

Clinical Commissioning Group

AUDIT COMMITTEE MEETING (Part 1)

15 March 2017

Members:	Karen Trew, Governing Body Lay Member – Chair Teri Okoro, Lay Member for PPE Adam Sharples, Lay Member (Haringey CCG) Dr Jarir Amarin, GP Governing Body Member	
In attendance:	David Eagles (BDO) (item 6) Clive Makombera (RSM) Gemma Higginson (RSM LCFS) Rob Whiteford, Chief Finance Officer Arati Das, Deputy Chief Finance Officer Bridget Pratt, Assistant Director Quality, Governance and Risk Jane Pike, Director of Performance and Corporate Services (item 4.3 only) Dr Alpesh Patel, GB Member and Chair of Finance and Performance Committee (item 8.1) David Triggs, Board Secretary	
Item		Action
1.	Welcome and Apologies for Absence	
1.1	The Chair welcomed everyone to the meeting. Apologies for absence were received from Rathai Thevananth, Practice Manager Representative and Carole Bruce-Gordon, Acting Director of Quality and Integrated Governance. The Chair welcomed Dr Jarir Amarin as the GB Member replacing Dr Ujjal Sarker who had stepped down from the Governing Body in December 2016.	
2.	Declaration of Interests	
2.1	The Committee noted the register of Declarations of Interest. Members were asked to confirm that their individual entries remained accurate.	
3.	Minutes, Action Log and Matters Arising	
3.1	Minutes of the meeting held on 30 November 2016	
3.1	RESOLVED: That the minutes of the Part 1 meeting held on 30 November 2016 be approved as a correct record subject to moving the Part 2 Minutes to a separate page.	DT

3.2	Action Log	
3.2	<p>The Action log was noted. It was agreed that the following actions were complete and could be closed:</p> <ul style="list-style-type: none"> • Action 81, 85, 86, 88. 89, 90, 93, 94 and 95. • Action 86 was updated by the CFO prior to being closed. The following was noted: <ul style="list-style-type: none"> • <i>GP IT circulated for virtual approval of Procurement Committee on 9/3/17. Value £3.1m so will require Governing Body approval. Business Intelligence will be a London wide procurement likely to work towards a Summer/Autumn timescale.</i> • Action 87: Gemma Higginson of RSM provided a verbal update. At its last meeting the Committee had received a paper explaining that following a review of NHS Protect’s functions and services by the Department of Health, it had been required to change the way in which its services are delivered. The Committee noted a summary of NHS Protect’s new operating model and the subsequent changes. It was explained that the CCG would be subject to the new standard where it was the lead commissioner. This action could now be closed. • Action 91 – embed matrix into Quality and Safety Workplan. It was noted that this had been brought to the attention of Q & S and could be closed. • Action 92 – Plan – Do – Study – Act (PDSA) to be taken forward as part of NCL STP and monitored by Executive Committee. This could be closed. • Action 96 – LCFS summary report on Continuing Healthcare. This is picked up as part of the agenda for this meeting and therefore this action could be closed. <p>Action Point: Board Secretary to update the action log.</p>	DT
3.3	Matters Arising: Judgement Accruals	
3.3	<p>Arati Das, Deputy CFO circulated a paper detailing a list of Judgement Accruals for Month 9 where the accrual is greater than £250,000.</p> <p>It was noted that the list contained ‘raw data’ and it was therefore agreed that upon month 12 closure the finance team would prepare a user friendly report for consideration at the next meeting of the Audit Committee.</p>	AD
4	Internal Audit	
4.1	Internal Audit Plan 2017/18 and Internal Audit Strategy	
	<p>The Committee considered a paper that set out proposed details of the CCGs internal audit plan for 2017/18 and the three year strategy 2017/2020.</p> <p>The Audit Plan 2017/18 and the three year Internal Audit Strategy sets out the background by referring to the direction for the NHS as outlined in the Five Year Forward View and explains that to deliver this vision the NHS has set out</p>	

	<p>proposals to bring together commissioners, providers and local authorities under a Sustainability and Transformation Plan (STP) footprint. The Plan goes on to look at the STP across North Central London and look at the agreed management arrangements with a single Accountable Officer and a single Chief Finance Officer and a Joint Committee of all five NCL CCG Governing Bodies.</p> <p>The paper sets out a proposed plan that had been drawn up by looking at the joint risks of delivering the joint commissioning arrangements and the strategic risks that exist across NCL CCGs and then in Appendix A details the scope of each area of the audit, the fee and timing. It was noted that the paper was supported by NCL CCG Chief Finance Officers who had considered the paper at its recent meeting.</p> <p>Clive Makombera explained that following a conversation with Alison Blair as the lead officer for Primary Care Co-commissioning it was proposed to undertake a review of this area in quarter 1 of 2017/18 rather than in 2016/17. It was agreed that subject to funding for this review transferring from 2016/17 there was merit in taking this approach.</p> <p>The Committee reviewed the Plan/ Strategy and</p> <ul style="list-style-type: none"> • expressed itself as being satisfied as to the level of assurances to monitor the organisation’s risk profile effectively; • agreed the strategy for internal audit (set out at Appendix B to the paper) covers the organisation’s key risks; • requested that follow-up audits be conducted to give assurance on those areas identified as being amber/ red rated; • consider the opportunity for rotational audits on local areas for example like the Enfield Referral Service at Enfield CCG • agreed the areas selected for audit coverage in 2017/18 are appropriate. <p>The Committee welcomed the proposal for joint audit reports for areas where this is indicated within the plan.</p> <p>RESOLVED: That the draft Plan be approved subject to amendments indicated above.</p>	<p>RW/ CM</p> <p>RW/ CM</p>
<p>4.2</p>	<p>Annual Internal Audit Report 2016/17</p>	
	<p>Clive Makombera, RSM presented a paper that summarised the internal audit work completed in 2016/2017. It was noted that the paper contained a judgement of overall performance across the year and the Head of Internal Audit Opinion. In its Draft Head of Internal Audit Opinion (HIAO), covering work up to 27 February 2017, RSM concluded that the CCG has an adequate and effective framework for risk management, governance and internal control. However, it identified that further enhancements are required to the framework of risk management, governance and internal control to ensure that the framework remains adequate and effective.</p> <p>The HIAO was formed from the work carried out throughout the year. It was noted that there were two partial assurance reports (amber-red) for QIPP and</p>	

	<p>Continuing Healthcare. This work was summarised in Appendix B of the paper with the latest reports for Continuing Healthcare, Better Care Fund and Conflicts of Interest identified in item 4.3.</p> <p>The Committee discussed and noted the outcomes of the work and how this supported the Draft HIAO.</p> <p>RESOLVED: the Committee discussed and noted the HIAO in the light of the work conducted throughout the year.</p>	
4.3	Enfield CCG Internal Audit Progress Report	
	<p>Clive Makombera, RSM presented a report setting out progress on delivery against the CCG Internal Audit Plan and an update on the follow up of outstanding recommendations covering the following areas:</p> <p>Continuing Healthcare (CHC) – Amber/Red Better Care Fund – Amber/Green Conflicts of Interest – Amber/Green</p> <p>It was noted that 11 management actions consisting of four medium priority and seven low priority actions had been followed up. Upon discussion with relevant management it was noted that all bar one medium priority management action relating to the Better Care Fund had been implemented.</p> <p>The Committee discussed the CHC report and the fact that the amber/red outcome was unexpected. The report indicated there were three high and three medium recommendations setting out the following concerns:</p> <ul style="list-style-type: none"> • Sound and transparent arrangements are not in place for placing patients with new providers • Signed service level agreements are not in place with all the care providers • The CCG does not have proactive processes in place for monitoring and managing the performance of providers • The CCG does not undertake a formal benchmarking exercise for comparing costs charged by providers. <p>Jane Pike Director of Corporate Services recognised the weaknesses identified by the audit and explained the work being undertaken to put additional checks in place where a new provider was being used. A review had been commenced to benchmark the CCG spend and compare this to other CCGs in this area. It was noted that there are a large volume of placements and so a slick process was required but one that included appropriate checks.</p> <p>The Committee noted that the Chief Finance Officer had asked for a follow-up of actions in June/ September 2017.</p> <p>The Assistant Director of Quality, Governance and Risk highlighted that the Quality and Safety (Q & S) Committee had agreed a set of key performance indicators for provider performance in this area and it would be reviewed at the next meeting of the Q & S Committee.</p>	

	<p>During the discussion it was noted that:</p> <ul style="list-style-type: none"> • The scope of the audit had been extended from the original plan to include provider management • The risk register had not been updated to reflect areas highlighted as areas of concern; • The Q & S and Finance and Performance Committee reports had not indicated areas for improvement • It may be appropriate to consider a framework agreement <p>RESOLVED: that the report be noted and the follow-up audit of CHC in 2017/18 be agreed.</p>	
4.4	NEL Commissioning Support Unit (CSU) Quality Assurance Plan	
	<p>The Committee received a paper setting out progress on delivering the work on the CSU Quality Assurance plan. The report contained a progress update against the 2016/17 internal audit work plan and the latest position against each area was as follows:</p> <p>Final reports issued for:</p> <ul style="list-style-type: none"> • Medicines Management – Amber/Green; • Provider-Quality Management – Amber/Green; and • Acute; Non-acute contracting and non-contracted activities-Amber Green <p>Draft report issued for:</p> <p style="padding-left: 40px;">Data Quality and Performance Management.</p> <p>Currently in progress:</p> <ul style="list-style-type: none"> • Information Governance <p>It was noted that there were four management actions due for implementation and these were followed up. Adequate evidence had been provided to confirm that they had all been implemented. The Committee was assured that there were no significant issues arising from the above reports.</p> <p>CM reported that he had asked for an update on the follow-up actions and would share with all 12 NELCSU CCGs by the end of March 2017.</p> <p>RESOLVED: that the report be noted.</p>	RW/ CM
5	Local Counter Fraud Service (LCFS)	
5.1	LCFS Workplan for 2017/18	
	<p>The Committee considered the 2017/18 workplan which set out details of the proactive Counter Fraud tasks proposed across North Central London clinical commissioning groups during the year. The workplan was designed to be compliant with the NHS Protect Standards for Commissioners, and has been drafted with input from all Chief Finance Officers in the region.</p> <p>During consideration of the Plan the Committee requested a more detailed break-down of the Plan per task/ area. GH agreed to provide this.</p> <p>RESOLVED: that the 2017/18 draft workplan be approved subject to clarification on the detailed break-down requested above.</p>	GH

5.2	<p>a) NHS Protect Quality Assessment 2016/17 Final Report b) Notice Fraud newsletter December 2016</p>	
	The Committee received and noted the above papers.	
6	External Audit – Annual Audit Letter	
	<p>David Eagles from BDO presented the Annual Plan for the year ended 31 March 2017. He highlighted key areas of the Plan including the timetable, scope, objectives, audit strategy, fees and noted that KPMG would be taking over from 2017/18.</p> <p>RESOLVED: that the report be noted.</p>	
7.	Committee Governance	
7.1	Governing Body Assurance Framework and Corporate Risk Register	
	<p>The Committee reviewed the Governing Body Assurance Framework (GBAF) i.e. risks to the CCG’s Corporate/Strategic objectives. It also reviewed the Corporate Risk Register (CRR).</p> <p>The report to the Audit Committee identified key updates to the GBAF and CRR since the Audit Committee meeting of 30 November 2016 and the Executive Committee meeting of 15 February 2017.</p> <p>The report highlighted the 7 extreme risks (scoring 15+), one of which (Risk 400 NCL STP evidence base) had been escalated to a score of 20 and one of which (Risk 436 – alignment of STP, Operating Plan and QIPP) has been de-escalated to a score of 16.</p> <p>The report also highlighted changes to the Corporate Risk Register including:</p> <ul style="list-style-type: none"> • 1 new risk (435) • 4 Corporate high risks (33, 295, 297 and 423) • 2 escalated risks (423 and 398) • 2 de-escalated risks (284 and 297) • 1 closed risk (427) <p>During the discussion the following points were raised and agreed:</p> <ul style="list-style-type: none"> • The need to review the composite risks (343 and 347) to recognise the quality concerns around North Middlesex Hospital Trust as well as Barnet, Enfield and Haringey Mental Health Trust; • That the high risk of not meeting the £25m QIPP savings (346) remained. Despite an expected delivery of £17m of QIPP the CFO explained that the CCG continued to work hard to maximise delivery for 2016/17 and establish robust plans for 2017/18 but this remained a very high risk. <p>RESOLVED: That</p> <ol style="list-style-type: none"> i. The 7 extreme risks on the GBAF be noted; ii. The 2 escalated risks on the GBAF be noted; iii. It be noted that Executive Committee moderated 4 GBAF risks (13, 342, 343 & 400); iv. The Corporate Risk Register was reviewed and the following noted: 	

	<ul style="list-style-type: none"> • 1 new risk • 4 Corporate high risks • 2 escalated risks • 2 de-escalated risks • 1 closed risk • Executive Committee moderated 8 Corporate risks (5, 33, 297, 397, 398, 427, 430 and 435) <p>Action Point: the amendments and comments described above be noted/ integrated into the BAF for approval by the Governing Body.</p>	CBG/ BP
7.2	NCL STP Programme Risk Register	
	The Assistant Director Quality, Governance and Risk reported that this risk had been included and was referred to as part of item 7.1 above.	
7.3	Conflicts of Interest Update including COI Action Plan	
	<p>The Board Secretary presented a paper highlighting progress with the following:</p> <ol style="list-style-type: none"> a) Conflicts of Interest (COI) Action Plan initially developed from the NHS England (NHSE) Revised Statutory Guidance for CCGs on Managing COI, published in June 2016 and the North Central London (NCL) COI Policy. The Committee noted that the action plan was long and asked if it could be summarised as part of future updates. It was noted good progress had been made. However it was also noted that the CCG was not compliant with the requirement for three Lay Governing Body Members and not yet compliant with declarations from member practices; b) Following a paper to the Executive Committee on 18 January a COI Task and Finish (T&F) Group had been established to oversee progress with the COI action plan. It met on 26 January and agreed its Terms of Reference (ToR); c) Revised Guidance on Managing COI issued by NHS England on 9 February 2017 was noted; d) Revised NCL Declarations of Interest Form: The Committee reviewed and approved the declaration of interest form noting this had been revised in line with the NHSE June 2016 statutory guidance on managing COI and agreed with NCL governance leads; e) The process for managing COI Breaches: The Committee reviewed the process for managing COI Policy breaches; f) Internal Audit of COI: The Internal Auditors carried out an annual audit of managing COI in January 2017. The CCG was rated amber-green (reasonable assurance) with three medium and two low priority management actions identified. These actions included: the Recruitment Policy, Conflict of Interest training attendance record, Register of Interests form update, Register of Gifts and Hospitality and Contract monitoring meetings. It was noted that the COI Action Plan had been updated to take these into consideration; 	

	<p>g) COI Policy: It was noted that NHSE would be publishing a Model COI Policy in March 2017. The NCL COI Policy would then be revised in line with this model and then presented to the Committee.</p> <p>RESOLVED: that</p> <ul style="list-style-type: none"> i. NHSE new guidance on managing COI, which will come into effect 1 June 2017, be noted; ii. revisions and progress made on the COI Action Plan to comply with the COI Statutory Guidance, published in June 2016 and February 2017 respectively be noted; iii. establishment of a COI Task and Finish Group be noted; iv. it be noted the COI Policy will be revised in line with the new guidance, in line with the Model of Conflict of Interest Policy due to be published by NHSE in March 2017 and in consultation with the NCL governance leads; v. the NCL declaration of interest form be approved; vi. the process for managing COI breaches, COI Breach Reporting Form and COI Register of Breaches of the CCG's COI Policy be noted. 	
7.4	Quarterly Conflict of Interest return to NHSE	
	<p>The Committee considered a report that set out details of the second Conflicts of Interest (COI) indicator Quarterly Assessment submitted to NHS England (NHSE) on 12 January 2017, in line with the NHSE Improvement and Assessment Framework (IAF) COI Indicator Submission Process for CCGs.</p> <p>It was noted that there was Breach of COI Policy reported after the submission of the quarterly self-certification to NHSE in January 2017. A meeting was held between the COI Guardian, the Chief Officer and the individual to discuss the matter. It was noted that anonymised details of the breach would be published on the CCG's website for learning and development when due process is complete. Details of the breach will also be included in the CCG's submission of annual return to NHSE.</p> <p>RESOLVED: that</p> <ul style="list-style-type: none"> i. the Quarterly Assessment submitted to NHSE on 12 January 2017 in line with the NHSE Improvement and Assessment Framework COI Indicator Submission Process for CCGs (Annex A) be noted; ii. that a breach of the COI Policy was reported after submission of the quarterly self-certification. This breach will be recorded in the CCG's annual return; iii. that the next return due to NHSE by 13 April 2017 is the CCG's annual return. 	
8.	Committee Effectiveness Reviews for 2016/17	
	<p>The Committee noted the intention was to complete an effectiveness review for Audit and Executive Committees and report the outcomes to the April Audit Committee. It was also noted that it was intended to use the GGI Maturity Matrix to conduct a review of the Governing Body effectiveness and report this to the April Audit Committee.</p>	

8.1	Finance and Performance Committee	
	<p>The Audit Committee reviewed a paper that summarised a review of the Finance and Performance (F & P) Committee’s Effectiveness over the past 12 months. The report had been reviewed by F & P Committee at its meeting on 22 February 2017. The Chair of the Committee Dr Patel outlined the main findings of the review.</p> <p>Overall the F & P Committee felt that it was the Committee was effective with the vast majority of responses being positive. Attendance was 75% for the 12 months to Decmber 2016. During discussion of the summary it was noted that two respondents had not supported question 9 (the role of members is understood) and question 12 (effective communication of decisions to staff/managers). It was noted that a regular report is provided by the F & P Chair to each meeting of the Governing Body summarising the activity of F & P Committee. It was suggested that in future a request be made to those responding to the effectiveness questionnaire and who do not agree with the statements to place a comment alongside their response by way of an explanation. There were no significant issues raised.</p> <p>RESOLVED: That the outcomes from the review of the raised would be included as part of the F & P Committee’s work plan for 2017.</p>	
8.2	Remuneration and Nomination Committee	
	<p>The Audit Committee reviewed a paper that summarised a review of the Remuneration Committee’s Effectiveness over the past 12 months. The report had been reviewed by Remuneration Committee at its meeting on 8 March 2017. The Chair of the Committee Teri Okoro outlined the main findings of the review as follows:</p> <ul style="list-style-type: none"> • Meetings scheduled in advance for the year (as per the terms of reference two meetings were scheduled although it was difficult to plan other NCL meetings called at short notice) • Workplan reflecting identified priorities as well as ongoing business (this was on the agenda and agreed) • Timeliness of papers (again this mostly referred to NCL papers) • Review terms of reference and identify those areas that cannot be delivered within current resources (it was agreed that these should be reviewed and if possible simplified) • appointment of key director roles (these were being considered through a process coordinated by the NCL project team) • better benchmarking of data including salary for GB Members (this referred to some of the NCL papers that it was felt lacked adequate benchmarking) <p>It was noted that attendance was significantly lower than in previous years but this was a small Committee and the lower attendance was as a result of the additional NCL meetings “held in common” with other CCG Remuneration Committee meetings which were called at short notice and held in Central London with only two members attending in order to ensure the meeting was quorate.</p> <p>RESOLVED: that the report and the outcome of the effectiveness review be noted.</p>	

8.3	Public and Patient Engagement Committee	
	<p>The Audit Committee reviewed a paper that summarised a review of the Patient and Public Engagement (PPE) Committee's Effectiveness over the past 12 months. The report had been reviewed by PPE Committee at its meeting on 9 March 2017. The Chair of the Committee Teri Okoro outlined the main findings of the review.</p> <p>There had been a poor response due in some part as there were new members who felt less able to comment. In response to comments about the need for more engagement it was noted:</p> <ul style="list-style-type: none"> • There are three PPE Public Meetings organised by the CCG each year and felt there was no need to establish further meetings • Opportunities exist to raise questions at public Governing Body meetings which take place six times a year • opportunities exist to invite external representatives and this takes place as a when it is necessary in accordance with the Committee terms of reference <p>It was noted that attendance was 65% but the Local Authority (LA) representative had not attended any meetings throughout the year. This was due to staff changes and a re-structure. The Public Health representative had attended most meetings and both he and the Head of Communications agreed to discuss attendance of the LA representative. The Committee agreed it was important to retain LA representation on the Committee.</p> <p>RESOLVED: that the report and the outcome of the effectiveness review be noted.</p>	
9	Financial Matters	
9.1	Anti-Fraud and Bribery Policy	
	<p>The Committee reviewed and approved the updated Anti-Fraud and Anti-Bribery policy in line with recommendations made by Local Counter Fraud Services.</p> <p>RESOLVED: that the updated Policy be recommended to the Governing Body for approval.</p>	RW
9.2	Compensation – nothing to report	
9.3	Debtors Report	
	<p>The Committee noted the debtors report for the period up to 31 January 2017 with the total debtor value standing at £740.6k.</p> <p>RESOLVED: that the debtors report as at 31 January 2017 be noted.</p>	

9.4	Waivers Report	
	<p>The Committee considered a report from the Chief Finance Officer detailing a schedule of Single Tender Actions approved in the financial year 2016/17.</p> <p>RESOLVED: that the schedule of Single Tender Actions for 2016/17 be noted.</p>	
9.5	PO Compliance	
	<p>The Committee received a paper setting out progress in increasing Purchase Order (PO) compliance. It was noted that a joint action plan had been put in place between Enfield CCG and NELCSU to increase the CCG's compliance in raising appropriate Purchase Orders and PO compliance had increased to 76% in January despite a decrease in the number of POs being processed.</p> <p>Since the Action Plan has been implemented the PO compliance of Enfield CCG has improved from a 40% yearly average to 67% within the last 3 months.</p> <p>RESOLVED: that the report be noted.</p>	
10.	Any Other Business	
11.	Audit Committee Evaluation Checklists	
	<p>The Chair invited feedback. It was agreed that whilst the meeting had overrun there had been a number of important detailed discussions.</p>	
12.	Date of Next Meeting	
	<p>It was noted that the next scheduled meetings of the Committee were due to take place at 3pm on Wednesday 26 April 2017 in the Committee Room at Holbrook House. Other meetings were scheduled as follows:</p> <ul style="list-style-type: none"> • 24 May 2017 • 6 September 2017 • 29 November 2017 	

The meeting commenced at 9 and closed at 11.50am.

Mrs K Trew

Chair of Audit