

**Audit Committee Meeting**  
**23<sup>rd</sup> May 2016**  
**2pm – 4.30pm, The Thames Room**

<b>Members:</b>	Ms L Buckland (LB)	DC & Lay Member Government Audit
	Mr T Hitchcock (TH)	Sessional Lay Member
	Ms L Corbishley (LC)	Lay Member PPI
<b>In Attendance:</b>	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)
	Ms K Miles (KM)	Counter Fraud Specialist
	Mr B Harper (BH)	Counter Fraud Specialist
	Mr D Hellary (DH)	Internal Audit, Mazars Counter Fraud
	Ms C Celentano (CC)	Head of Business Support Team
	Ms N Meeks (NM)	Head of Corporate Governance
	Ms H Arnold (HA)	Senior Administrator (Minutes)
<b>Apologies:</b>	Mr M Clarkson (MC)	Internal Audit, Mazars Counter Fraud

<b>1. Welcome &amp; Apologies</b>	<p>LB welcomed all to the meeting. The apologies were noted above.</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 21<sup>st</sup> April 2016 and Action Log</b>	<p>The previous minutes from the meeting on the 21<sup>st</sup> April were reviewed and all agreed to be an accurate account of April's meeting. It was noted that the action log was missing from the paperwork and LB asked if we can check there was one.</p> <p><b>ACTION: See Appendix 1</b> <b>CC to speak to Matt Evans, who was the minute taker for last month.</b></p>
<b>3. Chief Finance Officer</b>	<p><u>Annual Report and Accounts</u></p> <p>The audited accounts are still not finalised but we expect these to be completed in the next few days. He apologised for the account information not being sent out with the packs but the ledgers were not completed until Friday.</p> <p>He noted that there was change flagged up and that related to a misclassification of expenditure – the purchase of healthcare was £33.1million comparative figure. That also includes CCG's contribution expenditure.</p> <p>Supplies and services have also been flagged up as a result of audit – we need to try and reduce the cost of this but that is the only change.</p>

BCF (Better Care Fund) cost was previously £16m but there has been a reduction of £2m. There will be some changes made to the figures as a result of the audit.

LB suggested the wording be changed under the heading “Our Commissioning Reference Group (CRG)” regarding who attends the meeting.

**ACTION: NM to amend the wording on the Annual Report.**

**4. Head of Corporate Governance**

Annual Governance Statement

NM explained that there is more information included in the Governance Statement with regards to the Interim Acting Accountable Officer. The top five risks have also been completed. There are no other changes so audit can approve it and then work on it with the Comms staff.

Review of Registers of Board Members and Staff Interests

NM stated that this is currently under consultation. There are some key changes; Recommendation for CCG’s to have **3 lay members** and a **conflict of interest guardian**. Also the requirement for CCG’s to include a robust process for managing any **breaches**.

LB reported that she had a lengthy, heated discussion with NHS England about this; the main issues were regarding the 3 lay members and a conflict of interest guardian.

Managing Conflicts of Interest: Revised Statutory Guidance for CCGs

NM confirmed that this was a draft version and will be finalised around June time. Although some of the policies may need updating again following recommendation.

TH queried why it states that it was published in March 2013 if this is meant to be a draft document. NM said that this document was used only as guidance and should be finalised around June time. NM added that some of these policies may need updating again if any recommendations are made.

Annual SIRO report

On page 193 of the binder, it outlines the Register for Governing Bodies; it is noted that there are some individuals which have not been fully declared and therefore this needs updating. On page 196 – 199, in the Name, Title and Role column, this needs to be changed to include to say within “**Thurrock, Basildon and Brentwood CCG**”. It was also felt that the title and roles should be added to the table. NM informed staff that we now have a tracking spreadsheet to see who has and hasn’t updated the tracker; they will then be named and shamed – it will also document if there is a conflict. CC added that this also includes CMHC staff. It also states that we have maintained its ASH (accredited Safe Haven) and CEfF (Controlled Environment for Finance). MA said that she was disappointed when she received the IG newsletter and showed us at the bottom.

**ACTION: Information to be updated on the Register for Governing Bodies document.**

There was a discussion about IG training and some felt that it was much better when the training was done face-to-face. The effort that is put into chasing everyone to remind them about their training would be better spent actually carrying out the training. LB thought it was successful when it was all covered in one session, it was interactive so much more interesting and completed in one room

**ACTION: NM will look into better ways to carry out training.**

Complaints Annual Report

This is still incomplete as NM has been unwell but it is worth noting that on page 3 of the report that the total number of complaints received was 41 for year 2015/16. However, none of these

were related to CCG business and were therefore classed as CCG complaints. LC thought there should be a discussion before the final version of this document is approved and, in particular, the criteria that constitutes a complaint. NM stated that the document will be going to the Quality committee and will come back to this committee with an outcome.

**ACTION: NM to bring feedback on Complaint Report after Quality meeting.**

Annual Report/Self Assessments

A draft version of the document was distributed. There was a discussion about this at the Finance & Performance meeting. The Chair is unable to assess herself and part of the questionnaire reflects on her role and how members think she is doing. LB said that she would like any feedback to be brought to come back to the next meeting and make her aware if there are any intentions to review the process of self-assessments.

Audit TOR/Work Plan

The document was updated in December but there have been some changes made regarding quoracy. The new quorum now states three (originally four) Board members which must include two clinicians, one of which must be a GP Board member. This will make it much easier to get quoracy; this will go to the June board for approval. Regarding the work plan for 16/17, there are now some proposed dates in the diary so these can now be updated as do the report writers. CHC has now been brought in-house and the Process and Governance structure need to be discussed. All were happy to accept the paper but the LB stated she would like to know how it will be set up internally.

**ACTION: Add Process and Governance Structure to next month's agenda**

Risk Management Strategy

The matrix for the CCG was looked at and we need to ensure that it is updated annually and the changes have been tracked purely for the benefit of Board. NM said that these will be taken off once the paper is approved.

**5. Chief Finance Officer**

Losses, Waivers and Special Payments

AO confirmed that there have been no losses, waivers or special payments to report. They may have been waivers previously but nothing new.

Finance Update

AO had already provided the committee with an update on the finance earlier in the meeting, when discussing the annual report. There is not a great deal to say at the moment as the financial year has just started.

Service Auditors Update

AO confirmed that there is nothing new to update the committee on regarding this matter.

**6. Internal Audit, LCFS, LSMS**

LCFS

The LCFS Annual Report was included with the committee paperwork. There have been no further changes to the document.

All staff attended Fraud Awareness Training in November and, at the Board meeting on Wednesday, there will also be a presentation given by both BH and KM. There will also be a Conflict of Interests exercise for Board members. After the Rochford fraud case (which amounted to £1.2 million), BH reported that they have been looking at ways to prevent further cases like it and these are outlined on pages 3-7. He asked if anyone had further questions, which they did not.

LSMS (Local Security Management Specialist)

There was a discussion about the theft of controlled drugs. We need to ensure risk assessments are carried out and that there are suitable policies in place to help with security policies. There is a Lockdown policy to be implemented later in the year.

Fraud Awareness Survey – Summary of Responses

A copy of the Survey was included in with the paperwork (Page 317). It was carried out to establish staff understanding and awareness on fraud issues. There were 29 responses (which amounts to about 58% of the workforce) so we are going in the right direction. When asked what would prevent staff from reporting fraud, 48% of the respondents chose the “Other” option. All stated that nothing would prevent them from reporting any suspicions; which is a very positive response. On page 13 of the report, it outlines the “Suggested Actions” for the CCG which have arisen from the staff responses.

BH asked if there were any further questions.

TH asked why these sessions cannot be carried out by e-learning and BH admitted that they are currently seeking a more cost effective solution.

**7. External Audit**

Audit Results Update

DHa provided the committee with a copy the Audit Committee Summary for year ending 31 March 2016.

Key findings were outlined.

The VFM risk identified within the Audit plan is that the CCG have not yet appointed a permanent Accountable Officer, with both an Interim and Acting Interim being in post during 2015-16. They considered that the lack of progress in addressing this issue, represents a weakness in arrangements for taking properly informed decisions and applying the principles and values of good governance. Therefore they concluded that due to the ongoing delay (2 years) in appointing a permanent person was sufficient significance to result in qualification of the value for money. To clear this position, the CCG need to appoint a suitably skilled permanent Accountable Officer to provide effective strategic leadership. This needs to be reviewed urgently and resolved.

Regularity Opinion

They have not finished this section as are still considering the impact of the costs incurred for the Interim Accountable Officer. LB asked if she could see it, should this change.

The certificate will be issued at the same time as the audit opinion and this expected to be on Friday.

On page 4, it highlights the CCG’s responsibility and for Freedom of Information, the Annual Report should make clear what is for the public information. It was felt that the Governance statement did not comply.

Pages 5, 6 and 7 outline any significant risks. It was thought that the greatest risk is the commissioning expenditure. CCG achieved its planned 1% surplus in 2014-15 and reported that it was on course to deliver the planned surplus in 2015-16. However, due to the financial pressures within the NHS both locally and nationally, there is therefore a risk that the financial statements could be manipulated to ensure that financial targets are achieved.

Another issue highlighted is that the CCG is in dispute with NHS Property Services – this is due to the CCG receiving invoices from NHS Property Services this year totalling £617,000. The CCG have argued this figure as last year was only £444,000 so cannot understand the increase therefore registering a dispute of £173k.

The Better Care Fund has just been set up this year and therefore this poses a significant risk.

There were no significant issues regarding administrative running costs.

PI provided a summary of the Progress of the Audit.

The only query is about confirmation of the completeness and valuation of CHC accruals. This is due to the fact that at the year end CHC accrual for CHC costs has decreased significantly from the prior year. £98k this year compared with £562k last year. They are currently seeking an explanation and evidence to support the decrease.

The other points raised on page 10 seem to have no issues and the closure of the audits is nearly completed.

The letter of representation was included with the Audit paperwork.

AO noted that although there is still work to be done, he asked if we will be able to get final approval on any outstanding work as it is board this Wednesday (25<sup>th</sup>). The auditors have until 9am on Friday to complete.

AO suggested the wording state:-

The Audit Committee have recognised the work carried out and are happy to agree the accounts and give recommendation should any other amendments be made and give delegated responsibility to Chair of the CCG, AO or MA, should there be any. This decision is supported by all members.

LB asked that, should any amendments be made, she would like a copy sent to her.

## 8. Assurance Internal Corporate Areas

### Discussion about Arrangements

NM explained that she had to leave the last meeting so this item was not discussed. She basically would like to call in officers of the CCG to see how risks are managed. It was agreed that members would like someone from Medicine Management to attend. There will be a new manager starting on the 18<sup>th</sup> August so would be ideal to have Francoise and Denise to attend one. As Francoise is on holiday in August; it was agreed that she would be invited to September meeting along with Commissioning. For next meeting, members agreed that Quality and CHC should be invited to attend July's meeting.

**ACTION: Representative from CHC and Quality to be invited to July's meeting to discuss how risks are managed.**

## 9. AOB

### Quality Patient and Safety Minutes

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

### Finance and Performance Minutes

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

### General Update

AO said that the external auditors have been appointed; this process is done jointly across the Essex CCG's. The intention is to issue the tender papers in June; they will then come back for approval. Each CCG is represented on the valuation panel and the next one is on the 1<sup>st</sup> September.

DH asked if paperwork for the meeting could be sent out well in advance and ensure that page numbers are on the paperwork. CC replied she does do this but it is not always possible when

the paperwork is received too late. We may have to tell people that if paperwork is not in by the deadline given, it will have to be removed from the agenda.

**Date of Next Meeting: 8<sup>th</sup> July 2016, The Thames Room**

DRAFT