

**Audit Committee Meeting**  
**12<sup>th</sup> July 2016**  
**10am – 12pm, The Thames Room**

<b>Members:</b>	Ms L Buckland (LB)	DC & Lay Member Government Audit
	Mr T Hitchcock (TH)	Sessional Lay Member
<b>In Attendance:</b>	Dr A Deshpande (AD)	Chair, TCCG
	Mr A Olarinde (AO)	Chief Finance Officer
	Ms M Ansell (MA)	(Acting) Interim Accountable Officer
	Ms P Irwin (PI)	Manager, Ernst & Young (External Audit)
	Ms D Hanson (DHa)	Director, Ernst & Young (External Audit)
	Mr M Clarkson (MC)	Internal Audit, Mazars Counter Fraud
	Mr B Harper (BH)	Counter Fraud Specialist
	Mr D Bonner (DB)	Internal Audit, Mazars Counter Fraud
	Ms N Meeks (NM)	Head of Corporate Governance
	Ms H Arnold (HA)	Senior Administrator (Minutes)
<b>Apologies:</b>	Ms L Corbishley (LC)	Lay Member PPI

<b>1. Welcome &amp; Apologies</b>	<p>LB welcomed all to the meeting. The apologies were noted above.</p> <p>Jane Foster-Taylor (JFT), Chief Nurse was welcomed to the meeting as she will be reporting on two agenda items.</p> <p>LB asked if there were any declarations of interest that were not already on the register, none were declared.</p>
<b>2. Minutes of the meeting held on 23<sup>rd</sup> May 2016 and Action Log</b>	<p>The previous minutes from the meeting on the 23<sup>rd</sup> May were reviewed and all agreed to be an accurate account of the meeting. DB noted that the Item 6 regarding Internal Audit is not actually about Internal Audit.</p> <p><b>ACTION: LB to explore this further with NM</b></p> <p><u>Action Log</u></p> <p>See Appendix 1</p> <p>21/4 – 3 NM explained that the revised flyer for NHS Constitution is ongoing and will be brought to September meeting.</p> <p>21/4 – 4 Completed – to be closed</p> <p>21/4 – 5 NM explained said that the final response was sent to BCF but admission was never finalised. NM will liaise with DB. To be closed</p> <p>23/5 – 2 Completed – to be closed</p>

23/5 – 3 Completed – to be closed  
23/5 – 4d Completed – to be closed  
23/5 – 4e Completed – to be closed  
23/5 – 4f Completed – to be closed  
23/5 – 4h JFT is attending the meeting to discuss this point – to be closed  
23/5 – 8 JFT is attending the meeting to discuss this point – to be closed.

### **3. Head of Corporate Governance**

#### Register of Interest

The register of interest is included in the binder on page 13. The paper presents the 2016/17 complete Quarter 1 Register for Board Members and Staff and Register of Staff Interests.

The committee asked why Kim James from Healthwatch features on the register. NM felt that it was good practise for her to feature on the register as she works in partnership with us. Some members asked where do you stop then if you put everyone on the register who works with us. They are not employees of TCCG and therefore suggested that perhaps the register should be separated and the roles of individuals to be explained.

#### BAF

The dashboard was distributed (2 page document). NM confirmed that Audit also get to see the corporate risk register and Board only get to see the dashboard (so a much shorter version). This month, Board will be looking at strategic objectives; we weren't in a position to do this earlier in the year. NM confirmed that the next part of the framework will contain new objectives.

BAF will be distributed bi-monthly and Audit will receive the latest versions. It was felt that this would be much easier as they have a tendency to go out of sync when it was quarterly. It will also fit better for Board and the finance committees.

There are currently 31 risks on the BAF and Corporate Risk Register. Eleven of these are classed as 'extreme'.

These are ranked in order and as follows;

- The suitability and sustainability of Primary Care
- Services provided by EEAST
- Constitutional Standards (BTUH): RTT (New)
- Constitutional Standards (BTUH): Cancer (New)
- CHC: Finance
- CCG Authorisation
- CHC PUPoC
- GP Succession Planning
- BHRT (Quality)
- QIPP
- Financial Balance

Committee members thanked NM for the work and felt that the layout was much more user friendly and easy to understand.

AD asked when the data was collected and NM confirmed that this was our position at the end of June. AD asked why some of the areas are highlighted in red then as this may not be the case now and doesn't show what our position is today.

MC felt that there may be Brexit workforce issues to be considered regarding providers. MA agreed especially given that we are about to bring in European GPs so may be worth considering for strategic objectives. NM confirmed that the BAF will go out to day so Brexit will need to be considered.

JFT explained that CHC is working well but PUPoC have now served notice on all CCG's. Witham will close in September but they will continue to run the service until March 2017. No KPI has been delivered; Arden Gem was given to us by NHS England. It is very complicated and we will be working with Arden Gem; we have still not agreed how they will be paid. JFT explained that it is unsafe as a system but we do have a good relationship with them so we hope that continues and are monitoring weekly. We cannot find another provider so we have to make it work. They deliver a different database to NHS England and use HISCIP data. It was agreed that we would do a template and share it with NHS England.

There were 107 cases when we first started and these have been split to different cohorts. It states that we now have 25 cases but JFT confirmed that this number is slightly higher.

There are approximately 46 records with the nurse assessors which are waiting to go to panel. The cut-off point is 31<sup>st</sup> March 2017 and the trajectory was changed to September in case anyone wanted to appeal. We are still unsure of the shutdown period for PUPoC. We are still unsure whether to outsource or bring it in house.

#### Conflict of Interest Guidance

NM explained that she brought the Conflict of Interest Guidance in draft format to the last meeting and this has now been finalised. There have been a couple of changes; the main one being that the frequency of declaring interests has changed from quarterly to six monthly. Declarations should also be made by GP partners (or where the practise is a company, each director) and any individual directly involved with the business or decision making of the CCG. Therefore, not all practise staff, which is what was outlined in the April guidance.

**ACTION: LB and NM to review the register of interests outside of the meeting.**

LB said that changes are only recommendations and not mandatory. Regarding the appointment of a third lay member; she thought this was not necessary as we do not do co-commissioning at the moment. NM agreed but stated that we still have to let NHS England know why.

AO asked for clarity about whether NHS England need to agree on that matters that we don't want to follow or understanding of the changes we do or don't want. It was felt that clarity was needed on this matter.

NM confirmed that CCG's are expected to implement the suggestions and need to include reasons why; it doesn't say that permission is needed.

LB explained that if we have a sessional member then we don't need a third lay member. LB felt that a discussion should be had outside of the meeting; lay members should chair primary care committees. The Essex Forum will also be taking place on the 7<sup>th</sup> October and this will be discussed there.

**ACTION: Meeting to be set up with AD/LB/AO/MA and NM to discuss the above and feedback given at the next meeting in September.**

DH confirmed that she has recently done a workshop on Co-commissioning which most people found very helpful. She will draft an email with invites and other dates later in the week.

MC felt that we are supposed to get guidance on what audit will cover

**ACTION: NM will send these to MC once this it has been completed at the end of August.**

#### Complaints Annual Report

The Annual Complaints Report was included in the binder (page 23).

The committee were asked to note the report which was approved at the June Board meeting. It is considered good practise to publish an annual report to the CCG Board outlining the complaints during the year, how they have been handled and lessons to be learned during the year. During the year, there were 43 complaints sent to the CCG. Largely these were in relation to the providers of service that the CCG commissions. However, seven complaints were made regarding CCG commissioning policy/decisions. The revised policy will now be going to the September meeting.

NM confirmed that we have now also set up a new complaints register which will have much more data on it. It is an informative spreadsheet which will give reminders and notify us when a complaint is nearly overdue.

LB confirmed that she has attended these meetings.

### IG Policies

The Audit Committee were asked to ratify the policies included in the binder.

NM explained that the IG policies are for decision, amendments have yet to be finalised but the wording will remain the same.

Policies included were:-

- Access to Information
- Data Protection & Confidentiality
- Forensic Readiness
- Information Governance
- Information & Cyber Security
- Information Lifecycle Management
- Information Risk
- Information Sharing
- Privacy Impact Assessment
- Safe Haven
- Information Governance Management Framework

NM explained that these are to be approved and then they can go back to the IG Steering Group which will meet on the 19<sup>th</sup> July. NM stated that we just need to confirm that everyone is happy with them. NM said that one will include some additional guidance on Thurrock NHS email accounts.

There has recently been a case of a Thurrock employee having another job but who has been using their Thurrock CCG email for use with their second job. This is unacceptable as we cannot be seen to endorse anything so certain policies will need to be amended to take this into account.

LB stated that the policies will be approved at the 19<sup>th</sup> July meeting and asked for them to be brought back to the Audit Committee in September so that we are all updated on the policies. She requested that the policies are not included in the binder for September as the document is too big. It was noted that there is some misinformation on the policies. For example; it states that the Chief Finance Officer is the SIRO and mentions an 'Executive Nurse'. NM said these will all be amended; it is just the content that needs agreeing.

TH and LB both agreed with all policies. Audit also agreed with the process that is in place.

### Rebate Policy

The Audit Committee was asked to note the content and approval of the Medicine Management:

#### Rebate Scheme Policy.

A copy of the Rebate Policy was enclosed in the binder (page 415). This policy has been under discussion since March and presented at 2 Finance & Performance meetings. There is not an issue with the content more that we need to understand better governance. Although the policy relates to Medicine Management; the policy itself centres around finance and the income we receive when prescribing medicines that are on a promotional scheme. GPs are unaware that drugs are on a promotion and the money comes to the CCG. The policy relates to the process and governing that and the responsible committee is the Finance and Performance. The policy has been seen by Board members and all have approved it.

In Primary Care, medicines are paid for through the Prescription Pricing Decision of the NHS Business Services Authority who then reimburse pharmacies for the drugs they dispense on the NHS at drug tariff prices. In hospitals, drugs are purchased direct from the manufacturers (or purchasing hubs) and as a result are able to tender their business and obtain discounts through therapeutic tendering.

AO stated that the Rebate Policy is for ratification only and NOT for decision.

#### Constitution - Verbal

There was a recent incident where a GP Board Member retired in order to receive his pension and therefore needed to legally resign from the CCG. He was elected as a Board member for 3 years. Board took the decision to allow him to return as a Board member and allow him to carry out his existing term as a Board Member. It was agreed that we need to review the guidance for the constitution.

LB stated that this had never happened before and has now been dealt with the appropriate support from HR. NM said that she will see what happens in other CCG's and then this can be amended accordingly.

**ACTION: NM to see look into the process at other CCG's and the policy be amended accordingly.**

#### Board Elections - Verbal

It is now time to elect new Board members. We need to ensure that enough people are interested, not just GP Board members but also Practise Managers. We have produced a detailed Board Member Pack and will write a paragraph or two outlining what it entails. The process should be completed by January and will be managed by LMC. There will also be a 2 days induction carried out in December.

#### **4. Chief Finance Officer**

##### Losses, Waivers and Special Payments

AO confirmed that there is nothing to report and there have been no losses so far.

##### Finance Update – Verbal

AO confirmed that the finance update was submitted on the 18<sup>th</sup> April and, as it had not been agreed on by that day, had to go to mediation. We have closed the Q1 accounts now (Month 3).

AO explained that we need to maintain the 1% surplus delivery, this would take our cumulative surplus to £2.2million. NHS England have informed the CCG that they should not have a plan in place to access that 1%.

AO added that realistically we need to deliver our surplus else this will be a significant risk to this organisation. In Q1, we were asked to reflect 1% non-recurrent and this will be phased to month

12. If this is to be revised, it will not be until the end of the year. We have no indication what will happen but we will make an application to access these funds.

There are some level of risks on contracts. For the 1<sup>st</sup> Quarter, we have deducted QIPP schemes for Medicine Management and this is currently reflecting that we are “breaking even”.

CHC Costs are another risk. We need to have a better handle on this and more pro-active case management. There is an element of risks on the retrospectives.

There will be more detail about this at the Finance and Performance meeting next week.

**5 Internal Audit, LCFS, LSMS**

Progress Report

The LCFS and LSMS Progress Report is included in the binder and is on page 433.

Since the last Audit meeting in May 2016 and the 30 planned days; BH stated that we completed 8.50 days of the 30 day Workplan.

A new referral has been made but not yet created. This was an anonymous tip off regarding a pharmacist in the Tilbury who is allegedly making claims for medicines and not giving them to patients. This has been happening over a 2 year period and BH has been given names of the individual. He confirmed that he will be collecting data and investigating this matter, the value of the drugs could turn into a lot of money.

**ACTION: BH will liaise with AO to take the new referral forward.**

LCFS

BH confirmed that the LSMS publicity has now been updated and including issuing new security posters to the CCG. Following a meeting with the Chief Nurse, it was agreed that Conflict Resolution training be offered to those who feel it is necessary. Risk assessments are to be carried out for front-line staff (those which come into conflict). BH is planning to undertake a CRT trainer course during July 2016, this will allow the LSMS to deliver accredited and bespoke training to CCG staff. We need to identify staff who are lone workers. NM confirmed that a Survey Monkey will be sent round to identify the correct people.

BH confirmed that a conflict of interest within the organisation does not exist.

It was noted on page 489 of the binder, Item 3.2; it states that the testing period was from 1 November 2014 to 31 October 2015. BH confirmed that this has been looked at more recently so this needs to be updated to March 2016.

**ACTION: NM asked if he could let her know the exact dates and amend the report accordingly.**

The LCFS Standards Self Review Tool Report 2015/2016 was included in the binder (page 472). All organisations are required to have anti-fraud arrangements in place and this report summarises the findings for TCCG 2015/16 financial year and is for information purposes.

It was noted on page 476, item 1.8 states that “...within the providers it contracts to deliver NHS Services, to ensure they comply with the conditions set out in Service Condition 24 of the NHS Standard Contract. Where necessary, the organisation recommends corrective action and follows it up to ensure it is implemented”. Members of the committee felt that it was easy to make such a statement but how is this managed.

AO confirmed that he will obtain evidence and take this forward at the CFO forum and CMM meeting to see what arrangements are in place.

The Action Plan on page 483 of the binder highlights the ratings in colours which makes it easy to identify which areas need the improving. The committee again asked how we get assurance that people are doing this and BH confirmed that the process is on-going.

LB asked when we will see the next iteration.

BH confirmed that this will be annually. LB thought that this seemed quite a long time without any feedback and asked if we could possibly have a 6 monthly update for information purposes just so that we can see the progress made.

**ACTION: BH to provide the Audit Committee with a 6 monthly update on the Action Plan and progress made.**

**6. External Audit**

**Follow up of External Audit Recommendations**

Regarding the appointment of an Accountable Officer, a letter was included in the binder dated 5<sup>th</sup> July to the Chair of the TCCG. It states that external auditors are concerned that we are continuing to make payments to both the Interim and the Acting Interim Accountable Officer for the same role, with the Interim Accountable Officer not having performed this role at any point over the last financial year. It concludes that "...If the issues is not resolved in a timely basis we will need to consider exercise of our formal audit powers".

LB asked for confirmation as to what the audit powers are.

DH confirmed that a Section 30 referral will be made; as the CCG is making an expenditure outside of budget – there are 2 individuals being paid when only one person doing the role.

There is also a Public Interest Report which could be a further power instigated by the external auditors.

LB sought confirmation therefore that the 'clock has started ticking'. She asked if this means that the next step would be that a date is set. DH confirmed that this was the case.

Annual Audit Letter

DH explained that this mainly repeats the previous year; although there is more detail included and better explanations making it more informative. There are also updates on Value for Money and highlights that the CCG were not satisfied. Additional work for this section needs to be agreed by the finance team.

DH explained that that the 'Your Future' section is new and drawn in national context, highlighting the financial pressures. It mentions the Better Care Fund and a grievance has been noted. It has also taken into consideration the Essex Success Regime.

Co-commissioning has caused problems and an Internal Challenges Workshop will be run shortly with invitations to be sent soon. Another workshop for Payroll Changes will also soon be organised.

**7 Assurance Internal Corporate Areas**

**Jane Foster – Taylor (JFT) joined the meeting.**

CHC

There was a discussion about the Governance processes for CHC; it is slightly different and is delivered in house now. It comes under the QPS Committee but is also discussed in 2 other

Committees meetings: Internal Monitoring and Finance & Performance. Since the service is delivered in house, we seem to have a much better grip on things even for invoicing; AO's team now go through all receipts so we have better ownership on things.

Policies have now been commissioned and Thurrock used the same ones as Arden Gem. These have been presented to QPS and IGG, revisions have been done and will now go to Part 2 of the Board meeting. They will eventually be put on the website once approval has been sort. The service was only brought in house in April so it will take some time.

It was confirmed that an internal audit will take place in the late autumn. Arden Gem never had to receive our auditors so we never had any assurance that they had good policies in place so it will be an interesting exercise. The team is now fully staffed and the work plan and governance is okay.

JFT mentioned that PUPoC is hard to assess and difficult for all 7 CCG's to monitor. The weak part is the Personal Health budget, we need to extend the offer record in our monthly reports.

CHC falls under JFT's remit and non CHC is under Mark Tebbs portfolio. There will be some opportunities around Learning Difficulties but the service offer is yet to be published. This will be discussed at the QIPP meeting on Thursday. Progress report will be sent to NHS England on Friday. Personalisation will increase. There will be approximately over 1000 Personal Health Budgets by 2020, we currently have about 12.

It was agreed that the topic for the next meeting will be about Medicine Management.

DH asked if Personal Data Sharing is on the risk register. NM confirmed that it will be; she has attended updates at HSCIC. As it is slightly complex, we have opted to go anonymous in context. We received 7500 objections and the data was affected by those. It was agreed that we will see what happens from the 1<sup>st</sup> April when the section 251's expire.

**8. AOB**

Quality Patient and Safety Minutes

Minutes from the Quality Patient and Safety meeting in June were distributed with the paperwork.

Finance and Performance Minutes

Minutes from the Finance and Performance meeting in May were distributed with the paperwork.

Quarterly Governance Report

A handout of the report was distributed at the meeting. It provides an update on the IG progress and is for information purposes only. NM explained that it discusses the year end submission date which is 31<sup>st</sup> March 2017 on page 3. It also gives an update on Section 251 and ASH (Accredited Safe Haven) and further explanation regarding anonymous in context.

Dates for Future Audit Meetings

DB asked that we be mindful when setting up the Audit Committee dates as some of them overlap with other CCG's. He stated that he has numerous Audit meetings during the week. Also committee members asked if invitations for the meetings could be sent as they are not aware of future dates.

**ACTION: HA to liaise with CC. Find out the dates for the Audit Meetings in Essex and invites for the next meetings**

### Procurement Update

LB said that a document has been sent to all Audit Chairs regarding the appointment of a CCG Local Auditor.

AO confirmed that the document was sent in April and had to be agreed by all CCG's and we could appoint our own. The Audit for 16/17 will be going ahead. The Panel has now been set up and a date has been set. The Panel will make recommendation regarding our appointment of the local auditor. As AO was on annual leave, he designed Femi Otukoya, Head of Financial Management. AO confirmed that she has attended the training and engaged with the process. Auditors can take assurance that all measures have been made.

**Date of Next Meeting: 13<sup>th</sup> September 2016, The Thames Room**

DRAFT