

<b>Title of paper:</b>	Audit Committee Minutes March 2015		
<b>Author:</b>	Justin Dix, Governing Body Secretary		
<b>Exec Lead:</b>	Matthew Knight, Chief Finance Officer		
<b>Date:</b>	24 <sup>th</sup> April 2015		
<b>Meeting:</b>	Governing Body		
<b>Agenda item:</b>	17	<b>Attachment:</b>	14
<b>For:</b>	Information		
<b>Executive Summary:</b>			
<p>The Audit Committee met on the 30<sup>th</sup> March. Key issues for the committee from this meeting are as follows:</p> <ul style="list-style-type: none"> <li>• Annual Report and Accounts work was in progress and there would be a teleconference prior to submission of the draft to NHS England by the 23<sup>rd</sup> April</li> <li>• Governing Body Evaluation was in progress</li> <li>• The Internal audit plan was agreed and the external audit plan noted</li> <li>• CHC counter fraud issues were discussed and capacity reviewed</li> <li>• Conflict of Interest guidance was noted</li> <li>• The QIPP limited assurance from the internal audit report was noted</li> </ul>			
<b>Compliance section</b>			
Please identify any significant issues relating to the following			
<b>Risk Register and Assurance Framework</b>	The QIPP limited assurance issue relates directly to the financial recovery programme on the risk register		
<b>Patient and Public Engagement</b>	No specific issues		
<b>Patient Safety &amp; Quality</b>	No specific issues		
<b>Financial implications</b>	Financial recovery is on the CCG risk register		

Conflicts of interest	No specific issues
Information Governance	No specific issues
Equality and Diversity	No specific issues
Any other legal or compliance issues	The annual report is a statutory duty on the CCG
<b>Accompanying papers</b> (please list): Audit Committee minutes for March 2015 (draft)	
<b>Summary:</b> What is the Governing Body being asked to do and why? To NOTE the attached minutes and highlighted issues.	

# Surrey Downs Clinical Commissioning Group

**Meeting: Audit Committee**

**Date and time: 20<sup>th</sup> March 2015, 10.30am**

**Present**

Peter Collis  
Alison Pointu  
Gavin Cookman

**In attendance**

Miles Freeman  
Matthew Knight  
Justin Dix (minutes)

**Grant Thornton**

Christian Heeger

**TIAA**

Giles Parrot  
Clarence Mpofu  
Andrew Morley

**1. Welcome and introductions**

Peter Collis welcomed everyone to the meeting.

AC200315/001

**2. Apologies for absence**

Apologies had been received from Dr Williams and from James Thirgood.

AC200315/002

**3. Declaration of interests**

There were no additional or relevant interests

AC200315/003

**4. Quorum**

The meeting was confirmed as being quorate.

AC200315/004

**5. Minutes of the last meeting**

These were agreed as an accurate record other than on Page 6:

AC200315/005

- Para 048 was presented by Giles Parrot not Clarence Mpofu
- Para 051: Typographical error - "this" not "his"
- Para 052: the CHC audit should read "if it is to provide better value"

## 6. Matters arising and action logs

026 Teleconference in late April to approve early draft of annual report – agreed to go with the 24<sup>th</sup> April, Justin Dix to make arrangements. Keep action open until concluded. AC200315/006

027 Production of a first draft annual report of the work of the audit committee – can be closed AC200315/007

045 Local comms to GP practices about counter fraud issues (Trojan emails) – Andrew Morley had provided copy for this last week and is going out to practices next week – can be closed. AC200315/008

058: Include statements by policy owners in committee annual reports - keep open until completed AC200315/009

065 - Gavin Cookman to circulate risk appetite statements from other CCGs – this had been done. AC200315/010

08 – CCG clinical leads should be subject to positive assurance in respect of honorariums - keep open, in progress AC200315/011

10 – Dr Fuller to write to all GPs setting out the extent of their need to declare interests, gifts and hospitality. This would go out on Monday, but would need to be tracked. There was a discussion about amnesties and managing the issues. The CCG had limited control but could continue to review this. This had also been raised at Council of Members and commissioning meetings in the last few weeks. To be reviewed again in May. AC200315/012

Andrew Morley said that he had been able to identify undeclared interests in other CCGs through National Fraud Initiatives. It was agreed that the process should be clear and robust but not punitive as such. AC200315/013

045 (from Nov 2014) Collaborative risk register – Agreed to keep this open. Miles Freeman would raise again as in his view this was important given the scale and significance of the collaborative's work. AC200315/014

## 7. Update on wider committee development

The progress on setting up a Finance and Performance Committee (distinct from the Audit Committee) was noted. This would focus on the detail of financial recovery and provide assurance to the Governing Body that financial recovery was being progressed without impacting inappropriately on patient safety and quality. AC200315/015

Peter Collis echoed these views and noted that other CCGs had already set up these committees. It was important to see this as a Governing Body Committee that would go through detail and chase actions in a way that the Governing Body could not. AC200315/016

Progress on the Primary Care Committee was also noted but guidance was still emerging from NHS England. There would be a further meeting in April. AC200315/017

Alison Pointu asked for clarity of functions between the committees, particularly around performance and quality. Peter Collis replied that each committee should maintain its focus on its area, but would need to liaise with the other committee if issues in one had implications for the other

AC200315/018

Justin Dix noted that he was attempting to do this across all committees; he had updated the scheme of delegation but this did require further work.

AC200315/019

## **8. Annual Report and Accounts Update**

A first draft of the report was shared but there was still a lot of work to do on the narrative and the finance section was not yet available.

AC200315/020

There would be a qualification on the accounts because of the deficit position. There was also the possibility that a budget had not been agreed at the time of signing, and external auditors noted this was a key issue for resolution by the end of May.

AC200315/021

It was agreed that Grant Thornton would advise the CCG on how to handle this based on their wider work with other CCGs and other public sector clients. Their work across CCGs in this respect was being co-ordinated to ensure a consistent approach.

AC200315/022

Comments on the initial draft were invited, to be sent to Justin Dix – Justin Dix would circulate electronically and seek to combine input appropriately. It was agreed to seek responses by the 31<sup>st</sup> March.

AC200315/023

**Action Justin Dix**

## **9. Audit Committee Annual Report**

This was discussed. It was noted that there would need to be some updates to these based on recent audit reports giving varying levels of assurance.

AC200315/024

Gavin Cookman suggested reflecting the discussions on co-commissioning in the report and the importance of managing conflict of interest e.g. in Any Qualified Provider (AQP) contracts.

AC200315/025

It was also suggested that the weighting given to financial recovery should be reviewed provided the evidence was available in the minutes.

AC200315/026

It was agreed to re-write on this basis and bring financial recovery closer to the front of the report.

AC200315/027

**Action Justin Dix**

There was a discussion about governance capacity given that the CCG was now in financial recovery and establishing two new committees, and it was agreed that this was appropriate for the forward view.

AC200315/028

It was agreed that the Executive Team should review governance capacity.

AC200315/029

### **Action Miles Freeman / Matthew Knight**

#### **10. Update on Governing Body and Committee evaluation**

Justin Dix updated on the survey and said that he would be in a position to conclude the survey monkey outcomes the following week. Early results indicated positive scores with the matrix questions but some variance which would indicate areas of learning for the committees. It was noted that the survey had been quick and easy to complete.

AC200315/030

With respect to the Governing Body evaluation the Invitation To Tender (ITT) had gone out and there had been some positive responses to this.

AC200315/031

Gavin Cookman asked how transparent the CCG would be about what came out of this as there was evidence from the private sector that a lot of companies did not publicise the outcomes.

AC200315/032

Miles Freeman said that he would like a sense of how the CCG looked when benchmarked against other organisations and what it needed to do to improve, but did not want to inhibit people from participating by agreeing to publish detailed responses. Peter Collis agreed and said that this needed sensitive handling and this needed to be made clear to organisations responding to the tender.

AC200315/033

It was noted that Grant Thornton was one of the potential respondents and the ITT had been sent to a separate division of the organisation. Any bid would be within agreed limits – GT did not take on non-audit work from customers where the cumulative total of non-audit fees would exceed 50% of that year's audit fees. It was also noted that engagement of GT would need to be approved by the Audit Committee.

AC200315/034

It was noted that GT were also currently advising the CCG on some issues relating to tax. The audit / non audit work and the tolerances should be noted in the audit committee annual report.

AC200315/035

### **Action Justin Dix**

TIAA said they would be happy to share any information on benchmark work elsewhere.

AC200315/036

#### **11. Counter Fraud Progress report**

Andrew Morley presented his circulated report.

AC200315/037

0259 – Information received from the CCG's CHC team that a named Care Home were invoicing the CCG for Care provided during periods when the service user was not actually resident. Documentation was still being gathered on this case.

AC200315/038

0005 – named patient had stolen a blank prescription in order to obtain prescription only drugs The patient had been arrested and confessed to stealing a blank prescription. A formal caution had

AC200315/039

been issued.

GP practice security issues relating to this would be shared.

AC200315/040

Gavin Cookman asked how we could publicise the strength of our counter fraud arrangements to discourage would-be fraud. It was agreed that this was difficult for people who were addicted and that there were risks of attracting rather than deterring fraudulent behaviour.

AC200315/041

It was noted that Deloitte were the preferred provider of counter fraud to NHS England and thus GP practices but capacity was very limited – there were currently only two staff in place for the South East of England. It was suggested that practice managers should be the focus of counter fraud work and that there may be technical solutions that could be supported such as secure printing.

AC200315/042

0258 – failure to provide 1:1 care in the evening. This has been clarified with the provider and there was no fraud case but there might be a contractual issue for the CCG as to whether this was a cost effective way of providing support.

AC200315/043

It was suggested that a counter fraud declaration should be included in contracts going forward.

AC200315/044

Proactive work on invoicing had identified procedural weaknesses in some areas – this had been picked up following internal work and assurance given that there was no case of fraud. However contracts were not supported by detailed care plans that helped to set out and monitor the care requirements. This would take time to address given the number of cases.

AC200315/045

Peter Collis said there were some clear themes emerging around the need for a more detailed approach and asked if we had the capacity to address these. It was noted that there had been some difficulties with staffing the functions associated with this in the CHC team and long term sickness had been an issue in the team and this was being covered by an interim.

AC200315/046

The issues with care homes were highlighted. There had been some difficulties with the joint procurement with Surrey County Council and the pricing strategy behind this which were affecting market behaviour, and action to resolve this was ongoing. Miles Freeman said there was a risk of price inflation in the care home market based on emerging trends and this needed to be carefully monitored in relation to both effective contracting and potential counter fraud.

AC200315/047

It was agreed to make this a substantive agenda item for the next meeting.

AC200315/048

### **Action Justin Dix**

Alison Pointu noted that failure to contract properly in the care homes market was an issue for both cost and quality of provision.

AC200315/049

Andrew Morley also noted the standards for commissioners in Sections 1.8 – 1.10 in his report and said that this meant that providers with over £200k worth of contract should have adequate counter fraud arrangements in place. This was the most significant issue although there were other standards.

AC200315/050

It was noted that this would be the subject of a web based evaluation in the new financial year and was likely to be challenging given the numbers of commissioners and providers in the system. If the CCG did not achieve the required level of compliance there would be a full NHS Protect inspection but this was a new process and it was not clear what would result from this.

AC200315/051

It was noted that NHS Providers would not be an issue with these new provisions as they had their own counter fraud arrangements but private providers would.

AC200315/052

It was agreed to agenda this for discussion at the next meeting.

AC200315/053

#### **Action Justin Dix**

### **12. Internal Audit Plan (TIAA) Progress Report, Internal Audit Reports, and review of outstanding actions**

Clarence Mpofo presented the recently agreed audits for Critical Financial Assurance (reasonable assurance) and QIPP (Limited Assurance)

AC200315/054

It was noted that the QIPP review outcome of limited assurance would impact on the Annual Governance Statement in the Annual Report.

AC200315/055

With regards to critical financial assurance it was noted that>

AC200315/056

- Creditor setup systems were generally robust.
- Aged debt was being pursued.
- A process for handling invoices had been developed which would give greater control, but this was not in any case a material financial issue.

AC200315/057

AC200315/058

AC200315/059

An update was given on audit timetabling. It was recommended that the CHC audit should be deferred to 2015/16 in order to avoid duplicating existing assurance work and this was AGREED. The days would be effectively credited in the new year.

AC200315/060

With regards to outstanding actions from earlier reports:

AC200315/061

- P12 – community contracts – this was delayed from June 2014 and the issue was staffing in the community contracting team. There was a new post holder starting this month to pick up the LES contracts. It was not possible to make more rapid progress on this, but it was suggested this should be completed within the next two months.

AC200315/062

- EPRR risk – it was noted there was a detailed risk register for EPRR risks and this was being updated with Jonathan Perrot who was responsible for this area. AC200315/063

- Procurement policy – a draft policy had been circulated to the Executive earlier this week, based on the Bristol CCG policy which had been drawn up following their experience of settling a judicial review request out of court. This was noted as a critical policy given what the CCG would need to do as part of financial recovery. AC200315/064

An update was given on Datix rollout. This could now proceed following the migration of the IT infrastructure to the new CSU. As well as giving the CCG a proper system for the management of risks, incidents, Freedom of Information and complaints, it would also benefit the CCG as it took over primary care in future, enabling GPs to report risks and incidents. AC200315/065

The internal audit plan was discussed – this had been agreed by the CCG Executive. It was an indicative plan at this stage and comments were invited on whether it was fit for purpose. AC200315/066

- Peter Collis noted this plan was based on an assessment of current risk areas and mandated areas. Gavin Cookman queried whether capacity was worth auditing given that we were aware of the difficulties in this area already. QIPP by contrast was felt to be light in terms of number of days. This would be kept under review. AC200315/067

- Alison Pointu suggested that capacity should be seen as a control area across all audits rather than an audit in its own right. AC200315/068

- The Personal Health Budgets audit was felt to be over-generous given its relatively limited scale and it was suggested some of the days could be transferred to QIPP. AC200315/069

The plan was AGREED on this basis. AC200315/070

### 13. External Audit update

Christian Heeger spoke to the circulated paper. Key issues were: AC200315/071

- Going concern and disclosure – the arrangements for this and how it would be handled in annual accounts was being explored with NHS England. AC200315/072

- Guidance this year on end of year accounts was more timely. AC200315/073

- The Annual Governance Statement would be reviewed. AC200315/074

- Significant risks – the focus was on management controls and review of journals. AC200315/075

- Other risks – unsigned contracts including SECSU were noted, although transition was still ongoing in this area until end of March. AC200315/076

- Interim audit work / early testing – there were no particular issues arising. Substantive testing was now taking place. AC200315/077
- Timetable for annual accounts - this was clear. AC200315/078
- Fees – these were in the report and would reduce due to the removal of the 10% first year premium. The fee level of £72,100 was NOTED. AC200315/079

There was a discussion regarding the role of external audit in relation to the sign off of the annual report and accounts. It was agreed that there should be a private meeting for committee members only with external audit prior to the meeting on the 22<sup>nd</sup> May. AC200315/080

### Action Justin Dix

#### 14. Governing Body Assurance Framework and risk register

Justin Dix gave a brief update on the Assurance Framework and Risk Register. New risks had been added this week to the risk register regarding stroke services and CSH Surrey staffing levels. AC200315/081

The new risk strategy had been circulated for comment and this was noted. The revised strategy was felt to be a significant improvement and included the agreed risk appetite statement. AC200315/082

The update on Datix had been given earlier. AC200315/083

The April governing body Assurance Framework would be the outturn statement for the year. The coming year's assurance framework was dependent on revised principal objectives for the Governing Body. AC200315/084

#### 15. Policies

The following issues were noted. AC200315/085

- The Policy for the creation, development, implementation and review of policies and related procedural documents is overdue for review but would now be prioritised. AC200315/086
- The risk management strategy and procurement strategies were in draft as previously mentioned. AC200315/087
- The assisted conception policy remained an issue but the lead for this sat with the public health team at Surrey County Council. AC200315/088
- The conflict of interest policy had been revised in line with nationally issued guidance from December 2014 but this was part of the constitution and required NHS England approval. AC200315/089
- A revised version of the Whistleblowing Policy was currently in circulation as a draft for comment. AC200315/090
- The organisational change policy was due for review shortly. AC200315/091

**16. Any other business**

There was no other business.

AC200315/092

**17. Matters to be drawn to the attention of the governing body**

The following were agreed:

AC200315/093

- Annual Report and Accounts
- Governing Body Evaluation
- Internal audit plan and external audit plan
- CHC counter fraud issues
- Conflict of Interest guidance
- QIPP limited assurance

**18. Dates of future meetings**

- 24 April telecom
- 22<sup>nd</sup> May

AC200315/094

Then meetings for the rest of the year to be in line with Governing Body seminar dates

DRAFT