

Title of paper:	Audit Committee Report	
Author name and job title:	Justin Dix, Governing Body Secretary	
Date of paper:	17 th	
Exec Lead:	Matthew Knight, Chief Finance Officer	
Meeting name and date:	Governing Body 25 th September 2015	
Agenda item & attachment number:	Agenda Item 18 Attachment 12	
Attachments – please list or state “none”	Audit Committee Minutes 10 th July 2015	
Purpose of Paper (tick one only):		
For information only (to note)		<input checked="" type="checkbox"/>
Requires discussion and Feedback		<input type="checkbox"/>
For decision		<input type="checkbox"/>

Executive Summary:

The minutes for the Audit Committee on the 10th July are attached. Key issues discussed were:

- Care Home pricing – remitted to the Quality Committee
- Counter Fraud – issues in primary care, commissioner standards
- Internal audit reports – in particular ensuring that actions were closed off in a more timely fashion
- Annual Audit Letter and other issues arising from last year's annual report and accounts
- Issues with policies (also noted at the Remuneration and Nominations Committee)
- Remedial work on the IG Toolkit

Compliance section

Please identify any significant issues relating to the following areas. Do not leave any boxes blank – if there are no compliance issues please state “no known issues”.

Risk Register and Assurance Framework	This is discussed at each meeting from an internal controls perspective
Patient and Public Engagement	No specific issues
Patient Safety & Quality	Issues with care homes remitted to quality committee.
Financial implications	No specific issues
Conflicts of interest	No specific issues
Information Governance	Toolkit audit issues – being discussed with CSU and auditors

Equality and Diversity	No specific issues
Any other legal or compliance issues not covered above	None

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Meeting: Audit Committee

Date and time: Friday 10th July 2015, 9.30am

MINUTES

Present

Peter Collis (Chair)
Alison Pointu

In attendance

Miles Freeman
Matthew Knight
Giles Parratt, TIAA
Clarence Mpofu, TIAA
Andrew Morley, TIAA Counter Fraud
Justin Dix (minutes)

Observers

Mark Goodridge (OECam)
Rhiannon Williams (Grant Thornton)

1. Welcome and apologies

Peter Collis welcomed everyone to the meeting and noted that there was a new lay member for governance on the Governing Body, Jonathan Perkins, who would be attending the committee in future. There had also been a lay member appointment for public and patient engagement. Observers from Grant Thornton and OE Cam were welcomed as part of the Governing Body review.

AC100715/001

2. Apologies for absence

Apologies were received from Jonathan Perkins, Dr Simon Williams, Grant Bezudenhout and James Thirgood. Andrew Morley was deputising for Grant Bezudenhout on this occasion.

AC100715/002

3. Declaration of interests

There were no declarations of interest relevant to the conduct of the meeting although there had been a number of changes to the Governing Body register, as noted in the papers for the Governing Body meeting later in the day.

AC100715/003

4. Quorum

It was noted that the meeting was quorate.

AC100715/004

5. Minutes of the last meeting

These were agreed as an accurate record other than the following:

AC100715/005

053 – Pensions - it was noted that the pensions issue in the annual accounts was due to actuarial methods rather than presentation – Matthew Knight and JD would work together to revise wording and update the minutes accordingly.

Action Matthew Knight and Justin Dix

6. Matters arising and action logs

19 – Information Governance Audit – Matthew Knight said that an independent contractor was now in place to ensure that the CCG's IG toolkit was robust. This work was progressing well as the individual had previous good working relationships with both TIAA and the CSU and was very aware of the matters that needed to be progressed.

AC100715/006

10 Honorariums – Justin Dix gave an update. All clinical leads had been asked to complete registers of interest and honorariums had been specifically highlighted as an area for them to give positive assurance on. It was agreed to have a formal report on this in September.

AC100715/007

Action Justin Dix

09 OD and Capacity Plan – Miles Freeman said this would be reviewed at the 21st July Executive Committee. It had been delayed because of the number of steps in the process and challenges about some of the additional requests, for instance in Business Intelligence. There were also issues with a lack of available talent in some areas, for instance in service redesign, that meant different strategies were having to be considered. It was also noted that the Governing Body review might identify areas relating to capacity, and the timing of the two processes would probably coincide. Peter Collis said that the audit committee would not want to dwell on the content of the plan but did need to be re-assured that capacity was in place particularly to support FRP.

AC100715/008

048 Care Home Pricing – Matthew Knight updated. There was a difference between the CCG and Surrey County Council in terms of approaches to pricing in this sector. There was also an issue with the umbrella organisation for the care homes, and developing an effective working relationship.

AC100715/009

The key aim was to achieve a realistic set of prices, and NHS standard contracts were now being used to underpin “Individual Service User Placement Agreements” (ISUPAs). These would be tailored to individual needs and work within a framework of call-off contracts. It was felt that it would be useful for Lorna Hart to update the Quality Committee in more detail on this. A number of other CCG areas were going down the same route.

AC100715/010

It was agreed that Lorna Hart should give an update to the Quality Committee at its next meeting on care home prices, ISUPAs, and how this was supporting effective high quality placements for patients.

AC100715/011

Action Alison Pointu

7. Counter Fraud Report

Andrew Morley presented the counter fraud report. There were two reactive investigations in process which had been delayed due to lack of information, but his had now been resolved with Matthew Knight’s assistance.

AC100715/012

Proactive work was continuing. Surrey Police had raised issues from the case reported at the last meeting and these were being forwarded to NHS England as they involved processes in GP practices.

AC100715/013

Commissioner standards were being pursued by Grant Bezudenhout. TIAA was creating a central library for this work as they covered 28% of CCGs nationally. A workshop was being held next week on this which both Grant Bezudenhout and Matthew Knight were attending and they would report back, but there were concerns about how onerous the new systems were.

AC100715/014

Andrew Morley and Grant Bezudenhout would be working on self-review and submission by the 31st July. There were no inspections planned following this, as this was being treated as a pilot year.

AC100715/015

Expenses and mileage claims – this work had been delayed due to the need to prioritise the self-assessment processes.

AC100715/016

Alison Pointu noted that NHS England had a role in educating primary care on counter fraud and asked if this was happening. AM said that there were significant national capacity restraints in this area, with only two specialists available nationally. TIAA had been invited by one CCG to provide some support to local work. It was noted this would be relevant to primary care co-commissioning which would be an issue for the primary care committee. Justin Dix would raise this with the manager of that committee.

AC100715/017

Action Justin Dix

Miles Freeman noted that dental services were still a big concern in relation to fraud and there were concerns this was not being properly monitored by NHS England.

AC100715/018

8. Provider Counter Fraud arrangements

Providers should supply their self-assessments to CCGs as above by the 31st July. It was agreed that Grant Bezudenhout would produce a written report for the CCG including trends and actions required. It was noted that the smaller providers would be the bigger challenge rather than the highly visible major providers.

AC100715/019

Action Grant Bezudenhout

9. Internal audit report

Clarence Mpofo updated on the written report as follows. Two new reports had been issued.

AC100715/020

A report had been requested on audit work in relation to CHC. This had been a request from some members of the CCG collaborative, and it was felt that a summary of work to date would ensure that only the necessary additional audit work was requested. It was noted that all CCGs were looking to CHC and wanted staffing costs and overall spend to be justifiable in terms of value for money.

AC100715/021

Clarence Mpofo reported that the QIPP and contract monitoring reviews had commenced. These would be ongoing during Q3.

AC100715/022

Safeguarding work was ongoing and had been presented to quality leads.

AC100715/023

Information Governance work – it was agreed that the phasing of this would be discussed outside the meeting and would include the updated IG Toolkit.

AC100715/024

There were nine outstanding audit recommendations which were summarised on pages 11 of the report onwards. Peter Collis noted that there were a number of these were now long overdue. Miles Freeman acknowledged that this was an issue and would ensure that outstanding recommendations were reviewed by the Executive and closed in a timelier manner. Justin Dix would ensure that overdue audit recommendations were brought to the Executive and prioritised for action.

AC100715/025

Justin Dix

The external audit contract issue was clarified. Grant Thornton's existing contract ran out in March 2017 and Christian Heeger said there was some discussion nationally about extending this rather than doing a procurement at this stage. Unplanned changes could impact on pricing structures for external audit work.

AC100715/026

It was agreed to review the existing work done on this in 2014 and to refer the matter to the Surrey CFO's group.

AC100715/027

Action Matthew Knight

Returning to the IG Audit, Giles Parratt presented the letter which set out TIAA's position. Some of the issues were around timing and priorities and related to the deadlines associated with the submission of the IG toolkit. Giles Parratt also acknowledged that reporting needed to be clearer.

AC100715/028

10. Annual audit letter

This was noted and was a statutory requirement. The contents were similar to the audit findings report. It was agreed there was no further need for discussion and the letter was NOTED. It was understood that although not for approval, this needed to be received by the Governing Body and placed on the CCG web site. It would also be noted at the AGM later today.

AC100715/029

Action Justin Dix / Matthew Knight

There was a discussion about definitions of "break even". Matthew Knight said he had been in touch with NHS England about treasury guidance in this area and whether the definition applied to in-year run-rate rather than the overall historical deficit. It was agreed that Grant Thornton would clarify this as it would apply to a number of CCGs.

AC100715/030

Action Christian Heeger

Miles Freeman noted that on Page 11 there was a reference to the acute sector and it was agreed this should be made clear that it was a national not a local observation.

AC100715/031

Action Christian Heeger

The paper on VfM conclusions from Matthew Knight was tabled. This highlighted the difference of opinion between the CCG and the External Auditors on the red rating for strategic financial planning. Peter Collis said that the key issue was that there had been a further consideration by both Grant Thornton and the CCG, and although nothing had changed in terms of the Grant Thornton rating, it was important to have the matter on record and the differences of opinion clearly noted.

AC100715/032

Christian Heeger agreed that the matter now needed to be closed but also said that there were some useful lessons for the process in 2015/16 and these would feed into Grant Thornton's internal quality controls, particularly around the matter of timing. It was agreed that this testing needed to be done in the autumn to have the required impact. Miles Freeman said that this was difficult for the CCG due to the fact that it had tried to work within national guidance and felt it was being penalised for this.

AC100715/033

The committee NOTED the paper on the Value For Money issue in the annual report and accounts as tabled by Matthew Knight.

AC100715/034

11. External audit report

Christian Heeger spoke to this and invited questions. Miles Freeman said the challenge questions were useful, particularly around success regimes, and the CCG had been in touch with the areas first in line for this process.

AC100715/035

The External Audit report was NOTED.

AC100715/036

12. Update on Governing Body Assurance Framework and risk register

Justin Dix noted that the revised risk register and assurance framework were included in the Governing Body papers for later today. He reiterated that they were updated for every Governing Body meeting, which was not the case in some CCG's as highlighted by previous TIAA benchmarking comparisons.

AC100715/037

It was noted that the annual risk maturity exercise would need to be carried out again in the autumn to inform the revised risk management strategy.

AC100715/038

With regards to Datix, there had been implementation issues due to the delays with the IT migration. There should be a pilot system up and running in August so that training with heads of service could commence. It was agreed to give an update at the September meeting.

AC100715/039

Giles Parratt asked if the risk register and assurance framework would come to the Audit Committee in future and it was agreed it would.

AC100715/040

13. Update on policies

Justin Dix gave a verbal update. It was noted that this was one of the areas where there had been delays in implementing audit actions.

AC100715/041

Since the last meeting the Executive Committee had approved the update Whistleblowing Policy. All IG policies were also being overhauled to ensure there were no problems with compliance with the toolkit. The major incident policy and plan was likely to be problematic due to the absence on long term sick leave of the lead manager.

AC100715/042

A key policy that was overdue was the policy on policies, which Justin Dix would be prioritising as this was overdue from January.

AC100715/043

It was noted that a number of the issues in the overdue audit recommendations related to policies.

AC100715/044

14. Update on Governing Body review

Peter Collis noted that fieldwork would finish today and report writing would start immediately with draft reports by the end of July. This would then need to be then presented to the Governing Body, probably at the Governing Body seminar on the 11th September following internal discussion.

AC100715/045

It was agreed that Justin Dix should schedule internal discussions for early August.

AC100715/046

Action Justin Dix

15. Any other urgent business

There was no other business.

AC100715/047

16. Matters to be drawn to the attention of the governing body

The following were agreed

AC100715/048

- External audit letter
- IG Toolkit
- Commissioner Counter Fraud standards and provider reports for commissioners
- Closing down historic actions
- CHC presentation to Quality Committee on contracting

AC100715/049

AC100715/050

AC100715/051

AC100715/052

AC100715/053

17. Dates of future meetings

The next meeting would be on the 25th September at 9.30am

AC100715/054

The meeting closed at 11.00am

AC100715/055