

Title of paper:	Audit Committee Minutes 25th April 2014
Meeting:	Governing Body, 18 th July 2014
Author:	Justin Dix, Governing Body Secretary
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Exec Lead:	Karen Parsons, Chief Operating Officer

Purpose	To Agree	
	To Advise	
	To Note	

Development

These minutes are agreed and were produced from the meetings on 4th June 2014. This was a special meeting of the Audit Committee that focused principally on the sign-off of the annual accounts.

Executive Summary and Key Issues

Key issues for the Governing Body to note are:

- The annual report and accounts were approved by the Committee on behalf of the Governing Body. External and Internal Audit both gave the CCG a clean bill of health and the Annual Report was commended by the External Auditors for its balanced approach.
- There were some concerns regarding CSU audits particularly in relation to IG
- An Appendix to the hospitality policy was approved setting out the relationship with the pharmaceutical industry
- The lack of internal audit plan was noted. This has subsequently been remedied.

Recommendation(s): These minutes are to NOTE
Attachments: Audit Committee Minutes 4 th June 2014

Agenda item 12
Attachment 09

Implications for wider governance

Quality and patient safety: None specific
Patient and Public Engagement: None specific
Equality Duty: This is a specific remit of this committee going forward
Finance and resources: The annual accounts were agreed
Communications Plan: These minutes are on the CCG web site
Legal or compliance issues: The annual report is a statutory requirement
Risk and Assurance: This committee oversees the system of internal controls and reviews the risk register and assurance framework at each meeting, however as this was a special meeting this was held over until the subsequent meeting



Surrey Downs Clinical Commissioning Group

Meeting: Audit Committee

Date and time: 4th June 2014

Present

Peter Collis, Chair
Gavin Cookman

In attendance

Matthew Knight, Chief Finance Officer
Justin Dix (Minutes)
Alison Pointu, Quality Committee Chair
Steve Rowlands, Interim Head of Finance
Nimisha Mehta, Interim Head of Communications

External Audit

Jamie Bewick
Christian Heeger

MINUTES

- 1. Apologies for absence**
These were noted from Dr Simon Williams and Miles Freeman AUDIT040614/001
- 2. Declaration of interests**
There were no additional declarations of interest or known conflicts. AUDIT040614/002
- 3. Quorum**
It was noted that the meeting was quorate. AUDIT040614/003
- 4. Minutes of the last meeting**
These were agreed as an accurate record. AUDIT040614/004
- 5. Matters arising and action logs**
All matters arising were deferred to the next meeting other than the following: AUDIT040614/005

CSU interims conflict of interest – it was noted that this was now resolved as the HR team had shared evidence that CSU interims had complied with the requirement to complete a conflict of interest form. To be removed from the action log. AUDIT040614/006

6. External Audit Memorandum

This was presented by Grant Thornton. It was noted that it satisfied the audit requirements in terms of process, key findings, judgements and exceptions.

AUDIT040614/007

Although there was no requirement for it to be published on the CCG web site, it was proposed that it should be shared with the Council of Members. This was discussed in the context of potential future actions and the generally held practice of keeping this memorandum within audit committees as it was a technical document. It was however appropriate for the annual audit letter to be shared more widely.

AUDIT040614/008

Other issues noted were as follows:

AUDIT040614/009

- The remuneration report information was the main concern; information had just been received and could now be incorporated into the final version.
- It was confirmed that there had been no material changes since the letter was issued.
- GP pensions should now be resolved. It was noted that that this was dependent on individual circumstances and could include the whole of a GP's pension fund or the portion attributable to CCG employment. There had been recent guidance on this and there was now no suggestion that this technical issue would lead to the accounts being qualified.
- The regularity report concluded that the CCG's resource had been utilised in accordance with the CCG's statutory purpose.
- The agreement of the debtors and creditors position had been subject to audit. The only significant issue was Continuing Health Care where the CCG was showing the balance for all CCGs in Surrey but this was not a problem as it was a purely accounting issue relating to gross and net assets.
- Significant risks in the memorandum were around revenue and cash overrides.
- Secondary care commissioning had been checked, particularly around large contracts, and there were no reported issues.
- Judgements and estimates in relation to CHC – Surrey wide there were some discrepancies in the way CCGs had approached this but Surrey Downs approach was in line with directions. The estimate for EDICS liability was felt to be prudent.

AUDIT040614/010

AUDIT040614/011

AUDIT040614/012

AUDIT040614/013

AUDIT040614/014

AUDIT040614/015

AUDIT040614/016

AUDIT040614/017

It was agreed that the final version of this memorandum could be received in the Executive Committee rather than bringing it back to Audit.

AUDIT040614/018

Action Justin Dix

It was also noted that there were a significant number of CSU related “amber” issues in respect of IT security. It was felt that the audit reports produced by Deloitte gave a good picture of the detailed issues that needed resolution.

AUDIT040614/019

As this represented a risk to the CCG it was agreed to put this on the corporate risk register and take management action through the IG toolkit action plan, and through business meetings with the CSU.

AUDIT040614/020

Action Justin Dix

It was also agreed that this issue would be on the Audit Committee’s agenda for June or at the latest September.

AUDIT040614/021

Action Justin Dix

If necessary, internal audit would be asked to undertake work in this area. Ultimately there may be an option to procure these services from an alternative provider and it was noted that some CCGs were considering this option.

AUDIT040614/022

Value for Money

AUDIT040614/023

This was discussed. There was an unqualified judgement but there were some risks and issues which had been presented in a rounded way in the memorandum. Specific issues were:

AUDIT040614/024

- Pressure on the control total around over activity and failure to achieve full QIPP savings.
- The difficulties of establishing strong leadership following transition.
- Overspends in some specific budgets.
- Better Care Fund pressures in future.

AUDIT040614/025

Matthew Knight noted that the CCG had been asked to consider resubmitting budget estimates for the next two years to NHS England. Additional pressures had arisen recently and it was felt appropriate to re-work and re-submit the estimates without prejudicing a balanced bottom line.

AUDIT040614/026

Data Quality was questioned. It was noted this was a complex mix of financial and performance data but was generally felt to be robust enough to be fit for purpose.

AUDIT040614/027

It was noted that audit fees were set centrally. There were three further years including 2014/15 before the contract with GT expired and it was not known who would be responsible for procurement at that point given the demise of the Audit Commission.

AUDIT040614/028

<p>In summary, subject to satisfactory remuneration data, the auditor's report would be an unqualified opinion. It was agreed that the audit process between the CCG and GT had been positive.</p>	AUDIT040614/029
<p><u>Financial statements letter</u></p>	AUDIT040614/030
<p>This was discussed. It was queried whether it was appropriate for the Audit Committee chair to sign this along with the CFO given that many of the responsibilities were management. It was noted that this letter was on behalf of the whole Governing Body as well.</p>	AUDIT040614/031
<p>It was agreed that the signatures should be transposed with the CFO being the first signatory but otherwise the letter was AGREED.</p>	AUDIT040614/032
<p>7. Annual Report and Accounts</p>	
<p>The report was commended and those responsible for its production were thanked for their hard work. It was agreed that these would be signed as dated for the fifth June and submitted electronically on the sixth.</p>	AUDIT040614/033
<p>The report was reviewed on a section by section basis.</p>	
<p>Some concern was expressed about the emphasis on BSBV on page 4 and the impression this gave. A proposed form of words was suggested which would be discussed with Dr Fuller as the clinical chair.</p>	AUDIT040614/034
<p>Page 33 – the presentation of the amber position on cancer waits did not give a positive impression of the actions that had been taken. It was suggested this could be more clearly presented.</p>	AUDIT040614/035
<p>Page 43 – Sustainability was likely to be a bigger challenge in 2014/15 and would focus more on provider efficiency and transport policies.</p>	AUDIT040614/036
<p>P48 – HCAI – it was agreed to change “significant” to “overall” given the fact that the CCG was a poor comparative performer.</p>	AUDIT040614/037
<p>P49 BSBV costs – these were noted and were a mixture of project and consultancy costs.</p>	AUDIT040614/038
<p>P56 – it was noted Dr Taki was clinical lead for Equality and Diversity and this should be stated in his biography.</p>	AUDIT040614/039
<p>P66 – it was noted that committee frequency was not represented. It was agreed to represent the figures as fractions rather than percentages.</p>	AUDIT040614/040
<p>Remuneration report - Page 78 onward. There were minor points of clarification and it was noted that the table would be completed now that the missing information had been received. Blank cells should be filled with dashes. The numbers of interims used during the year were noted.</p>	AUDIT040614/041

It was noted that all signature entries needed to be appropriately dated. AUDIT040614/042

Head of Internal Audit Opinion AUDIT040614/043

This was discussed. Issues relating to the CSU were again a potential area of weakness. AUDIT040614/044

Accounts AUDIT040614/045

These were reviewed on a page by page basis. CHC provisions were accounted for on P135. AUDIT040614/046

The Audit Committee AGREED the 2014/15 annual report and accounts on behalf of the CCG as requested under delegated authority. AUDIT040614/047

It was noted that NHS England had indicated they wanted to include lessons learned from CCGs regarding this year's process so there was an opportunity to input into this. The CCG would aim to have the bulk of the work on this done well in advance for next year, commencing in the autumn. AUDIT040614/048

8. Policy approvals

The appendix to the hospitality policy on working with the pharmaceutical industry was discussed. This was expected to be an interim approach pending a fully blown policy. AUDIT040614/049

It was confirmed that there should be no acceptance of gifts and that the relevant pages should be amended in line with the main hospitality policy. AUDIT040614/050

Action Justin Dix

Practice level governance was noted as not being within the scope of the policy. This might need to be reviewed if the CCG entered into joint commissioning arrangements with NHS England. A form of words in the existing policy should make this distinction clear. AUDIT040614/051

Action Justin Dix

It was agreed that there should be some positive assurance on this issue and Justin Dix agreed to put a process in place for this. AUDIT040614/052

Action Justin Dix

Subject to the above changes the appendix to the hospitality policy on working with the pharmaceutical industry was AGREED subject to the Executive Committee having final sign off. It was also requested that the policy be circulated to all Governing Body members. AUDIT040614/053

It was requested that the policies on research governance be reviewed regarding sponsorship issues and if necessary brought back to the appropriate committee. AUDIT040614/054

Action Justin Dix

9. Any other business

The lack of an internal audit plan was noted. It was agreed that a draft should be circulated as soon as possible.

AUDIT040614/055

Action Matthew Knight

It was agreed there should be a meeting on the 27th June and that this should focus on the draft audit plan, the risk register and the new assurance framework.

AUDIT040614/056

Action Justin Dix

Alison Pointu's replacement for Dr Williams should be noted at the July Governing Body.

AUDIT040614/057

Action Justin Dix

10. Dates of future meetings

The following dates were agreed:

AUDIT040614/058

- 27th June 2014, 10.00
- 26th September 2014 10.30 am
- 14th November 2014 10.30 am
- 30th January 2015 10.30am
- 27th March 2015 10.30 am