

<b>Title of paper:</b>	<b>Audit Committee Minutes</b>
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<b>Meeting:</b>	Governing Body
<b>Date:</b>	10 <sup>th</sup> October 2014
<b>Author:</b>	Justin Dix, Governing Body Secretary
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<b>Exec Lead:</b>	Matthew Knight, Chief Finance Officer

<b>Purpose</b>	To Agree	
	To Discuss	
	To Note	

### **Development**

These are the minutes of the June 27<sup>th</sup> Audit Committee. A further meeting took place on the 26<sup>th</sup> September.

### **Executive Summary and Key Issues**

The following issues are particularly highlighted:

- The need for a seminar on Primary Care Networks, at an appropriate time given the development of this work
- The Internal audit plan, which had been delayed by internal audit procurement
- The positive position with counter fraud
- The need for a review of policies
- The discussions in Part II (these will be reported in Part II of the Governing Body)

### **Recommendation(s):**

To note

<b>Agenda item</b>	16
<b>Attachment</b>	13

## **Attachments:**

Audit Committee Minutes 27<sup>th</sup> June, approved on 26<sup>th</sup> September

## **Implications for wider governance**

### **Quality and patient safety**

AUDIT270614/028 Child Safeguarding  
AUDIT270614/015 Disclosure and Barring

### **Patient and Public Engagement**

No specific issues

### **Equality Duty**

No specific issues

### **Finance and resources**

AUDIT270614/027 SBS Delegation

### **Workforce**

AUDIT270614/016 Professional registration

### **Information Governance**

AUDIT270614/020 CSU assurance in relation to IG

### **Conflicts of interest**

AUDIT270614/017 Policy on working with the pharmaceutical industry

### **Communications Plan**

This paper is on the CCG web site

Agenda item 16

Attachment 13

### **Legal or compliance issues**

AUDIT270614/035 / 038 Counter Fraud compliance

### **Risk and Assurance**

AUDIT270614/018 Risk training

AUDIT270614/042 Assurance Framework

AUDIT270614/047 Risk Register

AUDIT270614/056 Risk Maturity



# Surrey Downs Clinical Commissioning Group

**Meeting: Audit Committee**

**Friday 27<sup>th</sup> June 2014**

**Present**

Peter Collis, Chair  
Gavin Cookman  
Alison Pointu

**In attendance**

Matthew Knight, Chief Finance Officer  
Justin Dix (Minutes)

**Internal Audit**

Clarence Mpofo  
Giles Parratt  
Lyn Wilson

**Counter Fraud**

Andrew Morley

## MINUTES

### 1. Apologies for absence

These had been received from Miles Freeman, Dr Simon Williams, and Jamie Bewick (external audit). It was noted that this was Alison Pointu's first meeting as a member of the committee.

AUDIT270614/001

Dr Williams was thanked for his contribution to the committee to date. Future arrangements for clinical input were discussed with a need for a GP "in attendance" as meetings on a Friday morning would not be easy for GPs with surgeries. TIAA noted that not many CCG Audit Committees had any GP input due to inherent conflict of interest, but they often had the secondary care doctor or nurse on the committee. They also engaged GPs in the wider risk management and internal controls process.

AUDIT270614/002

Peter Collis would discuss this with Dr Williams outside the meeting, with a view to him making arrangements to attend wherever possible.

AUDIT270614/003

**Action Peter Collis**

<b>2. Declaration of interests</b>		
	There were no new declarations of interest.	AUDIT270614/004
<b>3. Quorum</b>		
	The meeting was noted as being quorate, with all members present.	AUDIT270614/005
<b>4. Minutes of the last meeting</b>		
	The minutes of the meeting held on the 4 <sup>th</sup> June were agreed as an accurate record other than 012 (GP Pensions) should read “from the perspective of annual report disclosure” and 047 (Annual Report delegation) should read “following formal review by the Council of Members and Governing Body”.	AUDIT270614/006
<b>5. Matters arising and action logs</b>		
	018 – Final audit letter - this would be going to go to next week’s executive committee for noting.	AUDIT270614/007
	50/51 Hospitality Policy amendments – this had been completed.	AUDIT270614/008
	52 Hospitality policy embedding – This was discussed at length. It was agreed that Justin Dix should do a short paper on how this policy was being embedded and seek positive assurance from staff.	AUDIT270614/009
	<b>Action Justin Dix</b>	
	A retrospective request for any declarations was requested. If any gifts were declared as a result of this, then the register of gifts should come to the Audit Committee. This should include hospitality and sponsorship.	AUDIT270614/010
	<b>Action Justin Dix</b>	
	054 Research Governance policy - still open and with the quality team for comment. Justin Dix said the team were not sure this was relevant to the work of the CCG to follow up. Gavin Cookman expressed concern about policy proliferation and it was noted that this would be discussed later on the agenda. It was agreed Gavin Cookman would advise on basis of his diabetes UK experience.	AUDIT270614/011
	<b>Gavin Cookman</b>	
	Alison Pointu felt this would be more of an issue once the CCG took on the co-commissioning of primary care.	AUDIT270614/012
	049 – Communicating successful fraud intervention. Andrew Morley noted that this was in progress and related to a specific case which was awaiting the conclusion of an outstanding legal case. It was not timely to highlight the case publicly at this stage, partly for practical reasons but also because of the potential liability if the case was communicated on social media.	AUDIT270614/013

The individual case was discussed in some detail and it was felt that there were still some risks around the individual registering with another GP and replicating the fraud. This was agreed as being the role of NHS Protect and Andrew Morley would continue to pursue this issue. To keep open until September meeting.

AUDIT270614/014

056 Disclosure and Barring – Justin Dix noted there were two issues – our own D&B process and the hosted service for safeguarding children at G&W. Alison McQuillan in the HR team was pursuing the CSU for a better understanding of the CCG's own process. At the moment there was no written assurance from Guildford and Waverley although this had been requested. It was agreed to escalate this to the Executive as this put the CCG at risk if not resolved.

AUDIT270614/015

### **Action Matthew Knight / Justin Dix**

It was queried whether the CSU were undertaking the required professional registration checks. It was noted that this had been discussed at the remuneration and nomination committee and some assurance had been received although there were still concerns as the liability for failure rested with the CCG.

AUDIT270614/016

052 – Policy on working with the pharmaceutical industry. The risk was low as the existing policy had been revised to include more detail on working with the pharmaceutical industry. This should come back to the Audit Committee in September either as a new policy or a revision to the existing policy. Keep open.

AUDIT270614/017

071 - There was a brief discussion about the risk training provided by TIAA. This was noted as having been very successful.

AUDIT270614/018

## **6. Membership requirements for NHS Bodies Audit Committees**

The paper on this was noted. Regulations were expected to be issued in the autumn. The committee noted that the current membership was in line with the recommendations.

AUDIT270614/019

## **7. CSU Information Governance Issues**

Justin Dix apologised for not having any further information on this issue which had been discussed at the April meeting. It was however noted that there were concerns about the CSU's performance on a number of levels and this was being addressed through contractual management and future procurement arrangements.

AUDIT270614/020

Gavin Cookman felt that there were a number of performance issues with the CSU that needed to be addressed. Matthew Knight set out the range of actions that the Executive were taking which included potentially switching to another CSU, and the committee agreed that potentially would address the problems that had been identified in various committees.

AUDIT270614/021

TIAA noted that CSU competencies were an issue nationally and that a lot of CCGs were bringing services in house and minimising their CSU support. It was noted that the balance between internal and external support needed to be carefully managed but there was a trend to do more in house as the initial agreements ran out in September 2014.

AUDIT270614/022

It was noted that the existing CSU contract was for 3 years with a mid-point break clause in September 2014. There were felt to be significant advantages for Surrey Downs to receive services from a London based CSU due to the number of London facing contracts that the CCG had.

AUDIT270614/023

It was felt that the information governance issues mentioned in the original Deloitte's report would be resolved through the above changes. Gavin Cookman said it was important to ensure that the issues were resolved and not simply moved to another provider.

AUDIT270614/024

Peter Collis said that it appeared that the Executive were taking appropriate action and this would continue to be monitored by the committee.

AUDIT270614/025

## **8. Review of outstanding audit actions from 2013/14 audit reports**

Matthew Knight drew member's attention to the report in the papers and the RAG ratings. The main outstanding issue was the actions relating to Continuing Health Care invoices which had been delayed due to CSU long term sickness that had not been backfilled. A new CHC database was being introduced which would also help.

AUDIT270614/026

Matthew Knight noted the issue with SBS and tiered delegation which made audit of the workflow impossible in the accepted sense, as each invoice would need to be reviewed separately. There were no easy options in relation to this and it was a general concern amongst CCGs. The action would therefore need to be tolerated as it stood. Clarence Mpofu agreed with this and said that other CCGs that TIAA worked with were similarly frustrated. It could be reviewed at a later date when finance was insourced.

AUDIT270614/027

DBS had been discussed previously and the need for assurance was reiterated. Justin Dix was asked to follow up with Eileen Clark and set a final date for resolution. It was noted that this should be resolved in line with the approval of the child safeguarding policy. Matthew Knight noted there was also a process within the collaborative for senior cross-checking on these important issues.

AUDIT270614/028

Although the list of outstanding actions needed to be managed down, it was noted that the overall position was felt by TIAA to be robust and that Surrey Downs compared well to other CCGs.

AUDIT270614/029

## 9. Internal Audit Plan

The process for producing the plan was discussed and it was noted that the proposed audits had been checked for milestones and these fitted well with the CCG's business processes. Matthew Knight said that these had also been checked for feasibility with CCG internal processes and staff availability.

AUDIT270614/030

Invoice fraud was noted as a real issue and TIAA said that they had seen local instances of this in other NHS bodies. TIAA agreed to supply information on trends and themes, but this was a priority within the plan for this reason. Matthew Knight said that this was an endemic risk and that if actual fraud was not identified that did not mean it was not happening.

AUDIT270614/031

The proposal to bring the audit of risk management forward in the plan was agreed. Gavin Cookman agreed and said this was timely fifteen months into the organisation's lifecycle.

AUDIT270614/032

The committee AGREED the Audit Plan as presented.

AUDIT270614/033

It was noted that TIAA had been successful in the recent internal audit tendering process and the new contract was for three years.

AUDIT270614/034

## 10. Counter Fraud Annual Report

This was noted by the committee. Andrew Morley said that achieving green status was a real achievement and had not been replicated in all other CCGs. He also updated on a recent NHS Protect inspection of another CCG which gave assurance about TIAA's process and recommendations on RAG rating. Andrew Morley was thanked for his work.

AUDIT270614/035

Following a question, it was clarified that the number of Counter Fraud days commissioned by Surrey Downs was felt to be comparable to other CCGs but with a slight bias towards the reactive. Matthew Knight said that he had held discussions with audit about looking at risk of fraud, providing more insight into potential lines of enquiry, with a focus on Continuing Health Care (CHC) due to the nature of the suppliers.

AUDIT270614/036

Gavin Cookman asked that this be clearly co-ordinated with the CCG's risk register and overall risk framework. He specifically asked if there were any areas for particular focus and Andrew Morley said that staff training, and data mining, were the main areas.

AUDIT270614/037

## 11. Counter Fraud Progress Report

Andrew Morley updated on this. There had been some deep dive reviews of CHC as already mentioned, although data flow had been a little slow. A total of eight cases would be reviewed with four already been reviewed.

AUDIT270614/038

There was a particular issue with one individual who had been convicted in the past, having managed to obtain a number of NHS posts using fictitious CVs. This individual had recently come close to being appointed to a senior post at a local CCG and it was suspected he may have undertaken consultancy work. There were a number of issues relating to this including employment checks and the accreditation of agencies used for appointing staff. This reiterated the need for robust DBS checks as already mentioned and should be included in the report above. It was noted that agencies on the NHS Framework Agreement gave a measure of protection against fraudulent interims.

AUDIT270614/039

TIAA recommended that Deloitte be asked to audit the CSU re the above.

AUDIT270614/040

## 12. External Audit Update

External audit were not present (by agreement of the Chair) as it was felt that there were no significant issues to update on following the 4<sup>th</sup> June meeting and the conclusion of the annual report and accounts process.

AUDIT270614/041

## 13. Governing Body Assurance Framework

Justin Dix set out the proposals for the Assurance Framework for 2014-15, which aligned this to the six clinical and four non-clinical priorities. The structure was demonstrated with a worked example on achieving financial balance.

AUDIT270614/042

Alison Pointu asked if risks were being carried forward from the previous year's work and it was confirmed that they were. Justin Dix said he was in the process of mapping them across with some being closed in line with the paper taken to the committee previously.

AUDIT270614/043

Gavin Cookman said that the framework needed to include a date by which the target score was achieved, and that this should be allocated to a named individual.

AUDIT270614/044

TIAA noted that there was a danger in the proposed structure in that it over-complicated the high level focus that the assurance framework was supposed to provide. It was queried whether the assurance framework should just focus on the headlines and that the individual risks should be on the risk register. Following discussion it was agreed to recommend this approach to the Executive.

AUDIT270614/045

The principal committee to which each item related should also be identified.

AUDIT270614/046

## 14. Risk Register

Justin Dix spoke to the latest version of the risk register and outlined the process of working with Heads of Service before taking the risk register to the Executive. In his view the organisation had developed a positive risk management culture but there were still issues of systems, process and capacity. It was not easy to make easy cross references between risks and actions without introducing a proper electronic system.

AUDIT270614/047

Justin Dix reported that he had met with two suppliers of risk management systems recently. These were both very good but costly and would require a culture shift within the organisation for them to be introduced. TIAA noted that these systems were often not used properly due to lack of ownership.

AUDIT270614/048

The merits and otherwise of hosting data externally or locally were discussed. It was noted that the former was potentially costly. More and more CCGs were using these systems but the merits needed to be evaluated by the Executive, including the issues of introducing a new approach. It was however noted that the programme management approach had gone some way to introducing this change already.

AUDIT270614/049

It was noted that the risks that were being treated did have to have risk target scores and dates for achievement.

AUDIT270614/050

## 15. Audit Committee Handbook

This was noted by the committee.

AUDIT270614/051

## 16. Policies – updated schedule

Justin Dix went through the current state of play. Policies were all being assessed for equality impact and this work should be concluded by the end of the week. However the quality of the policies was variable.

AUDIT270614/052

Gavin Cookman stated that in his view the number of policies was excessive. This was noted but it was also the case that many of the HR and IG policies were required for compliance purposes.

AUDIT270614/053

After some discussion it was agreed that TIAA should benchmark Surrey Downs with other CCGs.

AUDIT270614/054

### Action TIAA

Following this the Executive should review the list of policies and confirm its position on policy development. As part of this Justin Dix should make it clear in the spreadsheet which had already been discussed.

AUDIT270614/055

### Action Justin Dix

**17. Any other business**

Gavin Cookman suggested that the CCG undertake a full blown review of risk processes and the risk management framework. This should be on the September Audit Committee Agenda and should use the risk maturity analysis done in December 2013 as the basis for discussion.

AUDIT270614/056

**Action Justin Dix**

**18. Matters to be drawn to the attention of the Governing Body**

It was agreed that the following matters should be brought to the attention of the Governing Body.

AUDIT270614/057

- The need for a seminar on Primary Care Networks
- The Internal audit plan
- The positive position with counter fraud
- The need for a review of policies
- The discussions in Part II

**19. Dates of future meetings**

It was agreed that in future Audit Committee meetings should precede Governing Body seminars and should all be at 10.00.

AUDIT270614/058

