

Audit Committee Report

Agenda Item 18 Paper 11	
Committee Chair:	Peter Collis, Audit Committee Chair
Executive Lead:	Matthew Knight, Chief Finance Officer
Relevant Committees or forums that have already reviewed this paper:	None
Action required:	To note
Attached:	Audit Committee draft minutes 18 th December 2015
CCG Strategic objectives relevant to this paper:	Core business: relevant to all / most objectives
Risk	The Committee routinely considers the risk register and assurance framework at its meetings (see Section 19 of attached minutes).
Compliance observations:	Finance: No specific issues other than the Committee reviewed the audit of QIPP at its last meeting (See section 14 of attached minutes).
	Engagement : No specific issues
	Quality impact: No specific issues
	Equality impact: No specific issues
	Privacy impact: No specific issues
	Legal: None

EXECUTIVE SUMMARY

At its last meeting the Committee covered a wide range of topics (see attached minutes) but would particularly highlight the following areas for the Governing Body to note:

Annual report timetable and future Governing Body approval

The production of the 2015/16 Annual Report and Accounts is now underway. This must be completed by the 22nd May. As in previous years the Governing Body will be requested to delegate final approval to the Audit Committee.

IFR and safeguarding updates

The audits of Individual Funding Requests and Adult Safeguarding have significant issues for patients and carers, and the Audit Committee received positive assurance from Executive officers that there were clear action plans in place to address the issues in the reports. These will be followed up routinely and, in the case of Adult Safeguarding, with a further review in February.

Improvement in following up recommendations

The Committee was pleased to note that the backlog of actions from previous audits had been significantly reduced.

Reprocurement of external audit

In 2016 it will be necessary for CCGs to procure their own external auditors (current auditors were appointed at the time of transition from PCTs to CCGs). The Committee would like to highlight the importance of this and will be asking the Governing Body to approve the current Audit Committee members as its Audit Panel in line with recent guidance.

The next meeting of the Audit Committee is on the 26th February. In line with best practice there will be a private meeting of the Audit Committee and Auditors at 9.00 am, immediately before the formal meeting.

Date of paper	14 th January 2016
For further information contact:	justin.dix@surreydownsccg.nhs.uk

Meeting Minutes

Audit Committee

18th December 2015

Committee members present:

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

Others in attendance:

Dr Claire Fuller, Acting Chief Officer
Matthew Knight, Chief Finance Officer
Dr Simon Williams, Epsom Locality Chair
Christian Heeger, Grant Thornton
Clarence Mpofu, TIAA
Simon Darby, TIAA

Chair: Peter Collis

Minute taker: Justin Dix

Meeting started: 9.30

Meeting finished: 12.15

1. Welcome and introductions

Peter Collis welcomed everyone to the meeting and effected introductions

AC181215/001

2. Apologies for absence

Debbie Stubberfield (Nurse Member), James Thirgood (Grant Thornton), Grant Bezuidenhout (TIAA Counter Fraud)

AC181215/002

- 3. Register of interests and potential conflicts of interest** AC181215/003
 There were no specific interests other than it was noted that representatives of Grant Thornton were potential parties in a future external audit procurement (item 16).
- 4. Quorum** AC181215/004
 The meeting was noted as quorate
- 5. Minutes of the last meeting (for accuracy)** AC181215/005
 The minutes of the meeting held on 14th October 2015 were agreed as an accurate record.
- 6. Matters arising and action logs**
- AC141015/019- Collaborative arrangements* AC181215/006
 Dr Fuller noted that an external review of the collaborative arrangements was now scheduled – it was agreed to formally agenda this for review by the Audit Committee in April when it was hoped there might be some feedback.
- Action Justin Dix**
- AC141015/022 - Governance Review and OD actions* AC181215/007
 Karen Parsons attended for this item. She noted that an action plan had been produced from the combined reviews and this had been agreed with NHS England. 89 out of 110 actions had been completed and reported to NHS England as part of the ongoing assurance process. Most actions had been completed to their original timescale but agreement had been given to manage the changes with the member practices over a longer timescale throughout quarter four of 2015/16, given the constitutional complexities and the need to get buy-in.
- A different approach to the quality strategy had also been agreed with NHS England. AC181215/008
- Executive arrangements had been actioned and changes would take place from the 1st December and recruitment of interims had been completed to support this. AC181215/009
- Constitutional arrangements were out to consultation with the member practices. This would be concluded by the 19th January after which election and selection of individuals would take place for the Governing Body and clinical leadership structures. AC181215/010
- Karen Parsons was thanked for all her hard work on this. AC181215/011
- AC141015/028 - Put in place quarterly monitoring meetings of standards of business conduct with head of medicines management* AC181215/012
 Justin Dix confirmed that he now had diarised meetings with the two heads of service in Medicines Management on a quarterly basis. Matthew Knight noted the issue had received some media attention again recently. Agreed action could be closed.

AC141015/049 - Members Section in annual report AC181215/013

This had been agreed – action could be closed

Reporting of pensions in annual report AC181215/014

James Thirgood's update was noted. There was a discussion about the technical difficulties with representing pensions, particularly for GP members. Agreed this could be closed.

AC141015/083 - Tender waiver arrangements for procurement of external audit AC181215/015

Legal advice was still awaited. Christian Heeger said that it was unlikely that waivers would be allowed and the view of the committee was that it expected that procurement rules would apply. Action could be closed.

AC141015/088 - External audit procurement AC181215/016

On agenda – could be closed.

AC141015/089 - Review risk register in respect of SECSU ICT Assurance update - SECSU leadership capacity AC181215/017

Actioned – could be closed and reviewed in the risk register section.

AC141015/096 – Circulate NPSA risk management descriptions AC181215/018

Completed – could be closed.

Annual risk maturity review AC181215/019

On agenda – could be closed.

AC141114/10 – Dr Fuller to write to all GPs setting out the extent of their need to declare interests, gifts and hospitality AC181215/020

Dr Fuller said that there was a danger of the impact of the message being diluted if it were repeated too often. It would be better to put it out again when there was something new to report. Agreed that this could be closed. Clarence Mpofo noted that it would be better to follow this up when the new guidance was issued in 2016.

7. Hospitality and Gifts Register

Justin Dix spoke to the change in culture that was apparent in the organisation particularly in Medicines Management. The issues were however more complex with Continuing Health Care and the wider organisation although the need to declare gifts and hospitality was now covered at induction. AC181215/021

It was agreed that Justin Dix would do a piece of work to ensure that staff were aware of the need to declare even small gifts and hospitality given that Christmas was a prime time for suppliers to provide this. Justin Dix would report back at the next meeting. AC181215/022

Action Justin Dix

Matthew Knight asked that all entries over £500 be checked to ensure that they were correct. AC181215/023

Action Justin Dix

There was a brief discussion about the relationship between this and Freedom of Information (FOI). It was noted that the CCG had a policy of publishing the register as per NHS England guidance. AC181215/024

The Hospitality and Gifts register was NOTED. AC181215/025

8. Financial Controls Assurance

Matthew Knight introduced this and the benchmarking of Surrey Downs against CCGs nationally. Matthew Knight, Justin Dix and Dan Brown (Head of Finance) had reviewed this and put actions in place to improve the CCG's position. There were some concerns about confusion between financial controls and financial performance that Matthew Knight was following up with NHS England. AC181215/026

There was a discussion about whether this needed to be reflected in the Annual Report, but the view of the committee was that the CCG were seeking improvements within the existing framework of internal controls and should take a balanced approach to this. AC181215/027

The report and subsequent actions were NOTED. AC181215/028

9. 2015/16 Annual Report and Accounts

Justin Dix spoke to this. There had been a meeting the previous week to review the timetable which was included in the Audit Committee papers. In broad terms the structure was the same as the previous year although some re-ordering of sections had taken place. AC181215/029

Matthew Knight highlighted the difficulties with Comms team capacity – interim support was being sought to replace staff who had left or were on maternity leave in 2016. AC181215/030

TIAA and Grant Thornton confirmed that the timetables were as expected. The Head of Internal Audit draft opinion would be based on month 9 and would be issued on the 22nd February. It would also be necessary to produce an interim Annual Governance Statement for this date. AC181215/031

10. Terms of Reference

Peter Collis presented these and noted the context of the Governing Body Reviews. AC181215/032

There was a brief discussion about equality, research and Information Governance. After discussion the committee recommended that equality and research sat with the Quality Committee, and that information governance sat with the Audit Committee. Justin Dix was asked to amend Terms of Reference to include Information Governance in Section 10 and circulate to the committee members prior to submitting to the Governing Body for approval.

AC181215/033

Action Justin Dix

Following brief discussion it was agreed that the external audit procurement and panel arrangements should not be included in these Terms of Reference.

AC181215/034

11. Counter Fraud Report

Clarence Mpofo presented this on behalf of Grant Bezuidenhout. The two key issues were self-assessment and outstanding investigations.

AC181215/035

Clarence Mpofo noted that this year the self-assessment would be used for benchmarking only and key concerns would be included in the standard NHS contract for 2016/7.

AC181215/036

With regard to investigations, these were ongoing. Clarence Mpofo would ask Grant Bezuidenhout to speak to Julie Brooks in finance with respect to any outstanding information issues relating to Counter Fraud.

AC181215/037

Action Clarence Mpofo

Grant Bezuidenhout was asked to re-issue the report with the correct CCG noted on Page 6 and for Justin Dix to log accordingly.

AC181215/038

Action Grant Bezuidenhout / Justin Dix

12. Internal Audit Progress Report

Clarence Mpofo gave an overview, noting that specific reports would be addressed further on the agenda. Four reports had been finalised and issued following management review.

AC181215/039

The Governing Body assurance report was noted and TIAA asked specifically about the committee's oversight of the Governing Body Assurance Framework (GBAF). It was noted that the GBAF was now coming to the meeting on every occasion and TIAA advised this was useful when reviewing other issues.

AC181215/040

The staff training issue was noted and the positive training and evaluation highlighted. Dr Fuller said that the "new" Governing Body would need a training session on risk management early in 2016/17. This was discussed. Dr Williams said that in his view risk management was a complex issue and said that the training needed to be made very clear and simple.

AC181215/041

It was agreed that the approach used for staff training could be used for the Governing Body but with an emphasis on strategic risk. It was agreed this should be included in the overall Organisational Development work, using a training needs analysis to identify the future Governing Body's development needs. This needed to start in January.

AC181215/042

It was agreed that Karen Parsons would lead a training needs analysis of Governing Body development needs and put a programme in place for Governing Body members as part of the overall Organisational Development work.

AC181215/043

Action Karen Parsons

It was noted that QIPP was a phase one review and the limited assurance position needed to be seen in this context; a lot of work had been done since the audit was done to restructure the approach to QIPP.

AC181215/044

Three draft reports were in progress. Matthew Knight highlighted the Information Governance report which was technically limited assurance but the only two issues were training and data flow mapping which would both be completed in the final quarter. In overall terms the audit was far less contentious and much more positive than the previous year.

AC181215/045

It was noted that Information Governance sat with Matthew Knight going forward.

AC181215/046

The forthcoming "Sunshine Rule" was noted as a development for 2016.

AC181215/047

The Information Governance Benchmarking report was noted.

AC181215/048

Local Digital Road Map – Jonathan Perkins asked how the CCG was managing this and Matthew Knight said that four CCGs including Surrey Downs had employed an experienced individual to take this forward. There was a discussion about electronic board papers, which the corporate team were investigating but which was complex. An options paper would be made available to the Governing Body for discussion in due course.

AC181215/049

13. First draft audit plan for 2016/17

Clarence Mpofu presented this. It was an early draft and could be changed to fit with the priorities identified by the CCG; thought needed to be given to whether the number of audit days available was sufficient. Peter Collis asked about whether TIAA had the capacity to provide additional days in year, if and when new needs arose, and Clarence Mpofu said this was possible. Matthew Knight noted the CCG had done this in the past. Another option was to reprofile less urgent audits.

AC181215/050

It was agreed the Audit Plan should go to the Executive in January for agreement and be noted at the February Audit Committee.

AC181215/051

Action Justin Dix

14. Completed Audit Reports

Risk Management

AC181215/052

This had been discussed as above. There were no further comments.

AC181215/053

Individual Funding Requests

AC181215/054

James Blythe attended for this item. The recommendations were agreed and reflected a period of change in the team. Progress had been made since then and JB gave an update on the actions as follows:

AC181215/055

- Management reporting to the Executive was now taking place and a report had been received earlier this week and shared with other CCGs.
- A revised operating policy had also been agreed by the Executive earlier in the week. This had been reviewed from a legal perspective.
- The formal IFR review and review of the effectiveness of the IFR panel would be done in the next quarter, probably in March.
- Training was the most significant area; additional panel training would need to be bespoke but there were quarterly workshops which needed to be fed into the audit actions.

AC181215/056

It was noted that the risk around IFR team capacity had been addressed and closed. A risk on the register around reputational issues was not felt to be appropriate given the above management actions and this should be removed from the list of outstanding audit actions.

AC181215/057

Action Simon Darby

Jonathan Perkins asked about reputational risk and whether the CCG was geared to manage this. Generally it was felt that the communications team were prepared to handle issues that arose (using the media coverage of pharmacy issues as an example) but there was a discussion about whether a register entry was appropriate. This would be considered as part of the risk maturity exercise.

AC181215/058

Action Justin Dix

The process for updating other CCGs on the IFR action plan was discussed and it was agreed this would go through the Commissioning Operations Group.

AC181215/059

Adult Safeguarding

Helen Blunden and Karen Parsons attended for this item.

AC181215/060

A report was tabled which set out how the audit report was being responded to. Karen Parsons said that the limited assurance outcome had not been a surprise and had highlighted areas of known risk and capacity which had been raised with other CCGs in the collaborative.

AC181215/061

An action plan was now in place but in addition there were controls across Surrey as part of wider quality and safeguarding arrangements.

AC181215/062

Helen Blunden highlighted that the Surrey Multi Agency Safeguarding Hub (MASH) was now reviewing its effectiveness and project management was in place to support this. The CCG was involved in the review. Key ongoing work areas were as follows:

AC181215/063

- Business case – this was being discussed with other CCGs using neighbouring counties as benchmarks. It would require them to fund additional capacity. There was a wider context of hosted services which was also being reviewed, as Surrey Downs was effectively subsidising other CCGs whilst at the same time carrying a disproportionate level of risk. If this was not accepted then the CCG could give up the hosting arrangements and an alternative model of provision would be put in place. The view of the Audit Committee was that this approach was correct and that the CCG should withdraw from hosting if a fairer allocation of funding could not be agreed. It was queried how this would be reflected in the annual report and it was agreed that there should be a clear statement as above. Other CCGs in Surrey should be contacted to say that the limited assurance on a hosted service should be in their annual reports too and listed as one of their limited assurance reports.

AC181215/064

Action Justin Dix / Matthew Knight

- Risk – it was agreed that Surrey Downs as the host CCG for the service should frame this.
- Safeguarding Board – dates and reporting were discussed – some of this was beyond the CCG's control.
- Disclosure and Barring – it was noted that the providers were responsible for this but the CCG needed assurance from them as part of NHS Standard Contract review processes. The duty of care was with employers.
- Data and objectives – work was ongoing.
- Safeguarding Policy – this was going through each CCG's Governing Body. Three of the six CCGs in Surrey had published this on their websites following sign-off by the Surrey Downs Governing Body in November, Helen Blunden was chasing the remaining ones.
- Reviewing the policy in relation to the Care Act was felt to be a significant piece of work.

AC181215/065

AC181215/066

AC181215/067

AC181215/068

AC181215/069

AC181215/070

- A follow up review of Adult Safeguarding by TIAA was planned for February. Peter Collis suggested a formal review by the Audit Committee at the April meeting. This was agreed.

AC181215/071

Action Justin Dix

Dr Williams said that he felt there needed to be a strategic review of the different assurance points; it was noted that it was a very bureaucratic process and this was a feature of safeguarding arrangements.

AC181215/072

QIPP Review

AC181215/073

Covered above. The follow up review would be important in showing the progress.

AC181215/074

15. Update on outstanding audit recommendations

The progress on these was noted. The process was now established and reporting would continue at every meeting. Officers were commended for clearing the backlog of actions and bringing them up to date as highlighted in the graphs produced by TIAA.

AC181215/075

16. External audit procurement

The paper was noted. Matthew Knight noted that other CCGs had been approached to ask if they wanted to collaborate. There were some indications of a preference for a Surrey wide procurement. Christian Heeger noted that some framework agreements were emerging around the country. There were no indications that NHS England wished to lead an approach across a wider footprint.

AC181215/076

Peter Collis asked about the delegation arrangements if we went down the route of a Surrey wide approach. There was scope for a committee in common approach but the CCG would still need to have an audit panel to interact with this.

AC181215/077

It was agreed that Matthew Knight would continue to explore a Surrey wide solution but that this needed to be concluded in February with clear Governance arrangements in place.

AC181215/078

Agreed for a primer to be on the Governing Body Part 2 agenda in January and on the Audit Committee agenda for February.

AC181215/079

Action Justin Dix

17. External Audit

Christian Heeger highlighted the following areas of the annual report and accounts process:

AC181215/080

A plan would come to the next Audit Committee in February for accounts audit but some fieldwork was already being done as follows:

AC181215/081

- Dates for on-site work were agreed
- Final deadline for submission of accounts was 27th May.
- The approach was similar to last year but with a slightly different emphasis.
- A number of reports including devolution, health and wellbeing and Audit Committee effectiveness had been made available.
- The audit code of practice was highlighted.

Matthew Knight asked about the capital and operating expenses position following the comprehensive spending review, and the implications for CCG balance sheets. This linked to the risks in the CCG's transformational strategy and how leases would be treated (e.g. as capital or revenue). Christian Heeger would check this.

AC181215/082

Action Christian Heeger

18. Fraud, Bribery and Corruption Policy

Justin Dix highlighted the minor changes that had been made. The policy was AGREED.

AC181215/083

19. Risk Profile

This was noted and positively received. Issues to be raised in the risk maturity exercise.

AC181215/084

AC181215/085

Matthew Knight highlighted the need to ensure consistency of approach with the Finance and Performance Committee and the way the PMO handled risk.

AC181215/086

20. Update on policies

The Committee noted the significant improvement, particularly with regard to HR policies.

AC181215/087

21. Any other urgent business

There was no other urgent business.

AC181215/088

22. Matters to be drawn to the attention of the Governing Body

Peter Collis highlighted the following areas:

AC181215/089

- Annual report timetable and future Governing Body approval
- IFR and safeguarding updates
- Improvement in following up recommendations
- Reprourement issues with external audit

23. Date of next meeting

AC181215/090

This was on the 26th February. Forward dates were also discussed; it was agreed to reschedule the proposed 1st April date but other than this dates were agreed.

AC181215/091

DRAFT