&E delivery board would be reviewed in regards to the inclusion of Primary Care Streaming): Agreed to close.

17/83 – (A suggestion be made that the new policy be agreed by health and social care and that all new packages be agreed by all parties): Update at next meeting

17/84 – (Look into whether there had been any duplicate payments): Paul Coker has confirmed investigation of incident complete and satisfactory, MW to confirm that Provider has reimbursed duplicate payment and matter resolved. EKM explained the supplier accounts process and its embedded controls. EKM will check the supplier list for any duplicates since the delegation of Primary Care Commissioning. Update at next meeting.

17/87 – (Discuss the presentation of the data for the 17/18 summary): On agenda for July meeting

17/88 – (Present to STP mapping work to the committee): The current STP map is out of date and is being revised. HDL to request this is completed by STP colleagues via the STP Chairs meeting. Update July meeting.

18/01-(Assessment Tool comparison): CIPFA model not yet received by NA. MW to liaise outside meeting to provide. Update at July meeting.

18/02- (TIAA circulate Financial Reporting Audit detail to cross-check with Deloitte): TOR circulated, comments received. Agreed to close.

18/03 – (Review Deloitte Report against audit areas): Audit complete and action completed. Agreed to close.

18/04 – (Journal Threshold detail): No update available. ZT to liaise with MW to progress. Update at July meeting.

18/05 – (GBAF Update) On agenda

18/06 – (Freedom to Speak Up Principles on WNCCG): Complete. Agreed to close

18/07 – (Speak Up question added to leavers survey): Complete. Agreed to close

18/08 – (Circulate reminder on Counter Fraud Do's and Don'ts). Information published in office. Agreed to close.

18/09 – (Share information on any +£1m disputed items): Email sent to audit committee confirming no items as of date sent. Agreed to close.

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18/10 – (Service Auditor Report – discussion of letter): ZT confirmed a discussion on this had taken place and the recommended approach has been adopted. No other issues to report. Agreed to close.

18/11 – (Local Security Management Specialist Report): Contact details shared. Agreed to close.

18/12 – (Ross Collett present on Mental Health contract monitoring): On agenda at item 18.38. Agreed to close.

FINANCIAL MANAGEMENT & AUDIT

18.38 Mental Health Contract Monitoring and Value For Money

The Chair welcomed Ross Collett, Director of Operations (RC) to the meeting and explained that this item arose from a recent discussion at Governing Body where the Audit Committee was asked to gain assurance that WNCCG was receiving best value from the Mental Health Contract spend.

RC explained the current block contract position with NSFT, led for Norfolk by South Norfolk CCG, the Primary Care Mental Health contract and the smaller contracts with providers. Assurance is required from these contracts on Performance, Finance and Quality via performance meetings at which issues can be raised and escalated. Currently Associate Commissioners have not been invited to the NSFT formal performance meetings but would like to request an invite to attend going forward to achieve greater focus on how WNCCG funds are being utilised.

Performance is reported as described in the current contract and Contract Performance Notices (CPN) are issued on a Norfolk-wide basis, the resolution process is being led by South Norfolk CCG. WNCCG attend regular meetings with the West Locality Team for NSFT currently focused on quality issues but are intending to include stronger performance and commissioning elements this year.

WNCCG would like greater transparency on investment distribution, particularly around staffing and recruitment difficulties to identify how best to provide support.

HDL commented that she has an informal meeting with the NSFT CEO in the near future and would be pleased to receive a briefing note on issues that might need raising.

Members queried the quality and timeliness of response on CPNs and RC commented that there were several longstanding issues still requiring resolution. Obtaining this was not assisted by the current contract provision and this would be improved during negotiations for the 19/20 contract. The quality and consistency of performance data provided would need review to

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provide a better picture of performance at locality level and drive performance discussions for the West.

TB reported that the most recent workforce data, received by the Quality Team, shows increased NSFT staff turnover and sickness levels in the West, particularly anxiety, stress and depression. It is important that all the information available is being shared across teams. EKM commented that an examination of CCG investment in mental health across Norfolk shows that whilst we are compliant with minimum investment standards, we are 1-2% lower as a percentage of our whole programme spend. The Chair noted the compliance but urged members to aspire to an increased spend going forward. TB noted the usefulness of weighting this information with population deprivation data for West Norfolk. Members discussed the blocks to recruitment in West Norfolk and how these might be cleared along with the current and planned benefits of integrated commissioning.

RC welcomed the work on Mental Health investment and that it was a good example of the benefits in sharing information to obtain the best commissioning outcomes.

ACTION

RC to prepare briefing for Chair ahead of the WNCCG/NSFT CEO meeting.

RC

18.39 Internal Audit

a) Outstanding Actions

NA noted the Outstanding Actions paper for members. The Chair expressed concern on the likelihood of resolving these actions to an appropriate timescale. Members discussed the various reasons for any delay and acknowledged that most had already seen progress. The arrival of the substantive Chief Finance Officer in May will help to push these towards a conclusion with a clear communications flow. KL noted that responses were now coming through at a much better rate, demonstrating awareness and engagement. RB queried the level of confidence that the revised dates for delivery were achievable and MW /HF confirmed that managers were being challenged on deliverable dates to ensure close measurement of progress and achievement. Members agreed that the current actions were accepted.

b) 117 Audit

An update was contained within the previous item.

c) 2017/18 Annual Internet Audit Report including Head of Internal Audit Opinion Statement

RB congratulated the audit team on a good piece of work and 100% attainment of performance measures and the Information Governance team for their diligent and quality performance.

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d) Strategic Internal Audit and Counter Fraud Plan

Internal Audit Plan

The Chair expressed surprise that no contract had yet been received and HF confirmed that this was being chased today. TB noted that Annex C (pg 7) of the draft plan mentioned a safeguarding children audit but not vulnerable adults. KL will check with Quality Leads why this might be and update.

ACTION

KL to confirm why Safeguarding Vulnerable Adults is not included on Annex C of draft plan.

KL

TB queried when an audit of the new CSU might take place. Members discussed how this might be approached in the future, KL would keep this on the radar and raise with the CFO's group and Governance leads across the CCGs for consensus on approach. A handover 'lessons learned' exercise was ongoing and HF would share any outputs from that with the members. HF Noted that response from the new provider had been good so far. Contract Management of the new provider is being monitored as a Group of CCGs with one CCG leading. Members discussed how CHC services were being monitored and were represented in all the Statement of Works documentation and discussions. NA clarified the reasons for a separate audit on Cyber Security outside of the overlap with CSU work. The audit would deal with staff response to points of vulnerability which would be CCG-specific rather than across the patch and inform local training needs.

ACTION

HF to share 'lessons learned' output from Handover Process.

HF

Counter Fraud Plan

LG talked to the circulated document, noting the new risk area this year around commissioning primary care. The Chair noted the powerful effects of cybercrime on the NHS system in the past and the importance of vigilance and prevention.

18.40 External Audit

a) 17/18 Audit Plan

ZT commented that the risk assessment and materiality levels published are being revised after receipt of the draft accounts and are subject to change. BP reported on the Engagement Timetable, noting that final fieldwork is underway to maintain momentum on key milestones. The Fraud Risk Assessment requires that those charged with governance are aware of the process for identifying and responding to all risks of fraud and BP reminded members of the contact details. Members confirmed that they were not aware of any unreported incidences of fraud. BP also drew Members attention to the statement of independence and the Fees Summary on page 16, explaining amendments to the fees process.

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RB noted the Key Audit Risks and queried how the members would be updated with progress. ZT confirmed that key findings will be set out in a similar format for cross-checking in the final document.

RB commented on the Revenue Resource Limit 17/18 which does show an overspend in the draft accounts. MW explained that running costs and programme costs will breach the statutory duty but NHS England are aware and are supportive of the action. Members discussed the need for a copy of the permission in writing.

ACTION

MW to obtain written clarification of the permission from NHS England for record. **MW**

RB queried whether the letter of representation had been circulated to the Chair and the Audit Committee. NA replied that a draft version is included in the final ISA260 report and will be finalised in due course. RB required that a draft of the letter is provided to the Chair for information.

ACTION

NA to forward draft Letter of Representation to HDL. **NA**

The Chair made reference to a previous communication issue between WNCCG and BDO and whether this had now been rectified. ZT and MW confirmed that communications had now been restored satisfactorily.

18.41 Counter Fraud Annual Report

LG talked to the circulated report, drawing members' attention to item 2.7 Self-Review Tool which is new. LG confirmed there no areas of concern currently. LG updated the meeting on item 6.5 to await confirmation from the Practice that medication levels have been reviewed and are being monitored. Further work on this to be shared with Quality Team.

18.42 EY Briefing with Key Questions

Due to limited time for Members to examine the paperwork, this item will be moved to the next full meeting.

18.43 Review Draft Annual Report and Accounts

- a) The Chair commended the team on a well-written Annual Report. HF confirmed that the draft was submitted on time in conjunction with the National Audit Office Checklist. Members discussed the content of the full report of 100 pages against the 20-page summary and the development and publication process.
- b) MW thanked the Finance Team for their dedicated work in producing the high quality draft ahead of time during challenging circumstances. EKM talked to the circulated draft, highlighting the key variances:
 - the significant increase in other operating income linked to funding from NHS England Estates Technology & Transformation Fund and other additional transformation schemes;

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- the changes in debtors and creditors, increase in liabilities
- There has been a detailed review of the position and the Finance Team are comfortable with the position that has been reported.
- Note 18 Financial Performance Targets. Explanation of non-compliance against the 3 statutory measures

Members will examine the draft in detail outside the meeting, EKM is happy to provide any explanations required. RB would welcome a demonstration outside the meeting of how the draft accounts reconcile with the draft outturn paper presented to the Finance & Performance Committee.

EKM commented that there are no material differences in agreement of balances with Providers over £1m. EKM noted that there is a balance difference with Queen Elizabeth Hospital of £700k and Norfolk County Council of £888k. Members discussed the underlying history for the difference, options for resolution and how assurance has been reached. RB acknowledged the total of £1.6m and the risk therein and requested an update on the outstanding items and an opinion from the auditors on the whether the numbers included in our accounts is reasonable.

ACTION

Update on the outstanding items and an opinion from the auditors on whether the numbers included in our accounts is reasonable.

MW

- c) NHS England Letter 20 March 2018. MW confirmed that the issues raised in the letter had been resolved:
- Risk Reserve of 0.5% had been left uncommitted and released at M12 as instructed.
 - Category M Drugs Rebate instructions have been followed, resulting in a more favourable position
 - Short Stock Prescribing Pressures. Noted.
 - CQUIN Risk Reserve 0.5% paid to providers as required.

18.44 Scheme of Delegation and Delegated Programme Budgets

EKM talked to the circulated paper, explaining how this has improved business partnering within the CCG and identified an escalation structure. Also there was an explanation of the Scheme of Delegation operation. Members agreed that they would not need to see updates of the Cost Centre Matrix going forward. Members discussed the large amount of codes and limited number of cost centre managers, EKM commented that the reporting format does simplify the presentation and the dedicated finance team member assists with interpretation. There has also been a timetable of training for budget managers.

ACTION

HDL requested an update report on effectiveness at the September meeting.

MW

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18.45 Final Accounts Timetable and Plan

EKM confirmed that the circulated document is now complete with dates and we are compliant on response times.

Governance & Risk

18.46 Risk Management

a) GBAF

All risks within the GBAF have been reviewed and are up to date. Cover sheet details the movement. Quality risks are not updated due to the IT problems experienced.

b) CRR

RB commented that item 1.13 consider amending the progress report to 'trajectory reached' rather than target as noted that the recent Finance & Performance Committee. Heather will mention to Ross Collett for update and risk will remain on register.

ACTION

HF to review CRR 1.13 wording and update with Ross Collett

HF

18.47 Conflicts of Interest Committee Chair's Report

a) 31st January 2018 – Draft

RB noted the circulated Minutes, the next meeting taking place later today.

b) Terms of Reference

RB noted the amendment to the Terms of Reference to be considered at the next meeting to align WNCCG format.

18.48 Information Governance Chair's Report

- a) **23rd January 2018 – Final** Noted.
- b) **27th February 2018 – Final** Noted.
- c) **19th March 2018 – Draft** Noted
- d) **Terms of Reference**

HF noted the amendment to the Terms of Reference layout to align WNCCG format

18.49 Senior Officer Risk Owner Report

The Audit Committee noted the contents of the report. HF reported that this role may be reconsidered later in the year

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18.50 Tender Waivers

MW explained the Tender Waiver background as part of the new CSU contract. HF confirmed that there is already a date for the procurement process kick off. The Chair expressed concern at the shortness of time between today's meeting and the expiration of the contract on 31st March and welcomed the commencement of the procurement planning process.

18.51 Losses and Compensations

None to report.

18.52 Changes to standing financial instructions and accounting policies

None to report

18.53 Policies

- a) Procurement Policy. MW explained the background to the development of the policy. TB welcomed the inclusion of the Public Services (Social Value) Act 2012. Members discussed how the policy did not clearly demonstrate the involvement of public and patients and how they were involved in the procurement process.

ACTION

MW to take the view back to the STP to start a discussion.

MW

- b) Risk Management Strategy and Framework. HF explained the minor change around inclusion of Primary Care Commissioning Committee. The Chair commented that 2.2.7 should be amended to 'safe' rather than 'safer'.

ACTION

HF to amend policy accordingly.

HF

18.54 Contract Register Update

VR briefly outlined the development of the document to date to facilitate interrogation and that it would be subject to a continuous process of updating. Members noted the inclusion of requested fields and filters and how this revealed those contracts current and those that had lapsed or been renewed. VR reported that we have received a similar register from Arden & Gem and are currently cross-checking. Governance Management will sit with Arden & Gem going forward. EKM noted that it will be important to assure this committee of the quality of the Arden & Gem service being provided and how this is integrated into the contracting process.

Members discussed the large amount of contracts ending on 31.3.19 and what the workplan and resources might be to ensure provision of services. EKM

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commented that the contract timetable is a national mandate from NHS England.

18.55 Governance of the Sustainability and Transformation Partnership

MW updated that the Joint Committee will meet for the first time in June.

18.56 Training Compliance

JS talked to the circulated report. Work is focused on achieving full compliance in the two statutory areas. Members discussed the new Conflict of Interest training and the staff levels applicable. TB felt it would be useful to show compliance for modules 1,2 and 3.

ACTION

HF to include extra columns for modules 1,2 & 3 of Conflict of Interest training. HF

18.57 GDPR Progress Report

JS talked to the circulated report and is meeting with Arden & Gem this week to progress those two areas rated Red. Some national guidance has not been released in good time, which may cause delays and NHS England are providing additional resources to progress compliance.

Items for Information

18.58 Finance & Performance Committee Minutes:

- a) 26th January 2018 – Final
- b) 22nd February 2018 – Final
- c) 22nd March 2018 – Draft

For information without discussion

18.59 Patient Safety & Clinical Quality Committee Minutes

- a) 17th January 2018 – Final
- b) 21st February 2018 – Draft
- c) 21st March 2018 – Draft

For information without discussion.

18.60 Internal Audit Reports

- a) Managing Conflicts of Interests Audit
- b) Information Governance Toolkit Audit
- c) Information Governance Benchmarking
- d) TIAA Audit Chairs' Conference – Governance
- e) TIAA Audit Chairs' Conference – Cyber Assurance
- f) TIAA Audit Chairs' Conference – Whistleblowing

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- g) Interim Head of Internal Audit Opinion
- h) Better Care Fund Audit
- i) Financial Reporting & Forecasting Audit
- j)
- k) STP – CCG Governance & Risk Management Audit

For information without discussion

Other Items

18.61 Reflection on the Meeting and Action on the Governing Body Question

Members commented on the interesting questions and level of challenge exhibited during a very comprehensive agenda. KL noted the length of the action log and agenda which in some CCG's is less detailed. Happy to discuss this outside the meeting with the Chair. NA suggested including Agenda/Action Log as an item at the forthcoming workshop.

TB noted how helpful the National Audit Chairs meeting was and whether there were any new topics raised e.g. Primary Care Commissioning Audit. HDL mentioned the recommended financial information contained on Sharepoint for good practice for CCG's.

Any thoughts on question for the Governing Body to be shared with the Chair outside the meeting.

Date of Next Meeting

18.31 Next meeting will be 23rd May 2018

There being no further business the meeting closed at 1.25pm