

Meeting name and date	
Agenda item & attachment number	
Title of paper	
Author name and job title	
Executive Lead	
Primary Strategic Objective	
Risk rating	
Purpose of Paper	

Summary of Key Issues

Compliance section

Please identify any significant issues relating to the following areas. Do not leave any boxes blank – if there are no compliance issues please state “no known issues”.

Patient and Public Engagement	
Quality Impact	
Equality Impact	
Privacy impact	
Financial implications	
Workforce issues	
Conflicts of interest	

Additional compliance information

Meeting Minutes

Audit Committee

14th October

Committee members present:

Jonathan Perkins, Lay Member for Governance
Peter Collis, Lay Member for Governance

Others in attendance:

Dr Simon Williams, GP member
Matthew Knight, Chief Finance Officer
Justin Dix, Governing Body Secretary

Simon Darby, TIAA (Internal Audit)
Clarence Mpofu, TIAA (Internal Audit)
Grant Bezuidenhout, TIAA (Counter Fraud)

James Thirgood, Grant Thornton

Chair: Peter Collis

Minute taker: Justin Dix

Meeting started: 09.30

Meeting finished: 12.30

1. Welcome and introductions

Peter Collis welcomed everyone to the meeting. Clarence Mpofu gave an update on changes within TIAA and introduced Simon Darby who would be taking over from him. He in turn would be taking over Giles Parrot's role as Giles has taken up a new role within TIAA. Clarence would therefore be Head of Internal Audit for Surrey Downs CCG.

AC141015/001

2. Apologies for absence	Apologies had been received from Miles Freeman. It was noted that the Governing Body nurse role vacated by Alison Pointu would be taken up by a new appointee, Debbie Stubberfield.	AC141015/002
3. Conflicts of interests	There were no potential conflicts noted at the outset other than external audit may need to withdraw from part of the discussion on external audit procurement.	AC141015/003
4. Minutes of the last meeting (for accuracy)	These were agreed as an accurate record.	AC141015/004
5. Matters arising and action logs	AC100715/046: Schedule internal discussions to take forward Governing Body review work. Agreed this could be closed as there was now a programme of work in place with the Governing Body.	AC141015/005
	AC100715/030: Review Annual Audit letter and amend if appropriate. Agreed this could be closed – action completed.	AC141015/006
	AC100715/029: Ensure Annual Audit letter placed on CCG web site and brought to the attention of the Governing Body. Agreed this could be closed – is on web site in Annual Report section.	AC141015/007
	AC100715/027: review the existing work done on re-appointment of external auditors in 2014 and refer the matter to the Surrey CFO's group. Action can be closed – further action following discussion as per agenda.	AC141015/008
	AC100715/025: Ensure that overdue audit recommendations were brought to the Executive and prioritised for action. This could be closed – had been discussed at last meeting on 29 th September – but actions needed to be kept under review by the Executive. Matthew Knight agreed to ensure that this would be done.	AC141015/009
	AC100715/019: Written report on provider counter fraud assessments. This could be closed – in today's counter fraud report.	AC141015/010
	AC100715/017: Refer primary care counter fraud work to primary care committee. This could be closed but noted that there were no plans for this committee to meet in future.	AC141015/011
	AC100715/011: Lorna Hart to present to quality committee on the issue of care home pricing work. Can be closed – action completed but Clarence Mpofu identified a need to follow up on this following discussion of latest CHC audit report.	AC141015/012
	AC100715/007: Formal report on register of interests / honorariums at September meeting. Can be closed but ongoing work as below on conflict of interest and hospitality and gifts.	AC141015/013

AC100715/005: Reword minutes of 22nd May to reflect discussion on pensions presentation in annual accounts. Completed, can be closed. AC141015/014

AC220515/09: OD and Capacity Plan to come to next audit committee. Can be closed – included in 046 above. AC141015/015

AC200315/029: It was agreed that the Executive should review governance capacity. Can be closed – included in 046 above. Justin Dix confirmed that he was interviewing next week for 0.5 WTE additional support. AC141015/016

AC141114/10 – “Dr Fuller to write to all GPs setting out the extent of their need to declare interests, gifts and hospitality”. This had been done and it had been agreed at the last meeting that a follow-up would take place in November; however in terms of other actions falling out of standards of business conduct and the governance review, it was agreed this would be more appropriate for the spring. AC141015/017

AC141114/45: Establishment of a collaborative risk register. This had not been progressed as no agreement to it had been forthcoming at collaborative level. There was a discussion about capacity – the collaborative had had a “company secretary” role but the post holder had left and not been replaced. AC141015/018

Peter Collis said that he felt there was a significant gap in assurance arising from the lack of collaborative governance capacity. It was agreed that the existing action could be closed but this wider issue should be raised at the next collaborative meeting. AC141015/019

Action Matthew Knight

6. Issues arising from Governing Body Review and the OD and Capacity Plan

Matthew Knight said that there was considerable work being done with the issues arising from these different pieces of work. A workshop was taking place with the Governing Body this Friday. The different elements of OD, capacity and issues from the Grant Thornton, OEC and PWC work were now being co-ordinated by Karen Parsons in a single plan. AC141015/020

Jonathan Perkins suggested that once structures were reset, there should be a clear plan for development of staff working within the re-organised CCG, specifically picking up on training and talent management. AC141015/021

It was agreed to remit for discussion at the December meeting where the committee could take stock of the progress that had been made in implementing the recommendations. AC141015/022

Action Justin Dix

Regarding the specific issue of Audit Committee independence, and the relationship between the Audit Committee and the Executive – it was noted that Peter Collis was now no longer chair of the Finance and Performance Committee which would create a clearer separation. However, this should also be picked up in the annual evaluation of the committee’s effectiveness in the new year.

AC141015/023

Action Justin Dix

7. Review of Standards of Business Conduct

Justin Dix reiterated the executive summary in the paper and noted that the Committee was being asked to consider three specific issues: the general remedial action following the press coverage involving medicines management staff; the specific return to NHS England following their request for assurance on a standard template (Hakin review); and approval of the revised Gifts, Hospitality and Sponsorship policy.

AC141015/024

Peter Collis noted that there seemed to be an issue with outside employment of staff particularly in the pharmaceutical field. Matthew Knight noted that the issue was ensuring that staff sought permission for any work undertaken or hospitality received and were not just declaring after the event.

AC141015/025

It was felt that the CCG had focused closely on GP conflicts of interest and had a good record of managing GP conflicts but had recently had to improve its governance on this specific issue around medicines management and working with the pharmaceutical industry.

AC141015/026

It was also noted that outside interests e.g. consultancies were declared but not monitored in detail. These activities were not recorded in the Hospitality Gifts and Sponsorship Register but in the wider Register of Interests where staff were expected to declare ongoing interests e.g. private consultancy work, directorships and family interests.

AC141015/027

Whilst the publication of the relevant registers created greater public visibility of this issue, there did need to be stronger internal monitoring. It was agreed that in the case of the medicines management team Justin Dix should do this with Kevin Solomons on a quarterly basis.

AC141015/028

Action Justin Dix

Dr Williams noted that this issue had caused significant concern amongst GPs but he did not feel that GPs routinely compromised their clinical judgement through their relationship with the pharmaceutical industry. The matter had been discussed at the last Council of Members meeting and focused on the boundaries between practice and CCG work. As a membership organisation the CCG did require a higher standard of probity and more visibility of GP relationships with pharmaceutical companies.

AC141015/029

There was a discussion about how GPs could be engaged about their relationships with the pharmaceutical industry and it was agreed that this required a cultural change and ongoing work. AC141015/030

Jonathan Perkins asked whether there had been any response to the Hakin return and JD said there had not been any follow up by NHS England. AC141015/031

Jonathan Perkins asked about the national counter fraud investigation and it was clarified that there was no further information on this either. These investigations were often very drawn out and Grant Bezuidenhout confirmed that local counter fraud had not been able to identify any indication of when the investigation would conclude. AC141015/032

Jonathan Perkins asked about the Conflict of Interest policy and why this needed to be signed off by the Council of Members. It was noted that this was because the Conflict of Interest Policy formed part of the constitution and any amendments to the constitution required Council of Members agreement. It was noted that there had been discussions with Hempsons about removing a number of sections from the constitution including the scheme of delegation and this could be included in that streamlining exercise to give the CCG more autonomy. AC141015/033

The Hospitality, Gifts and Sponsorship policy was AGREED. AC141015/034

8. Hospitality Register

This would come to the committee on a regular (every other meeting) basis but needed a good narrative explaining the work that had been done and the monitoring that had taken place. AC141015/035

Matthew Knight noted that there was an issue with “declined hospitality”. It was agreed that a sensible approach needed to be taken and that global marketing offers did not need to be documented, only individualised approaches. James Thirgood for external audit agreed this was a sensible and balanced approach that did not waste NHS resources on documenting every offer. Training of staff was key in recognising appropriate approaches. It was noted that this register should also capture honorariums. AC141015/036

The Hospitality Register was NOTED. AC141015/037

9. Financial Controls Compliance

Matthew Knight summarised this work which was based on a national template requiring Chief Officer sign off. The context of this work was that there was a national focus on financial problems. It would need to go to the Governing body in November. The return was based on extensive discussions with internal audit and had been led by the Chief Officer. However it did in Matthew Knight’s view confuse financial controls and financial performance, and James Thirgood for external audit agreed that this was an issue. AC141015/038

It was also acknowledged that there was a difficulty of getting from level one to level two – after this it became progressively easier. AC141015/039

Matthew Knight said that he had attended a recent meeting where it was stated by NHSE that there would be a process of buddying up to raise standards with higher rated organisations working with lower rated organisations on best practice. AC141015/040

The broader financial position was noted and it was agreed that there was still a lot of scope for the context to change in relation to this and the CCG's Financial Recovery Plan. On this basis it would be necessary to monitor the outcome of discussions relating to issues such as the spending review and the Better Care Fund. AC141015/041

Clarence Mpofo confirmed that Internal Audit had been fully engaged in this work and felt that that the CCG had taken a pragmatic and transparent approach. It would be necessary to identify actions arising from this work and mitigate the issues. AC141015/042

It was agreed that this linked to the audit planning work and that it should feed into the annual internal audit plan and the review of key financial systems in December. AC141015/043

The report was recommended to the Governing Body for approval on the basis of the above discussion. AC141015/044

10. Annual Report and Accounts timetable.

This was noted. NHS England's role was discussed and James Thirgood said that the CCG should not expect heavy scrutiny but would be expected to follow published guidance. AC141015/045

Matthew Knight asked that External Audit approach be as proactive as possible, producing early drafts for discussion, and James Thirgood said this was Grant Thornton's intention. AC141015/046

It was noted that the Department of Health manual of accounts that guides the annual reporting process was expected before the end of October. AC141015/047

The members section of the annual report issue was discussed and it was noted this was complex both culturally and in terms of timing. There had been different approaches in the last two years and this section was not currently mandatory. Jonathan Perkins felt that if it wasn't mandatory the CCG should consider not doing it as there may be better ways of telling the positive stories emerging (for instance) from GP networks. He felt there was a lot to celebrate that did not come through. AC141015/048

It was agreed there should be a wider discussion on this with the Governing Body, led by Matthew Knight. AC141015/049

Action Matthew Knight

Moving the AGM to September (as proposed by the clinical chair) was agreed as this facilitated both the look back in the annual report and the forward view. AC141015/050

11. Tender waiver (Docman)

This was noted as appropriate as it was not possible to switch IT providers for this core product. Dr Williams noted the wider context of primary care IT provision which supported this view.

AC141015/051

12. Counter Fraud report

Grant Bezuidenhout went through the key issues in his report as follows:

AC141015/052

- Annual Reporting
- Fraud Risk Assessment
- Standards for commissioners

AC141015/053

The issue of the £200k ceiling for contracts in relation to self-assessment was noted and it was agreed that this was an impossible requirement in terms of counter fraud capacity. Surrey Downs had 165 providers with over £200k of business because of its extensive CHC contracts. This year's self-assessment was for benchmarking purposes only and the requirements might change next year as a result of the learning from this year's work. Software solutions for self-assessment were being looked at. Grant Bezuidenhout would liaise with Justin Dix on the process for contacting the CCG's suppliers where required in terms of crime profiles.

AC141015/054

Action Grant Bezuidenhout

Jonathan Perkins asked about outstanding investigations some of which were now quite old. Grant Bezuidenhout confirmed he was chasing these. It was noted that the CCG may have other patients in one provider under investigation.

AC141015/055

13. Internal Audit reports

Clarence Mpofu spoke to this and outlined the reports available at that time. The following key areas were highlighted:

AC141015/056

- The Contracts Management audit had received reasonable assurance.
- There was a very different approach to child safeguarding risk across the six CCGs and a lack of consistency between entries.
- QIPP was a phase one review looking at governance arrangements. This had been limited assurance the previous year and considerable work had been done since then. Phase 2 in Q3 would look at actual delivery.
- Financial Controls Assurance and Conflict of Interest were covered in Section 4. Financial Controls Assurance had been benchmarked across the patch, although there was a lack of consistency between this and actual financial performance in many cases. Clarence reiterated the early point about performance vs controls.
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AC141015/057

AC141015/058

AC141015/059

AC141015/060

- Section 6 of the report highlighted the summary of CHC recommendations across a number of reports and the work done with Surrey County Council on shared internal audit work. AC141015/061

The potential for further audit relating to CHC was discussed and Matthew Knight set out the potential for collaborative work over the longer period. Clarence Mpofu noted that in other areas there had been considerable tensions on the provision of this shared service. AC141015/062

Matthew Knight noted that the overhead costs of CHC were complex and not fully recharged to other CCGs. These included HR, legal and some building costs. AC141015/063

Progress against delivery was noted. The Audit Plan as a whole was on track as set out in the report. AC141015/064

General points were then raised. AC141015/065

- Matthew Knight confirmed he was happy with plan progress overall. The December meeting of the Audit Committee should receive a draft plan for next year. AC141015/066

Action Clarence Mpofu

- James Thirgood asked for an early conversation relating to Value For Money on the annual report on the Better Care Fund. AC141015/067

The 'limited assurance' report on the Individual Funding Requests (IFR) service was then discussed. AC141015/068

- Clarence Mpofu said that there had been an ombudsman direction to East Surrey CCG relating to an IFR case which had raised issues around documenting of decisions, makeup of panel, and inconsistency in triage arrangements. It was noted that the IFR team had lacked management capacity since the retirement of the former head of service and there were also issues relating to how well Governing Bodies were sighted on IFR processes and outcomes. AC141015/069

- Clarence Mpofu said that responses had been received on this report and the draft report was now with James Blythe as the executive lead. AC141015/070

- Dr Williams noted that there was always scope for complaints and referral to the ombudsman and rigorous process in IFR management was essential. AC141015/071

- It was also noted that IFR team capacity was or had been on the risk register, however the issue was also about communications and processes between CCGs. Dr Williams said the referral Support Service was supporting the IFR team as well. AC141015/072

- The audit committee would like assurance on actions at the December Audit Committee meeting and requested that Karen Parsons attend to talk to the report at that point.

AC141015/073

Action Justin Dix

The Limited Assurance on Adult Safeguarding (final report) was noted. It has been shared with all the Surrey CCG quality leads and would go on the agenda for the Quality Committee on 3rd November

AC141015/074

The audit committee agreed that it would like assurance on actions at the December Audit Committee meeting with Karen Parsons to attend to talk to the report at that point.

AC141015/075

Action Justin Dix

Clarence Mpofo stressed the need for a full discussion on Adult Safeguarding at the Quality Committee to pick up the developing context and changing policy requirements.

AC141015/076

14. External Audit Report

James Thirgood spoke to this. The timescales for end of year were noted and in particular the need to bring work forward as proactively as possible.

AC141015/077

- The events and workshops were noted.
- Nationally NHS deficits were increasing and this was an important area to watch.
- Manual of accounts timescales were noted.

AC141015/078

AC141015/079

AC141015/080

Dr Williams asked about pension reports and it was agreed James Thirgood would check how other CCGs had developed their reporting.

AC141015/081

Action James Thirgood

Clarence Mpofo asked the committee to note the talent management issues under Kings Fund reporting.

AC141015/082

External Audit Procurement: James Thirgood noted that this change in national policy had moved on. CCGs would be able to appoint their own external auditors either individually or collaboratively by December 2016 to commence from April 2017.

AC141015/083

There was an option to re-appoint without going out to tender if the CCG was happy with the service it received but Matthew Knight's view was that this did not fit with tendering rules and he had not been able to identify this in the guidance to date. James Thirgood said he would circulate this.

AC141015/084

Action James Thirgood

It was noted that there would be economies of scale associated with collaborative procurement.

AC141015/085

Matthew Knight shared a presentation with discussion points. He had tried to get a collective view on this in Surrey although these discussions had not reached a conclusion. AC141015/086

It was AGREED that the Audit Committee would be the audit panel for these purposes. AC141015/087

There was a discussion about procurement process and it was noted that this should be possible to do without a committee in common approach and with a light touch agreement from the Governing Body, with the Audit Committee effectively steering the process. Matthew Knight would be the exec lead and produce the necessary documentation for this to go forward as a project. AC141015/088

It was agreed to have paper on this at the Audit Committee meeting on the 18th December. AC141015/089

Action Matthew Knight

15. ICT Assurance Update

Matthew Knight noted that there were a number of actions arising from this which were not in themselves major; however he did highlight the alarming level of turnover in the service's leadership. It was agreed to ensure this was adequately covered in the risk register. AC141015/090

Action Justin Dix

16. Policy on Policies and Procedural Documents

It was agreed that the policy would need to be agreed with an expectation that the committee structure would change on the basis of a change in delegated functions. It was agreed that where functions were assigned to committees and individuals, these could be re-assigned in line with the outcomes of the Governance review processes without further approval of the policy, although it should be circulated to committee members to ensure that they were comfortable with the changes. AC141015/091

On this basis the policy was AGREED. AC141015/092

17. Risk register and assurance framework

The following points were noted: AC141015/093

- The risk around safeguarding adults would need to be revised in light of the recent audit report. AC141015/094

- Dr Williams asked about child safeguarding and Justin Dix clarified that the risk had been raised due to SCC's Ofsted report. AC141015/095

- Immunisation risk in general practice – the background to this risk was queried and it was agreed that Justin Dix would raise this with the quality team. AC141015/096

It was felt that it would be helpful to have likelihood and impact more specifically quantified i.e. differently for finance as opposed to quality. Jonathan Perkins agreed to share a document that he felt covered this effectively.

AC141015/097

Action Jonathan Perkins

There was a discussion about the annual risk maturity review, which in the previous two years had been conducted in December. It was agreed to repeat the exercise this year and Justin Dix was requested to set a date for the review. It was noted that this would fit well with the issues highlighted in the governing body review work.

AC141015/098

Action Justin Dix

Assurance Framework – the deterioration in integrating primary and community care was felt to be about the slippage in getting progress across the patch and approval of business cases.

AC141015/099

18. Review of policies

Justin Dix circulated a spreadsheet giving the latest position. A key issue was that the HR team had appointed someone on a three month contract to review and update all policies which would be a major step forward.

AC141015/100

19. Any other urgent business

There was no other business

AC141015/101

20. Points to draw to the attention of the Governing Body

The following were felt to be a priority to bring to the Governing Body's attention.

AC141015/102

- The work on standards of business conduct
- Financial Controls Assurance
- Annual report and accounts planning
- IFR and Safeguarding internal audit reports and referral of these to the quality committee
- The proposal around the audit committee appointment panel.

AC141015/103

AC141015/104

AC141015/105

AC141015/106

AC141015/107