

Minutes

Committee members present:

Peter Collis, Lay Member for Governance
Jonathan Perkins, Lay Member for Governance
Dr Andrew Sharpe, Governing Body GP

Others in attendance:

Ralph McCormack, Interim Chief Officer
Matthew Knight, Chief Finance Officer
Debbie Stubberfield, Registered Nurse on the Governing Body
Justin Dix, Governing Body Secretary

Internal Audit and counter fraud:

Clarence Mpofu, TIAA
Simon Darby, TIAA
Grant Bezuidenhout, TIAA
Leanne Burns, TIAA

External Audit:

James Thirgood, Grant Thornton

Chair: Peter Collis

Minute taker: Justin Dix

Meeting started: 9.35

Meeting finished: 12.00

- 1. Meeting Matters**
- 1.1. Welcome and introductions** AC170217/001
 Peter Collis welcomed everyone to the meeting. It was noted that Leanne Burns would attend from TIAA for item 3.2
- 1.2. Apologies for absence** AC170217/002
 Sarah Ironmonger, Grant Thornton
- 1.3. Quorum** AC170217/003
 The meeting was declared quorate
- 1.4. Attendees interests relevant to the meeting** AC170217/004
 Committee members were reminded of their obligation to declare any interest they may have on any issues arising at committee meetings which might conflict with the business of Surrey Downs Clinical Commissioning Group. Declarations declared by members of the Audit Committee are listed in the CCG's Register of Interests. The Register is available either via the secretary to the governing body or the CCG website at the following link: <http://www.surreydownsccg.nhs.uk/media/53186/01-register-of-interests.pdf>
- Given the need highlighted by internal audit for registers of interest to be available to committee chairs, it was agreed to consider how the recorded interests of members should be made available to meet this requirement, in a way that minimised any administrative burden. AC170217/005
- Action Justin Dix**
- Peter Collis noted that, in terms of his declaration, GLE Group was now rebranded as "Newable". Register to be amended accordingly. AC170217/006
- Action Justin Dix**
- 1.5. Minutes of the last meeting** AC170217/007
 Subject to the following amendments these were agreed as an accurate record:
- Andy Sharpe – Should be "Governing" not "Giverning" body member.
 - 049 "this aim" should read "the aim".
 - 051 "to be abused" to be replaced by "to be exploited financially"
- 1.6. Matters arising and action log amendments** AC170217/008
 090 – Review of Governing Body members' public declarations – it was noted that the Governing Body had been informed this would be taking place - will be completed by end March, keep open until outcome reported.

072 – Quality alerts through Datix – following discussion it was decided to transfer this to the Quality Committee. Debbie Stubberfield would ensure this is followed through and this would be an agenda item for the next meeting. AC170217/009

Action Justin Dix

036 – Audit of cyber resilience – this is now underway. Action can be closed. AC170217/010

057 – Written report on hospitality and gifts – superseded, can be closed. AC170217/011

089 – Check relevant standards of business conduct policies against national guidance – superseded, can be closed. AC170217/012

056 – Written report on conflict of interest – superseded, can be closed. AC170217/013

054 Personal Health Budgets – Can be closed but see below for new actions relating to PHBs. AC170217/014

2. Information Governance

2.1. Update on IG Toolkit

Justin Dix gave an update. The CCG had experienced some difficulties with the CSU, who had decided to change the CCG's operational support at a critical time in the autumn and identify a new member of staff who was unfamiliar with the patch. This had caused a delay in the gathering of evidence. Concern was also expressed that the culture within the CSU meant that the interpretation of the standards was different to that of the auditors. The administration of meetings and follow through on actions had also been poor and had required considerable work by CCG staff. It was noted that other NHS organisations had also had difficulties with this IG service and at least one had issued performance notices . AC170217/015

Despite this there had been a lot of remedial action recently and the CCG was, in the view of the CSU, now close to Level 2 compliance. The training levels were now at 80% with 44 staff remaining to be trained, which was reasonable for this time of year. Further training sessions were still being provided. AC170217/016

It was felt that there would be potential benefit from this being an in-house function across the three Surrey Heartlands CCGs in the joint management arrangements of the future. AC170217/017

2.2. Issues from IG Interim Audit

Following on from the above, it was noted that the IG interim audit had identified a large number of small concerns, although none of them were major and all could be easily remedied. Justin Dix had convened a meeting between CSU staff and the lead auditor, Ian Barton. This had made the required actions explicit and a follow-up audit was planned to commence next week. AC170217/018

TIAA were thanked for their significant contribution to this audit. AC170217/019

3. Counter Fraud

3.1. Counter Fraud Report

Grant Bezuidenhout summarised his written report. Key issues were as follows.

AC170217/020

The PHB case involving an overpayment was continuing to be monitored. The individual was up to date with payments. It was noted that the total repayable was £18k, the figure of £6k being the sum initially identified and the higher figure being agreed with the recipient as being the final amount needing to be repaid.

AC170217/021

The investigation into the GP who had failed to declare alternative employment whilst off sick was continuing and would be reported at the next meeting. There was some discussion about the role of the CCG and NHS England, as the latter held the contract. However there was a potentially significant business continuity issue to the CCG should the practice fail and given the urgency it was felt appropriate for a local investigation to take place.

AC170217/022

In this context Dr Sharpe asked about the significant drop in counter fraud prosecutions nationally, which had been widely reported. It was queried whether this was a cause for concern or a sign of success, possibly attributable to a reduction in prescription fraud following the rollout of electronic prescriptions. Grant Bezuidenhout said that it was not possible to say definitively but since Deloitte had been providing a service to NHS England nationally numbers had dropped significantly and there was some concern that this meant that cases of fraud were not being dealt with in the same way. This concern had been escalated to NHS England.

AC170217/023

NHS protect annual self-review – no issues were anticipated with the CCG's level of compliance and the outcomes would come to the next meeting.

AC170217/024

Fraud awareness training had been confirmed and two sessions were taking place on the 13th March.

AC170217/025

Policies – two had been recently reviewed and a further five were under review as part of conflict of interest arrangements.

AC170217/026

The counter fraud report was NOTED.

AC170217/027

3.2. Personal Health Budgets (PHBs)

Leanne Burns was welcomed for this item. This was a 30 page report which had only been issued on Monday of this week for management comment, however it was felt important for the Audit Committee to note the range of issues involved.

AC170217/028

In October 2014 NHS England had introduced PHBs for people who were eligible for an in receipt of Continuing Health Care (CHC) funding. Surrey Downs CCG had become the de facto lead on PHBs as it lead on CHC for the other Surrey CCGs.

AC170217/029

The recent audit had looked at processes and controls, and weaknesses in these. The review focused initially on meetings with the CCG PHB lead followed by walkthrough of different modes of provision e.g. outsourced provider, personally managed budgets etc.

AC170217/030

- A detailed policy for PHB has been drafted but needs finalising and signing off. There were some gaps which needed addressing for instance there was no process for performance monitoring. Documentation is out of date and needs tightening up; agreements between the CCG and budget holder were very loose, whereas in other CCGs this is a legally binding document more clearly drafted in a way that minimises the potential for fraud. AC170217/031
- The CCG used PHB panels to decide whether someone should be given a PHB – there was no evidence of potential conflicts of interest being recorded on these. AC170217/032
- Testing of financial processes and financial reconciliations – these were being done quarterly but on a minimal basis – there was no supporting documentation that shows what has been delivered just a payment matching schedule. It was noted that some other organisations do monthly reconciliations and pick up issues quickly. AC170217/033
- A lot of accounts have surpluses and there is no action to address underlying issues although payments are usually stopped until a catch-up takes place. AC170217/034
- There were issues with caseworkers not being able to follow up reviews as required due to high turnover of staff. AC170217/035
- Some issues of family members being paid as staff – this is a greater risk of fraud. AC170217/036

Dr Sharpe asked if the CCG's processes would pick up potential fraud – the audit view was that currently they would not. There were significant weaknesses with completion of timesheets, lack of staff training and financial governance. AC170217/037

Matthew Knight said that he welcomed the work and noted that the overpayments of around £80k were a material issue. The CCG was not really resourced to do this work properly. NHS England's performance trajectory required Surrey Downs to have many more PHBs than the current 34 and needed to move to a different model that deals with potential fraud. AC170217/038

TIAA highlighted East Sussex CCG as an example of good practice; they have 94 cases and host PHBs for three CCGs – they were very on top of the issues administratively and there was significant leadership from the Head of Continuing Health Care. Matthew Knight asked if we could look at this. AC170217/039

Simon Darby said that he would be visiting East Sussex next week with regards to integration with social care and would feed back on their arrangements.

AC170217/040

Action Simon Darby

It was noted that the Surrey Independent Living Council contract to support PHBs was constructed in such a way that it leaves the CCG with all the risk.

AC170217/041

Matthew Knight said that the CCG needed to look at the options – it could not afford to have a lot of admin for very small budgets. It was noted that Guildford and Waverley have similar issues with placements for children and were similarly reviewing their arrangements. It was agreed that as part of the response to the audit (and as part of the work on joint management arrangements) it would be helpful for the two CCGs to jointly review their arrangements.

AC170217/042

Justin Dix noted that a national initiative had just been launched by NHS England to support CCGs with specifications for PHB IT systems – this focused on recommending ways of procuring local solutions against a set of robust requirements.

AC170217/043

TIAA emphasised the need to ensure that the invoices submitted reflected the agreed delivery of services specified in the care plan.

AC170217/044

Jonathan Perkins asked what the position was with SILC. It was clarified that they are a charitable provider but do not carry risk, acting as agent and not adding value or taking on the SLA. In addition they did not give advice on legal and employment issues. TIAA noted that in East Sussex the CCG had changed their preferred provider from the local authority to one that gave this range of services.

AC170217/045

Peter Collis noted that there was a need to see the plan arising from the audit and ensure that it addressed the short term risks and issues and that there was a strategy to manage the longer term ones that might need a capacity review across CCGs.

AC170217/046

It was agreed this issue should be on the agenda for the next meeting.

AC170217/047

3.3. Changes to NHS Protect

The briefing paper in national arrangements was NOTED. This would not have any direct impact on the CCG. The only issue is cross border investigations which will have to be done locally rather than through NHSP. Local Counter Fraud specialists would need to collaborate on this in future.

AC170217/048

Debbie Stubberfield asked about intelligence sharing. GB said this would be NHSPs focus in future and there was a database for sharing information.

AC170217/049

4. Standards of Business Conduct

4.1. Conflicts of interest - Latest national guidance

The latest national guidance was NOTED. This was not due to come into force until June and did not supersede the existing CCG guidance as it was for all NHS bodies. However it was understood that NHS England might issue revised guidance for CCGs to ensure there was consistency between the two.

AC170217/050

It was generally felt that the latest guidance read very well and would be useful for staff. It had been raised at team briefing this week and the link to the guidance had been circulated.

AC170217/051

Dr Sharpe raised the issue of GP involvement. He was concerned that there was still a lack of clarity with GPs as to how to proceed. This was acknowledged. It was noted that there was still a need to go out to localities and talk this issue through with them. It was agreed that it was now timely to talk to localities about this issue and that Justin Dix should arrange for this to be scheduled into the forthcoming round of locality meetings.

AC170217/052

Action Justin Dix

Justin Dix said that he had been in correspondence with NHS England regarding training. CCGs would not be asked to provide evidence of training compliance in 2016/17 but had highlighted the importance of this and had said that training should still be provided. He was planning to produce a simple PowerPoint training pack to this end.

AC170217/053

4.2. Conflicts of interest - CCG compliance and issues relating to internal audit

The conflict of interest action plan was NOTED. This was based on the draft audit report, the full version of which would come to the next committee meeting. It was agreed not to go through the proposals line by line as these would be incorporated into the internal audit recommendations tracker.

AC170217/054

Peter Collis said that he and Justin Dix had met with the internal auditor to discuss the report, which had highlighted a significant number of actions. This had been a helpful meeting but one of the issues it had identified was a lack of administrative capacity to do the necessary detailed work.

AC170217/055

Matthew Knight said there had been some discussion regarding the administrative resources that were needed to deliver this and it was felt these might be best located in the HR team as far as staff interests were concerned. However different arrangements would be needed for primary care. For the future there should be sufficient resources across the three CCGs to manage this, but this was some way away.

AC170217/056

Ralph McCormack said there was no barrier to getting in some short term resource subject to this fitting with management costs.

AC170217/057

Action Ralph McCormack

4.3. Update on Sponsorship, Hospitality, Honorariums and Gifts, including inducements and declined items

This was noted and formed part of the new Conflict of Interest guidance.

AC170217/058

Some surprise was expressed about the lack of gifts around the Christmas period but it was noted that since the previous year the CCG had done a lot to discourage suppliers from offering or making gifts because of the difficulties it caused.

AC170217/059

5. Internal Audit

5.1. Update (including timetable for Draft Head of Internal Audit Opinion)

Clarence Mpofo highlighted the following:

AC170217/060

- IG Toolkit report – there was a follow up audit that would start on the Wednesday of next week as previously discussed.
- Key financial systems – There was a significant level of debt relating to Surrey County Council. This was a common issue across CCGs in Surrey. Matthew Knight said there was a collective effort to try and achieve settlement before year end – costs are probably provided for across the CCGs but there was a need to go through the process of due diligence.
- Best practice was shared on procedures elsewhere on complying with HMRC guidance. Matthew Knight said that in Surrey Downs the finance team have developed an internal IR35 flowchart. This leads managers to appropriate payroll arrangements either in-house or in-agency.

AC170217/061

AC170217/062

AC170217/063

It was noted that the CCG does not have the capacity to police large numbers of arrangements. Central guidance is still awaited. Pending this it was agreed that the local guidance would be shared.

AC170217/064

Action Matthew Knight

With regards to the Head of Internal Audit Opinion – this was earlier this year due to the requirements of the national timetable. The opinion should be reasonable overall although there had been a slight increase in limited assurance opinions. This was inevitable given the focus on high risk areas.

AC170217/065

5.2. Outstanding actions from audits

It was noted that the CCG continued to perform well on addressing actions in audit reports, although recent audits would mean further actions would be added into the database. It was hoped to address as many of these as possible by the time of the next committee.

AC170217/066

Audit recommendations – Clarence Mpofu said that the approach to addressing audit actions was a positive demonstration of the culture within the CCG. Peter Collis agreed and said that the position was much better now than than a year ago. AC170217/067

James Thirgood noted that it was important for external audit to be able to see that Internal Audit recommendations are being followed through and resolved as this formed part of the assurance around internal controls and was a part of year end reporting. AC170217/068

5.3. New Audit Reports

Clarence Mpofu highlighted the new reports and provided additional comments in some areas. AC170217/069

- Safeguarding adults – This had attracted a “reasonable” opinion which was expected as a lot of work has been done in this area over the last year. AC170217/070
- Conflict of Interest – this would come to the next meeting but as previously highlighted, action was already being taken. AC170217/071
- In overall terms the plan for 2016/17 will be completed as per schedule. AC170217/072

Jonathan Perkins asked about the summary of work over the year and queried how this benchmarked compared to other CCGs? It was agreed that the CCG’s performance was positive compared to others. AC170217/073

Peter Collis asked whether any CCGs had achieved moving the value for money opinion from reasonable to substantive and it was noted this was very rare. AC170217/074

Ralph McCormack noted that the three reports that are “limited” all have action plans and are being progressed quickly. Organisationally and culturally we take action and provide evidence of improvement. AC170217/075

Ralph McCormack highlighted the case for joint management arrangements under a shared accountable officer, which the three Surrey Heartlands CCGs were pursuing. Many audit areas were common across the three CCGs and it made more sense to do them and audit them jointly. AC170217/076

With regards to key finance systems, Peter Collis asked how close was the CCG to a green on this? Simon Darby said that there were a small range of structural issues common to all CCGs that made this difficult. James Thirgood said that the way the system is set up does make it more difficult for CCGs. This has been fed back to the Department of Health. AC170217/077

The issues with the IG audit and the level of service provided was highlighted. James Thirgood said that there was a big issue that Grant Thornton are seeing across the country that the NHS is not getting value for money in terms of the services provided to it by CSUs and other service organisations.

AC170217/078

5.4. Draft Audit Plan 2017-18

Clarence Mpofo reported that he had met with Matthew Knight and Justin Dix to discuss the draft plan that had been circulated to Audit Committee members – if agreed by EMT this will need to be reviewed again in September in terms of common areas across the three Surrey Heartlands CCGs. It was linked to the assurance framework and was part of a three year rolling plan –

AC170217/079

The number of days had been kept at 122 – there might be scope to flex this, particularly if joint work bought some efficiencies.

AC170217/080

Once agreed with EMT this would come to the Audit Committee for formal minuting in April.

AC170217/081

There was a discussion about the joint interface with the other two CCGs in the Surrey Heartlands footprint. Peter Collis said that it was very important to get this right. Matthew Knight said that whilst we could not second guess future changes, it might be useful to think about potential back office mergers e.g. assurance around changes to ledgers. There were practical windows for change and realistically the CCGs would need to make any changes either in the autumn of 2017 or the spring of 2018. Clarence Mpofo confirmed that Internal Audit have 10 days of contingency against expectation of needing to audit transitional changes.

AC170217/082

Peter Collis noted that there was also a need to consider the STP interface. James Thirgood said that there is a lack of governance nationally around STPs and this is important. It was noted that locally lay members have been more engaged than elsewhere in the country in this process. Agreed that the narrative to the audit plan needs to set out this clearly.

AC170217/083

There was a discussion about the potential for internal audit functions not being aligned across the three CCGs due to procurement processes underway in the other two – it was agreed to check this once the outcome of the current procurement is known. Potentially the three Surrey Heartlands CCGs could end up with three different internal audit firms across the patch. It was agreed to check this and discuss at next meeting.

AC170217/084

Action Justin Dix

6.	External Audit	
6.1.	Audit Committee Update	AC170217/085
	James Thirgood highlighted the following issues in the written report:	AC170217/086
	<ul style="list-style-type: none"> • Grant Thornton's fee letter had been submitted as per the national timetable. 	AC170217/087
	<ul style="list-style-type: none"> • A plan would be coming to the next committee for the year end audit arrangements but work was already underway. 	AC170217/088
	<ul style="list-style-type: none"> • Value for Money will be the initial focus of the audit due to the scale of challenge in local CCGs. 	AC170217/089
	<ul style="list-style-type: none"> • Underlying this, QIPP will also be a key focus 	AC170217/090
	It was noted that the CCG has not been selected for National Audit Office review.	AC170217/091
	Matthew Knight noted some key dates that had been proposed in relation to the year end audit and subsequent signoff of the annual report. The plan is to have an informal Audit Committee workshop on the 19 th May which Jonathan Perkins will chair, as Peter Collis will be absent. This will be the deadline for completion of audit related work. 26 th May will be a short formal Audit Committee when Peter Collis will be present for actual signoff.	AC170217/092
	It was felt important for TIAA to attend or call in by phone to the formal meeting.	AC170217/093
	James Thirgood noted that biggest challenge will be getting the accounts and working papers completed by 26 th April for the earlier submission to NHS England. This is the deadline that the finance team are working to.	AC170217/094
6.2.	Key Issues Bulletin	AC170217/095
	The bulletin was noted.	AC170217/096
7.	Internal Controls	
7.1.	Risk Report	
	This was noted. The Assurance Framework would need to be updated following discussion at the last Governing Body.	AC170217/097
	It was noted that the Datix project manager had left on one week's notice due to another contract offer. This was understandable but did leave the CCG with a capacity gap which was being looked at through internal secondment.	AC170217/098
	There were a number of risks that were overdue for updating and these were being prioritised. In overall terms there had not been any significant shifts in the risk profile but there were very positive signs of increasing risk ownership, particularly within Continuing Health Care and the Programme Management Office.	AC170217/099

8.	Reporting	
8.1.	2016-17 Annual Report update	
	Members report – it was noted that this would again be a feature of the Surrey Downs report and would be led by the locality chairs. It was suggested that this focus on integration. It was requested that Ralph McCormack raise this with Dr Fuller.	AC170217/100
	Action Ralph McCormack	
	Annual Governance Statement – Justin Dix committed to having a draft of this available for internal circulation by 6 th March so that it can come to the April Audit Committee.	AC170217/101
	Action Justin Dix	
	Going concern James Thirgood noted that the rules have changed removing CCG’s exemption with compliance – this relates to the national QIPP agenda. There should be further guidance from the NAO on this shortly.	AC170217/102
	The position with senior staff and interims was highlighted as a significant issue – It was noted that there would be a minuted discussion at the Remuneration and Nominations Committee in March. Matthew Knight noted that this was also an issue for the board to board with NHS England next week. Will of necessity include bridging arrangements which will be documented.	AC170217/103
8.2.	Debts and debt write-offs	
	None, other than known issues with Surrey CC	AC170217/104
9.	Other matters	
9.1.	Any other urgent business	
	There was no other urgent business.	AC170217/105
9.2.	Items to highlight to the Governing Body	
	It was agreed to highlight the following areas:	AC170217/106
	<ul style="list-style-type: none"> • Conflict of Interest and meetings with localities • Draft audit plan • Personal Health Budgets • Annual Report arrangements 	
9.3.	Dates of future meetings	
	The next meeting would be on the 7 th April. Jonathan Perkins sent apologies for this as he would be away.	AC170217/107
	It was agreed to hold a workshop style meeting on the 19 th May to review the annual report. Peter Collis sent apologies for this. The formal meeting to sign off the annual report would be before the Governing Body meeting on the 26 th May.	AC170217/108