

Minutes

Committee members present:

Peter Collis, Lay Member for Governance (Chair)
Jonathan Perkins, Lay Member for Governance

Others in attendance:

Ralph McCormack, Interim Chief Officer
Matthew Knight, Chief Finance Officer
Jo Silcock, Interim Head of Corporate Governance
Clarence Mpofo, TIAA (Internal Audit)
Simon Darby, TIAA (Internal Audit)
Christian Heeger, Grant Thornton (External Audit)
James Thirgood, Grant Thornton (External Audit)
Grant Bezuidenhout, TIAA (Counter Fraud)

Chair: Peter Collis, Lay Member for Governance

Minute taker: Jo Silcock

Meeting started: 09:00am

Meeting finished: 11:00am

1. Welcome and introductions

Peter Collis welcomed everyone to the meeting.

AC220716/001

2. Apologies for absence

Christian Heeger, Andrew Sharpe, Debbie Stubberfield, Justin Dix

AC220716/002

3. Quorum

The meeting was quorate.

AC220716/003

4. Attendees Interests relevant to the meeting

Christian Heeger & James Thirgood declared they worked for Grant Thornton and had an interest in the External Audit Procurement.

AC220716/004

Clarence Mpofo & Simon Darby declared they worked for TIAA and had an interest in the approval of the Internal Audit Fee contract extension.

Peter Collis declared his son is a tax director at RSM, who may be interested in the External Audit Procurement.

5. Minutes of the last meeting, held on 22nd April 2016 and 20th May 2016

22nd April – Page 7 Item 12 JP meant to say “a better ability to analyse major risks.” The meeting approved the amended minutes.

AC220716/005

20th May – The meeting approved the amended minutes.

AC220716/006

6. Matters arising and action log amendments

Date	Para ID	Description	Action	Status
Feb-16	EX150316/042	It was agreed that the Audit Committee should review the handover position arising from the Governing Body. Review with the internal auditors in the autumn.	Completed	Closed
Feb-16	AC260216/89	Refresh conflict of interest awareness with localities	Transferred to EMT	Closed
Feb-16	AC260216/27	Matthew Knight should explore a form of words for the annual report that reflected the CCG’s concern about the lack of information on BCF performance	Completed	Closed
Apr-16	EX260416/47	Discussion to take place at Governing Body about risk management in the CCG, giving the new Governing Body a chance for a “clean slate” discussion.	Completed	Closed
Apr-16	EX260416/17	Clarify Surrey Prescribing Committee reporting route for prescribing decisions.	Completed	Closed
Apr-16	EX260416/48	New risk management strategy to be based on a revised risk architecture worked through by Datix project manager (Haneef Khalid) during implementation phase. Key aspects are supporting managers to make sound judgements about risks as part of their role, with agreed escalation to the corporate risk register in defined circumstances.	New architecture produced. EMT to complete work.	Closed
Apr-16	EX260416/49	Set out a clear basis for how PMO / Project risks (as opposed to Business As Usual risks) are managed.	Completed	Closed

Apr-16	EX260416/46	Heads of service to take on a lead role for risk starting with next Joint Heads of Service meeting – to review existing risk register and recommend changes as appropriate. All existing risks should be accounted for and a rationale given for change / closure.	Completed	Closed
Apr-16	EX260416/45	Risk would be on each formal EMT agenda with each Executive Director setting out key risks in their area and how these were being managed.	Completed	Closed
Apr-16	EX260416/20	Update report on outstanding audit actions	Completed	Closed
Apr-16	AC260416/013	DS to email JD regarding inaccuracies in the CCG's IG leaflets and the need for amendments	Duplicate of EX260416/13	Closed
Apr-16	AC260416/014	Add to agenda for Audit Committee meeting to be held in Sep 2016	Completed	Closed
Apr-16	AC260416/017	Clarify pharmaceutical decision making and the role of the Surrey Priorities Committee	Transfer to EMT to implement 28th June DH guidance.	Closed
Apr-16	AC260416/0020	Provide an updated report presenting the status of audit actions more clearly, possibly for the May meeting	Completed	Closed
Apr-16	AC260416/021	Collaborative arrangements to be added to agenda for Audit Committee in July.	Completed	Closed
Apr-16	AC260416/045	Risk to be on each formal EMT agenda with each Executive Director setting out the key risks for their area and how these were being managed	Completed	Closed
Apr-16	AC260416/046	Heads of service to take on a lead role for risk starting with next Joint Heads of Service meeting – to review existing risk register and recommend changes as appropriate. All existing risks should be accounted for and a rationale given for change / closure.	Completed	Closed
Apr-16	AC260416/047	Discussion to take place at Governing Body about risk management in the CCG, giving the new Governing Body a chance for a “clean slate” discussion.	Completed	Closed

Apr-16	AC260416/048	New risk management strategy to be based on a revised risk architecture worked through by Datix project manager (Haneef Khalid) during implementation phase. Key aspects are supporting managers to make sound judgements about risks as part of their role, with agreed escalation to corporate risk register in defined circumstances.	Duplicate of EX260416/48	Closed
Apr-16	AC260416/049	Set out a clear basis for how PMO / Project risks (as opposed to Business As Usual risks) are managed.	Duplicate of EX260416/49	Closed
Apr-16	AC260416/068	Deferred to the meeting in July 2016	Duplicate of AC260216/94	Closed
May-16	AC200516/033	Committee members to have hard copies of annual report	Completed	Closed
May-16	AC200516/032	Correct rounding errors in accounts	Completed	Closed
May-16	AC200516/027	Remove 18 week RTT references where not constitutional requirements from performance section	Completed	Closed
May-16	AC200516/025	Incorporate J Perkins comments into final version	Completed	Closed
May-16	AC200516/031	Arrange signing for 25/05/16	Completed	Closed
May-16	AC200516/028	Amend for correct year on P27	Completed	Closed
May-16	AC200516/024	Correct omissions in register of interests for annual report	Completed	Closed
May-16	AC200516/007	Add comment at end of Head of internal report stating status and why not signed	Completed	Closed

AC220716/007

Audit

7. Update on Collaborative Arrangements

Berkeley Partnership has completed its review and discussed the results with all 6 Surrey CCGs. There is an issue on handling mental health commissioning. The preferred route is for North East Hants and Farnham to form one hub and the 4 other CCGs to form a second hub. (This reflects the 4 CCGs who use Surrey Heartlands Trust.) Guildford & Waverley CCG will lead the larger hub for MH & PLD following advice from the Trust. The contract will be disaggregated next year (6 to 4 and 2). The Collaborative meeting 21st July will agreed the next steps. A 30 day consultation for staff on changes will be required. There is considerable learning from the development of collaborative process. The committee notes that Guildford & Waverley CCG are also responsible for Child & Adolescent Mental health Services and Adult Safeguarding therefore this should help with the commissioning transition.

AC220716/008

The other collaborative arrangements remain the same. RM to update the GB explaining the proposal helps reduce risk and allows SDCCG to have a greater engagement in MH commissioning. This is timely with the CQC findings for Surrey Heartlands (“requires improvement” because of 7 PLD social services homes moderating their rating. The CQC report will go to GB.)

AC220716/009

8. Internal Audit Reports

TIAA highlighted from their report:

AC220716/010

- Business Continuity – reasonable assurance with some recommendations
- A number of policies are still in draft but have a plan to go to EMT
- Core standards are showing good progress
- NHSE will require IA to review compliance with the “Conflict of Interest” guidance, and this review is within IA’s programme. MK explained that a plan to implement the new guidance will be submitted to the next Audit Committee. The number of responders is likely to now exceed 1,000 people especially in General Practice. The CCG will produce a short explanatory summary and then look to produce an online form for completion. Additional guidance is required on the use of electronic signatures or equivalent. The timing for this exercise is critical to make sure the IA can be completed after the work for HOIA.
- Page 6 – There is a recommendation to split the Emergency Response Plan into 3 separate plans. There is a staff capacity issue as to when this can be done.

AC220716/011

The committee expressed concern that there was a corporate risk with staff capacity in Corporate Governance. RM & the Chair will review the situation. (ACTION)

AC220716/012

9. Outstanding Internal Audit Actions

A number of the outstanding items are still within their planned timetable. The committee welcomed the presentation. Page 6 highlights the relationship between when reports generate the recommendations and the outstanding recommendations.

AC220716/013

Online tool for monitoring progress with recommendations has been developed. Clarence to share with JS. (Action)

AC220716/014

Internal Audit Procurement (3b) (TIAA left room) All parties wish to extend contract for one year using the option within the existing contract. The External Auditors advised the CCG to not change IA and the EA at the same time. In the future RM would prefer more than 3 CCGs to be involved in the procurement of an IA provider.

AC220716/015

(TIAA returned)

10. External Audit Fee Letter

The committee noted the prescribed fee, and the details of the Public Sector Audit requirements following the dissolution of the current arrangements.

AC220716/016

11. External Audit Re-procurement (Grant Thornton left)

The Committee in Common meeting was due to follow on 22nd July to take this item forward.

AC220716/017

The committee noted the support for the process being provided by Essentia. The committee noted that the ITT paperwork needed to be urgently approved. The CIC TOR had been formally approved by Chairs Action for all involved CCGs. Elaine Newton (G&W) who is leading the process advised that each CCG should have a member and deputy.

AC220716/018

The committee noted that the SWL CCGs were following a different approach. The more structured approach in Surrey was selected to help ensure formal decision making.

A progress report to NHS England declared that the process is on track.

The committee agreed that the assessment of bids will be on price and quality.

(Grant Thornton returned)

The External Audit plan for rest of the year will include a focus on governance and finance for the NHS. This will benefit from work being carried out across the country.

A draft Annual Audit letter was submitted to CFO yesterday.

Internal Controls

12. Risk Management Update

JS explained that he had converted the Risk Register into four directorate Risk Registers for each of the directorates. A further change is the implementation of the Audit Committee direction to delegate the routine management of risk to service heads with a mechanism that will highlight serious risks to the attention of the Governing Body. The Risk Register will work closely with the Assurance Framework.

AC220716/019

The committee noted the tabled early version of the risk registers and the early version of Risk Management Strategy.

AC220716/020

The committee noted the Corporate Risk from Brexit – eg cost of drugs and devices are subject to currency exchange rates. The committee view was that the impact will affect the whole NHS and it is difficult to predict the impact on the CCG. The view was that the CCG should follow national guidance as it emerges and not add this to the corporate risk register.

AC220716/021

13. Debt write-offs

The committee noted the following write offs:

AC220716/022

- £196k - EDICS release
- £132k for other suppliers to write off.

Standards of Conduct

14. Counter Fraud Report

The committee was informed that there were no outstanding issues. The counter fraud policies have been reviewed (Procurement, Fraud) and only low level recommendations were made.

AC220716/023

	Personal Health Budgets will need to be reviewed and this will require development with TIAA.	AC220716/024
15.	Conflicts of interests	
	<ul style="list-style-type: none"> • Policy development – NHSE 	
	Discussed in earlier item – AC220716/012	AC220716/025
	TIAA highlighted that there could be a major impact on the IA plan if assurance was required at a GP Practice level.	
16.	Hospitality and Gifts	
	The committee noted the 6 new entries to the Hospitality & Gifts Register.	AC220716/026
	Matthew Knight CO has asked Heads of Service to remind staff to declare any gifts or hospitality received.	
	Other Matters	
17.	Any other urgent business	
	None	AC220716/027
18.	Items to highlight to the Governing Body	
	<ul style="list-style-type: none"> • Collaborative Arrangements for Mental Health Commissioning • Extend TIAA contract for Internal Audit for one year • External Audit reprocurement update • NHS England Conflict of Interest guidance with the impact on Corporate Governance and GP Practices 	AC220716/028 AC220716/029 AC220716/030 AC220716/031
19.	Date of next meeting	
	23rd September 2016 at 12:30	AC220716/032
	PART II Confidential Session	
20.	Any urgent Part II business	
	None	AC220716/033