

**AUDIT COMMITTEE MEETING**

**30 November 2016**

<b>Members Present:</b>	Karen Trew, Governing Body Lay Member – Chair Rathai Thevananth, Practice Manager Representative
<b>In attendance:</b>	David Eagles (BDO) (DE) Clive Makombera (RSM) (CM) Gemma Higginson (RSM) (GH) Rob Whiteford, Chief Finance Officer (RW) Arati Das, Deputy Chief Finance Officer (AD) Jane Pike, Director of Performance and Corporate Services (JP) Angela Dempsey, Chair of Quality and Safety Committee (ADe) Vivienne Ahmed, Risk Manager (VA) Keith Wilshere, Interim Clinical Governance Lead (KW) Vass Pyrkos, Executive Support to Board Secretary (Minutes) (VP)

**Part 1**

<b>Item</b>		<b>Action</b>
<b>1.</b>	<b>Welcome and Apologies for Absence</b>	
1.1	<p>The Chair welcomed everyone to the meeting.</p> <p>Apologies for absence were received from Teri Okoro, Lay Member for PPE, Adam Sharples, Lay Member (Haringey CCG), Bridget Pratt (BP), David Triggs, Board Secretary.</p> <p>The Chair advised members that it had been announced that Dr Ujjal Sarkar had stepped down from the Enfield CCG Governing Body due to commitments outside of the CCG, and that another GP would be invited to the next meeting. The Chair confirmed that today's Audit Committee was quorate.</p> <p>The Chair expressed her intention to reorder the agenda items to allow invited members of staff to present their item(s) and leave the meeting. <b>(Note:</b> For ease, the minutes will be noted as per the stated agenda.)</p>	
<b>2.</b>	<b>Declaration of Interests</b>	
	<p>The Chair asked that the Auditors leave the meeting for the last agenda item.</p> <p>No other declarations of interest were noted.</p>	

<b>3.</b>	<b>Minutes, Action Log &amp; Matters Arising</b>	
3.1	<p><b>Minutes of 7 September 2016</b></p> <p>It was noted that apologies from Gemma Higginson (RSA) had not been noted.</p> <p><b>RESOLVED:</b> That the minutes of the meeting held on 7 September 2016 be approved as a correct record once Gemma Higginson's apologies are noted.</p> <p><b>Action Log</b></p> <p>Progress on actions were noted on the <b>Action log</b>.</p> <p><b>Matters Arising</b></p> <p>There were no matters arising.</p>	<b>VP</b>
<b>4.</b>	<b>Internal Audit &amp; Counter Fraud (Proactive)</b>	
a.	<p><b>Progress Report for Enfield CCG</b></p> <p>Clive Makombera (CM) presented the Enfield CCG Internal Audit Progress Report. In summary, the report provided a Red/Amber/Green assessment status against progress on the following:</p> <ul style="list-style-type: none"> <li>• Procurement – assessed as Amber/Green</li> <li>• BAF and risk management – assessed as Amber/Green</li> <li>• Financial Governance and Reporting – assessed as Amber/Green</li> <li>• QIPP – assessed as: <ul style="list-style-type: none"> <li>○ Design/Application – Amber/Green</li> <li>○ Effectiveness – Amber/Red.</li> </ul> </li> </ul> <p>CM reported that the outcome of the assessment was broadly positive.</p> <p>Looking forward, CM reported the following work:</p> <ul style="list-style-type: none"> <li>• Continuing Healthcare – since production of the report, further meetings had taken place, and a draft report had been issued this morning.</li> <li>• Better Care Fund – draft report issued today.</li> <li>• Conflicts of Interest – work was pending.</li> <li>• Primary Care Co Commissioning – RSM was due to meet with Alison Blair (Chief Officer of Islington CCG, and SRO NCL Primary Care Co Commissioning) by February 2017.</li> </ul> <p><i>Discussion raised the following points:</i></p> <ul style="list-style-type: none"> <li>• The Chair referred to the positive comments that had been made regarding the procurement of the integrated 111/Out of Hours service. KT thanked Clare Kapoor (Enfield CCG) for leading this work.</li> <li>• It was noted that the issue of Purchase Orders had been discussed at a recent Finance and Performance Committee meeting where it was noted that the CCG was taking action to address the issue, notably with the temporary appointment of Regina Shakespeare as Turnaround Director.</li> <li>• It was felt there was a need to ensure BAF assurance is appropriately reflected.</li> <li>• Finance Governance had focussed on reporting the CCG's financial position. The development of long term sustainable plans was needed. During discussions, it had been suggested that one report on financial sustainability would be produced, which would not affect other reports.</li> <li>• On the QIPP Effectiveness, it was noted that activity was largely transactional, not sustainable; however more transformational, sustainable schemes were being developed.</li> </ul>	

	<ul style="list-style-type: none"> <li>• It was noted that the QIPP programme would not be effective in delivering over £17m in savings; however the Chair noted that the CCG had overachieved in achieving the initial savings target set by NHS England (NHSE) of £10m QIPP. The issue was that NHSE had increased the savings requirement to over £17m.</li> <li>• CM expressed that Enfield CCG would, if required, be able to evidence that it had a robust assurance plan that it was working to.</li> </ul> <p>b. <b>Progress Report for CSU</b>  CM reported an assessment rating of Amber/Red. On the draft report from the Cyber Security audit where it was found:</p> <ul style="list-style-type: none"> <li>• A lack of policies around Firewall issues</li> <li>• The potential risk of breaches around the patch management process – although it was acknowledge there were no current breaches</li> <li>• User controls for adding and removing people from the IT system.</li> </ul> <p>It was noted that CSU Assurance Group would review these issues at its meeting on 2 December 2016.</p> <p><b>CSU Procurement</b>  CM reported an assessment rating of Amber/Green, and explained that there were issues around:</p> <ul style="list-style-type: none"> <li>• The production of Business Cases</li> <li>• The production of Purchase Orders</li> <li>• A lack of Service Specifications and clarity around what the CCG expects of CSU in terms of performance. CM stated that Haringey CCG had asked the assurance group to look into this issue – the Chair suggested that the same be done for Enfield CCG.</li> <li>• JP asked if RSM could provide good models for service specifications. CM agreed to share good practice guidance on Procurement Service Level Agreements.</li> <li>• It was noted that there had been gaps in CSU’s services earlier in the year; however following a change in leadership, improvements in services had been identified.</li> </ul> <p><b>New Action:</b> The Chair asked that CSU be asked to provide an update on the Action Plan via the Procurement Committee or next Audit Committee.</p> <p>c. <b>RSM Health Matters</b>  The report was presented for information only.</p> <p><b>RESOLVED:</b> that the reports be noted.</p>	<p>CM</p> <p>CM</p> <p>RW</p>
5	<b>LCFS</b>	
	<p>a. <b>Proactive Benchmarking</b>  Gemma Higginson presented the Proactive Benchmarking 2015/16 report, which provided the CCG with:</p> <ul style="list-style-type: none"> <li>• An overview of the proactive exercises undertaken by RSM</li> <li>• Details of recommendations made to other CCGs, which aimed to provide Enfield CCG with an indication of how best to prevent/identify fraud and bribery.</li> <li>• Details of risks that had been identified by RSM and Enfield CCG staff, and which were already being worked on.</li> </ul> <p>b. <b>Review of NHS Protect Functions and Services</b>  A summary of NHS Protect’s new operating model, which will take effect from April 2017, was presented. The report outlined the changes brought about following the review of NHS Protect’s functions and services. In summary:</p>	

	<ul style="list-style-type: none"> <li>• It was noted that NHS Protect would maintain its regulatory role.</li> <li>• It was not anticipated that the proposed changes would impact on services.</li> </ul> <p>c. <b>NHS Protect Quality Assurance Process</b></p> <ul style="list-style-type: none"> <li>• Gemma Higginson presented a paper focussing on the self-assessment review tool (SRT) and the role of the Audit Committee; and that of the Commissioners – to provide assurance that the organisation has counter fraud processes to ensure assurance compliance with NHS Protect’s Standards.</li> <li>• Enfield CCG has completed an SRT and this was tabled at the meeting.</li> <li>• Members were advised that an assessment of selected CCG and Providers’ processes would be undertaken, and the results would be shared with NHSE. Enfield CCG has been selected for assessment in December 2016.</li> </ul> <p><i>Discussion raised the following points:</i></p> <ul style="list-style-type: none"> <li>• As lead commissioner for BEHMHT, Enfield CCG should request assurance of the adequacy of their anti-fraud measures. It was noted that BEH MHT has not been selected by NHS Protect for a Quality Assurance Process assessment.</li> <li>• Enfield CCG had led the procurement work on the 111/Out of Hours contract for North Central London (NCL). The committee asked whether Enfield CCG should request assurance on anti-fraud measures on this contract. GH agreed to liaise with NHS Protect about this and report back.</li> </ul> <p><b>New Action:</b> GH to liaise with NHS Protect about whether Enfield CCG should request assurance on anti-fraud measures from providers on all health services contracts.</p> <p><b>New Action:</b> To add the outcomes and action plan from NHS Protect assessment on next committee agenda.</p> <p>d. <b>Notice Fraud newsletter June and September 2016</b> The newsletters were presented for information only.</p> <p><b>Resolved:</b> that the LCFS reports were noted.</p>	<p><b>Gemma Higginson</b></p> <p><b>RW</b></p>
<b>6</b>	<b>External Audit</b>	
	<p><b>Draft External Audit Plan</b> David Eagles (DE), BDO, explained that the:</p> <ul style="list-style-type: none"> <li>• Draft external audit plan would be discussed at an initial Audit Planning meeting on 8 December 2016.</li> <li>• Consideration would be given to the dates and issues for 2017; and a Forward Plan would be presented at the next Audit Committee meeting.</li> </ul> <p><b>RESOLVED:</b> that the 2017 Forward Plan would be presented at the next meeting in March 2017.</p>	
<b>7.</b>	<b>Committee Governance</b>	
<b>7.1</b>	<p><b>Governing Body Assurance Framework (BAF) and Corporate Risk Register (CRR) – Joint Commissioning Arrangements – Risk Register</b> Vivienne Ahmad (VA), Risk &amp; Governance Manager, advised the committee that following presentation to the Q&amp;S and Executive committees the previous week, the BAF and CRR had been updated. Changes included:</p>	

	<ul style="list-style-type: none"> <li>• The new BAF risk (430) around not finding appropriate accommodation for the CCG was to be downgraded and moved to the CRR.</li> <li>• BAF risk 400, around the evidence base underpinning the NCL Sustainability &amp; Transformation Plan (STP) had been redrafted by the Enfield CCG Chief Officer to better articulate the risk, implementation and delivery points; and had been escalated (from a rating of 9 to 12).</li> <li>• The new CRR risk around lack of commissioning capacity to deliver directorate objectives had been updated following the Executive Committee.</li> <li>• The closed BAF and CRR risks had been noted.</li> </ul> <p><i>Discussion raised the following points:</i></p> <ul style="list-style-type: none"> <li>• Clive Makombera (CM) queried whether BAF risk 400 should be further escalated – higher than a 12 rating. It was agreed to take this back to Directors for consideration as it was felt that the STP was a moving feast, so could be subject to further review by Directors. There was a need for relativity and consistency across NCL, and to be mindful of ‘scope creep’.</li> </ul> <p><b>New Action:</b> Consider at Directors meeting, whether BAF risk 400 should be further escalated – higher than a 12 rating.</p> <ul style="list-style-type: none"> <li>• It was noted that additional staff had been appointed to address the risk around lack of commissioning capacity to deliver directorate objectives (CRR new risk 427).</li> </ul> <p><b>Resolved:</b> That the BAF and CRR risks were reviewed and noted.</p>	JP
7.2	<p><b>Conflict of Interest Action Plan</b></p> <p>The Director of Performance and Corporate Services, Jane Pike (JP), advised that the CCG had analysed the new Conflict of Interest Guidance and identified the actions that needed to be undertaken. This had created an extensive Action Plan, which resulted in the proposal to establish a Task &amp; Finish Group to manage this work. Consideration needed to be given to whether additional, short term resources were needed to support this work.</p> <p><i>Discussion raised the following points:</i></p> <ul style="list-style-type: none"> <li>• Clive Makombera (CM) agreed that there was much work to be tackled, so it was important to prioritise the work.</li> <li>• The Chair advised that the responsible Enfield CCG committee would be the Executive Committee; with the Audit Committee being responsible for assurance.</li> <li>• It was agreed that a proposal to establish the Task and Finish Group would be presented to the Executive Committee in advance on the next Audit Committee.</li> </ul> <p><b>Resolved:</b> That the committee noted the Conflict of Interest Action Plan; and noted the proposal to establish a Task &amp; Finish Group to manage the Action Plan.</p> <p><b>New Action:</b> Present a proposal to establish the Task &amp; Finish Group at the next Executive Committee in advance on the next Audit Committee.</p>	JP
7.3	<p><b>Quarterly Conflict of Interest return to NHSE</b></p> <p>It was noted that the last Quarterly Conflict of Interest return was sent to NHSE in October 2016.</p>	

	<p><b>Resolved:</b> That the last Quarterly Conflict of Interest return was submitted in October 2016.</p>	
7.4	<p><b>CCG Governance Arrangements</b></p> <ul style="list-style-type: none"> <li>• The Director of Performance and Corporate Services, Jane Pike (JP) presented an update on the CCG's governance arrangements. The report provided a follow-up to previous Governance Reviews in 2014 and 2015.</li> <li>• It was noted that the proposal was to merge the Executive Committee with the Clinical Reference Group (CRG) to establish a Clinical Commissioning Committee. This proposal was discussed at Quality &amp; Safety, Executive and CRG committees, where it was agreed to move in this direction. It was felt that this proposal would make more efficient use of resources, would provide more focussed governance, and avoid duplication of work.</li> <li>• The proposal would need to be presented to Governing Body. If agreed, there would need to be a change in constitution.</li> </ul> <p><b>Resolved:</b> Members noted that the Chairs of the Quality &amp; Safety and CRG committees and the Medical Director endorsed the proposal to change the CCG governance arrangements.</p>	
7.5	<p><b>Workplan 2016/17 and 2017/18</b></p> <p>The 2016/17 and 2017/18 Audit Committee workplans were presented:</p> <ul style="list-style-type: none"> <li>• It was noted that the CCG needed to be mindful of how the committee did its work going forward.</li> <li>• CM advised that Internal Audit was looking at one pan NCL workplan, and offered to give examples of good practice identified in other CCGs e.g. other CCGs provided examples of collaborative working.</li> </ul> <p><b>Resolved:</b> That the 2016/17 and 2017/18 Audit Committee workplan was noted.</p>	
8.	<p><b>Committee Effectiveness Review &amp; Quality and Safety Risks Deep Dive</b></p>	
8.1	<p><b>Quality &amp; Safety Committee Effectiveness Review</b></p> <p>Angela Dempsey (ADe), Chair of the Quality &amp; Safety Committee (Q&amp;S) advised that an Effectiveness Review had been undertaken on the Q&amp;S committee, the results from which had been considered by the Q&amp;S Committee on 23 November. Key points from the review included:</p> <ul style="list-style-type: none"> <li>• Positive feedback had been achieved.</li> <li>• Average attendance at the committee stood at 67%.</li> <li>• More regular Public Health attendance was needed.</li> <li>• There was a need for greater Medicine Management input.</li> <li>• There was a need for additional administrative support, however it was noted that this was being addressed.</li> </ul> <p>ADe listed the following areas for development:</p> <ul style="list-style-type: none"> <li>• Primary Care Quality Improvement</li> <li>• More Deep Dives to be undertaken</li> <li>• Improve the efficiency and effectiveness of the committee, including improving the alignment with the Quality and Risk work.</li> </ul> <p><i>Discussion raised the following points:</i></p> <ul style="list-style-type: none"> <li>• Clive Makombera (CM) noted the overall positive outcome of the review, but queried risk management and member skills. There was a need to reflect on the turnover of membership, and on the fact that the</li> </ul>	

	<p>committee's achievements had slowed-down. The committee needed to think about junior managers' development.</p> <ul style="list-style-type: none"> <li>• It was noted that a matrix needed to be built into organisational development. It was felt that development time might be needed during committees – this had already been done for the Audit and Procurement Committees.</li> <li>• It was felt that all committees needed to consider Risk Management Training.</li> </ul> <p><b>New Action:</b> It was agreed to embed the matrix into the Q&amp;S Workplan. ADe would discuss this with BP.</p> <p><b>Resolved:</b> That additional Deep Dives would be undertaken, which would report back to Quality and Safety Committee; further work would be undertaken on Primary Care Quality Improvement; and Q&amp;S work would be aligned with the Quality and Risk Committee. Overall, it was felt that this was a thorough review with positive endorsement, which reflected a clear way forward. AD was thanked for the committee's good work.</p>	<b>ADe/BP</b>
<p><b>8.2</b></p>	<p><b>Quality &amp; Safety Risks Deep Dive</b></p> <p>Vivienne Ahmad (VA), Risk &amp; Governance Manager, advised the committee that the paper presented provided an update of the Risks Deep Dive paper considered by Q&amp;S Committee on 23 November.</p> <p>VA advised the committee that the report considered the risks aligned to the quality of services from providers – of note was the decision made by Q&amp;S not to reduce the risk rating for the North Middlesex University Hospital (NMUH) from 20 to 16 in view of concerns made at Q&amp;S about the quality of service, assurance issues, and patient experience issues.</p> <p><i>Discussion raised the following points:</i></p> <ul style="list-style-type: none"> <li>• It was noted that there had been positive steps at NMUH in terms of new leadership, and the introduction of improvement programmes.</li> <li>• The report on the comprehensive CQC inspection undertaken in September 2016 was still awaited – it was therefore important to see the indicators following this inspection.</li> <li>• Members were advised that, as part of the assurance process, it had been agreed at Q&amp;S to meet with the NMUH Chief Executive to ensure that future deep dive exercises were patient focussed, especially in view of the Trust's bad Friends and Family Test (FFT) data.</li> <li>• It was noted that the Royal Free had difficulties with the performance indicators around A&amp;E, Cancer and Financial issues.</li> <li>• It was noted conversations had taken place with Barnet, Enfield and Haringey Mental Health Trust (BEH MHT) about the lack of assurance data; however it was agreed to take no further action at this time as some improvement had been noted. In addition, following a CQC inspection, a robust action plan had been produced, including agreement of a reporting mechanism to Q&amp;S via Clinical Quality Review Group (CQRG). It had therefore been agreed not to change the risk rating (of twelve) of the 'Risk of quality and safety as a result of failure to deliver the BEHMHT CQC Improvement Plan.'</li> <li>• The Chief Finance Officer commended the process of the Q&amp;S Risks Deep Dive, but asked for a basic understanding of the risk. ADe agreed to discuss with RW outside of the meeting how best to align the various committees, and triangulate with performance.</li> </ul>	

	<ul style="list-style-type: none"> <li>It was suggested that the CCG should look at proactive policy making, rather than being reactive, perhaps using the Plan-Do-Study-Act (PDSA) cycle as a framework to develop tests and implement change.</li> </ul> <p><b>New Action:</b> Consider using the Plan-Do-Study-Act (PDSA) cycle as a framework for the CCG to develop tests and implement change.</p> <p><b>Resolved:</b> That the Q&amp;S risks are noted; and key lines of enquiry to enable an increased level of assurance in Q&amp;S risks were considered. It was noted that Enfield CCG had an excellent Quality and Risk team that provided excellent support to the Governing Body.</p>	<b>JP</b>
<b>9.</b>	<b>Financial Matters</b>	
	<p>a. <b>Compensation</b> None</p> <p>b. <b>Debtors Report</b> The Chief Finance Officer, Robert Whiteford (RW), explained that at 31<sup>st</sup> October 2016, the total owed to the CCG was £352.6k. In summary:</p> <ul style="list-style-type: none"> <li>Around £21k being twelve months overdue; and around £51k being six to twelve months overdue.</li> <li>NHSE invoices refer to recharges of £105k for a number of projects, and which would shortly be paid.</li> <li>The CCG was chasing the London Borough of Enfield for the overdue invoice of £21k.</li> </ul> <p>c. <b>Waivers to Standing Orders – Single Tender Actions</b> RW presented the Single Tender Actions in the Standing Order Waivers Register. Members were asked to note:</p> <ul style="list-style-type: none"> <li>Reference 6/16 – the cost of £88,428.00 was the value of a <b>two</b> year contract.</li> <li>References 7/16 to 9/16 – it was noted that these Primary Care waivers were undertaken as no other systems were compatible with the IT system used by GP member practices.</li> </ul> <p><i>Discussion raised the following points:</i></p> <ul style="list-style-type: none"> <li>It was noted that the register needed to provide details of the total commitment.</li> <li>The register must clearly show the length of the commitment.</li> <li>It was agreed to publish the Standing Order Waivers Register on the Enfield CCG website; and present a paper at the next Procurement Committee.</li> </ul> <p><b>New Action:</b> Add the waivers to the Register of Procurement Decision &amp; Contract Register of the Enfield CCG website.</p> <p><b>New Action:</b> To amend the proforma to include total commitment and length of commitment</p> <p>d. <b>PO Compliance Action Plan</b> RW explained the actions that Enfield CCG was taking, together with NEL CSU, to increase Purchase Order compliance. RW explained:</p> <ul style="list-style-type: none"> <li>CCG staff were being helped by NEL CSU staff to navigate the electronic system and address any training needs. Particular attention was being given to training for inputting the purchase of services.</li> <li>Work was on track to meet the Action Plan milestones.</li> <li>Business as usual aspects of the work programme would need to be aligned with the development of the CSU Procurement Specification.</li> </ul>	<p><b>Keith Spratt</b></p> <p><b>RW</b></p>

	<b>Resolved:</b> That the Financial Matters report were noted.	
<b>10.</b>	<b>Any Other Business</b>	
	<p><b>Sustainability &amp; Transformation Plan (STP) Spend</b>  Following discussions between the five NCL Chief Officers, Sarah Thompson (Enfield CCG Chief Officer) asked that the Audit Committee consider a paper from David Stout, Senior Programme Director of NCL STP setting out where this spend had been authorised; what the governance was for this spend; and what controls were in place.</p> <p>This paper also outlines a number of processes that Camden CCG had adopted, using their own governance arrangements, such as a Scheme of Delegation, Procurement Requirements, and NHSE Business Consultancy Rules to monitor this spend.</p> <p>The Chair tabled a letter to NCL Audit Chairs from the Camden CCG Audit Chair providing assurance over these processes.</p> <p>RW advised that the NCL Chief Finance Officers had authorised the spend of £5m for 2016/17.</p> <p><b>Resolved:</b> That the committee noted the assurances over STP spend, including that it was being overseen by Camden CCG. It was also noted that there was more work to be done on STP governance and approval processes for 2017/18.</p>	
<b>11.</b>	<b>Evaluation – Audit Committee Checklist</b>	
<b>12.</b>	<b>Date &amp; Place of Next Meeting &amp; Future Meetings</b>	
	Wednesday 15 <sup>th</sup> March 2017 (09.00 – 11.00) Committee Room, Holbrook House.	