

Audit Committee
7th July 2015
The Thames Room, Civic Offices

Present:	Ms L Buckland	Chair of the Audit Committee, Lay Member
	Mr T Hitchcock	Sessional Lay Member
	Mr A Olarinde	Chief Finance Officer
	Ms N Meeks	Head of Corporate Governance
	Mr B Harper	LCFS, Mazars
	Mr M Clarkson	Internal Audit, Mazars
	Ms D Hanson	Ernst & Young
	Mr P Irwin	Ernst & Young
	Ms G Curtis	Deputy Business Manager, Minutes
Apologies:	Ms M Ansell	(Acting) Interim Accountable Officer
	Mr D Hellery	Internal Audit, Mazars

1.	Welcome & Apologies Ms L Buckland welcomes all to the meeting. Ms L Buckland asked for any declarations of interest that are not already on the register to be declared. None were declared. Apologies received as above.
2.	Minutes of the meeting held on 26th May 2015 and Action Log The minutes of the previous meeting held on the 26 th May 2015 were reviewed and agreed as an accurate account. Action Log: <ol style="list-style-type: none"> 1. Audit Committee TOR/Workplan - Committee members raised concerns about the potential for operational items to be discussed and ask that a further review of committee structures / arrangements be considered before a decision can be made. – Update – this item is on the agenda, action closed. 2. Assurance - Ms L Buckland asked about table under “Performance of Internal Audit”, she had concerns around “percentage of management responses received on time” target was 90%, but actual target was 43%. It was explained that this had resulted from the reports being received during a significantly busy period and so there was a delay in responding. Mr A Olarinde agreed to take forward for improved performance. – Update – Action closed, this relates to last years audit and the delay of management responses. This has been taken on board going forward. 3. Assurance - Mr A Olarinde confirmed there is regular contract management meeting with Arden CSU, to raise any issues. He stated there had been some

issues with regards to staff transferring from Central Eastern CSU to Arden CSU. Going forward KPIs need to be monitored. – **Update** – this relates to the CHC contract and agreement of the contract and the KPI, this is still to be signed, the draft has been reviewed and changes are being discussed. The contract management meetings are in place. Contract monitoring taking place with the CSU. **Carry Forward**

Carry Forward

1. **Audit Committee Self-Assessment & Annual Report** - Mr M Clarkson stated that the Internal Audit team do comply with the Public Sector Internal Audit Standards. – **May Update** - Mr D Hellary stated he was not sure of this action on Mr M Clarkson. Ms N Meeks confirmed it was that Mr M Clarkson was going to share copies of the report demonstrating compliance with the Public Sector Internal Audit Standards. Ms N Meeks confirmed this was yet to happen – **Update July - Action complete**
2. **Audit Committee Self-Assessment & Annual Report** - Mr L Green stated that actions need to be shared across the CCG and not just at the Audit Committee. – **May Update** - Ms N Meeks confirmed this has not happened yet. – **Update July** – this has been shared, recommendations across CCG members, closed
3. **Internal Audit** – Ms N Meeks to present the Internal Audit Charter to the Board for formal approval – **May Update** – Ms N Meeks confirmed this is being presented to the Board in June. – **Update July** – This was presented to the last Board. Action closed.
4. **Internal Audit** - There are currently four reports that have been issued in draft, awaiting management responses. These are Continuing Healthcare Costs, Financial Systems Key Control (including Payroll), Medicines Management (Prescribing), and QIPP. Ms N Meeks and Mr A Olarinde to chase responses – **May Update** - Ms N Meeks and Mr A Olarinde confirmed 3 reports final copies received. Medicines Management received but not finalised. Confirmed will be finalised by end of week. – **Updated July** - The final copy has been received but has not been shared with the committee. This is to be shared electronically. **Action NM**
5. **Service Auditor Report** - It was discussed for this to be shared at the audit chairs forum in May 2015. – **May Update** – Ms L Buckland confirmed this was received late in the day, so unable to share with group in time. Agreed to circulate when minutes from this meeting issued. – **Update July** – The report was received at the end of the audit and just in time to include within the CCG Annual Governance Statement. External audit have taken a fully substantive approach to testing and so have not placed any reliance on the work reported in the SAR. NHS England transition team, approaching the same as 2014/15, split the year into two, hence two SARs for NELCSU. CCG customers have been invited to a workshop to contribute to the SAR process for 2015/16. Ms L Buckland, the Audit Chair from North Essex had raised at his audit committee, agreed to send an Essex Wide joint letter. A response has been received and a meeting has been arranged. Ms L Buckland to share the letter. Action Closed this is to be on the September agenda. **Action GC**
6. **Internal Audit & LCFS Progress Report** - It was discussed for Mr B Harper to send this to Ms G Curtis who will distribute to staff for urgent completion. – It was updated that the Fraud Awareness survey has been distributed. Mr A Olarinde asked if there was a report with an outcome of the survey – **May Update** - confirmed on agenda to receive report at the next Audit Committee meeting. – **Update July** – Action Completed, report drafted and the results are in the newsletter. Good outcome, the report will come to the next meeting.

	<p>Agenda item September. Action GC</p> <p>7. Policies Conflicts of interest, policy changes – Policy yet to be updated following national guidance. – May Update – Ms N Meeks confirmed this was scheduled for the July meeting – Update July - This has been deferred, September Agenda. Action GC</p> <p>Ms L Buckland confirmed that Mr L Green has now left the organisation and we are in the process of recruiting a replacement. It was confirmed that Ms L Buckland has been appointed the Deputy Chair of the Board.</p>
<p>3.</p>	<p>Administration of Committee</p> <p><u>Proposal to change Committee arrangements</u></p> <p>Ms N Meeks presented a report to the committee on a detailed review of Committee arrangements and how CCG governance is discharged. It was noted that some governance arrangements are dealt with at the Audit Committee, some go to the Quality & Governance Committee and some items are not discussed at a Committee. The review of committee arrangements therefore included how integrated governance can be best delivered within the CCG.</p> <p>Following the review, it is proposed to introduce a new 'Integrated Governance Group' that would be an operational group that ensured all aspects of governance are delivered adequately and that the group would be accountable to the Audit Committee as the committee with overarching responsibility for integrated governance.</p> <p>A proposed Terms of Reference (ToR) for this group was presented to the committee. It was also noted that this group will not be an additional administrative burden to the Business Support team as it is intended to be an operational group rather than formal committee, consequently there will be no formal minutes, but instead a comprehensive action log will be maintained to record the items of business of the group and the outcomes of any discussions.</p> <p>The Committee discussed the proposed ToR and noted that the items covered good governance practice and that the Group would also take the role of the CCG Policy Review Group as required by the CCG Policy for policies.</p> <p>Ms N Meeks confirmed that the Policy for policies document had previously been approved, but would need to be updated should the new proposed committee arrangement be approved.</p> <p>Mr T Hitchcock asked if there will be a representative from the Integrated Governance Group in attendance at the Audit Committee. Ms N Meeks confirm that there will be a number of members to provide assurance.</p> <p>Mr M Clarkson asked if there will be an automatic reporting line into this committee. Ms N Meeks confirm that there will be a report at each committee. This is to be a standing item for the Audit Committee. Ms N Meeks to update this on the workplan.</p> <p>Action NM</p> <p>Proposed revised terms of reference for the audit committee and Quality & Governance Committee were also presented and discussed, which would see the Audit Committee accountable for the IGG, providing assurance to the Board and the Quality & Governance Committee evolving into a Quality & Patient Safety Committee.</p> <p>Ms L Buckland confirmed her support with regard to this proposal and confirmed that this was also discussed with Mr L Green prior to his departure. Ms L Buckland queried the need for the CCG Chair to be a member of the Integrated Governance Group. Ms N Meeks confirmed that the Group was not a formal CCG Committee and that the members would attend as and when required depending on the business</p>

	<p>being discussed. This has been agreed with the chair of the Board.</p> <p>The Committee approved the proposal to be presented to the August Board meeting for agreement. Action NM</p> <p>Mr M Clarkson stated that on page 34 of the binder, it needs to be explained better the reporting lines into the Audit Committee. Action NM</p> <p>It was asked if there was a conflict of interest with regard to the PPI Lay Member as they are also an official member of the Audit Committee. Ms N Meeks confirmed that the Integrated Governance Group is not a decision making group and that the PPI Lay Member would only be required to attend for items of business regarding PPI.</p> <p>Mr A Olarinde stated that a review of the constitution needs to be detailed on the workplan. Action NM</p>
<p>4.</p>	<p>Corporate Business</p>
	<p>Review of Risk Management Strategy</p> <p>Ms N Meeks presented the tabled paper to the committee. It was confirmed that this paper will also be presented to the Board in August.</p> <p>It was noted that following the production of the paper there had been changes received from Ms J Foster-Taylor, Chief Nurse.</p> <p>Ms N Meeks asked for any further comments to be sent to her within the next week.</p> <p>Ms L Buckland and Mr T Hitchcock confirmed that they were happy to support this in principle, subject to changes from comments received.</p> <p>Mr M Clarkson noted the following changes:</p> <ul style="list-style-type: none"> - Paragraph 1.1, it was stated for the section on member practices to be made clearer. - Paragraph 1.7, this needs to be detailed under paragraph 1.4. - Paragraph 1.5, location to be reviewed. - Paragraph 1.8, the wording needs to be reviewed. - Paragraph 1.9, this needs to be noted as a copyright. - Paragraph 2.4, more clarity required regarding the identification of risk owners. - Review Medium and Low Priority risks within the Corporate Risk Register. - Changes to be made in regard to the new committee structure. - Paragraph 4.71, wording to be reviewed. - Paragraph 4.83, clinical leads, manager and specific involvement to be detailed. - The Health & Wellbeing Board is to be linked - Paragraph 5.3.2, this should state Lay Member involvement - Paragraph 5.4 and 5.5, there is no explanation as to how this will be moderated. - It was stated that strategy detail should not be noted within the policy, this should be a separate document. <p>Ms L Buckland stated that the document mentions training by the 1st June 2015, the Board need to also receive training for newly developed strategy.</p> <p>Action NM to make the above changes and arrange training for the Board</p>

	<p>members.</p> <p>It was stated that if no further comments were received within the next 2 weeks then this would be taken as acceptance to the document.</p> <p>Board Assurance Framework & Corporate Risk Register Ms N Meeks presented the Board Assurance Framework & Corporate Risk Register to the committee.</p> <p>It was stated that the Board used to see High and Extreme Risks, going forward they will see extreme risks only. It was stated that this will be discussed further at the Board. The Committee discussed the risks on the BAF/CRR and commented that the new format was very useful.</p> <p>Losses, Waiver & Special Payments None to report.</p>
5.	<p>Internal Audit</p> <p>Internal Audit Progress Report Mr M Clarkson presented the Internal Audit Progress Report to the committee. It was confirmed that to date 15% of the plan has been completed. The Safeguarding report has also been issued in draft. All audits to the end of quarter 3 have been scoped.</p> <p>Ms N Meeks confirmed that she attended the Information Governance Steering Group. At this meeting the toolkit audit was discussed and Ms N Meeks was tasked with working on this with Internal Audit to ensure that the scope of the audit is agreed much earlier so that all relevant appropriate evidence is collated in time for the audit to be carried out. This will include the agreement of which requirements will be included in testing. Mr M Clarkson confirmed that he is happy to assist with, but commented that the NELCSU deliver a number of services that contribute to the toolkit and this would need to be considered when scoping the audit. Action NM and MC to discuss</p> <p>Follow-up of Internal Audit Recommendations None</p>
6.	<p>Local Counter Fraud Specialist</p> <p>LCFS Progress Report Mr B Harper presented the LCFS progress report to the committee. It was noted that the E-Learning issues have been resolved and assurance was given that this will be going live within the next week or so. There will be a paper presented at the next meeting regarding the results of the survey,</p> <p>There have been no new referrals.</p> <p>It was stated that no further progress had been made on the current open investigation. Mr B Harper confirmed that there is a forum in the region and this will be discussed. It was confirmed that Mr B Harper is still awaiting information from NHS England.</p>
7.	<p>External Audit</p> <p>External Audit Progress Report None</p>

	<p>Follow-up of External Audit Recommendations None</p> <p>Annual Audit Letter Ms D Hanson presented the annual audit letter to the committee. It was noted that there is a proposed variation to the fee, this is yet to be agreed. Ms L Buckland noted her disappointment in the additional charge.</p> <p>Mr A Olarinde stated that issues have been picked up and we are hoping for improvements going forward.</p>
<p>8.</p>	<p>Internal Corporate Areas</p> <p>The purpose of this section of the meeting is for a representative of each corporate area to attend the committee and discuss their areas of risk and the actions that are being taken to manage them. The format of the BAF/CRR has changed significantly and this was discussed in detail by the group, it was noted that the new BAF/CRR, once embedded, will be much more informative and link more closely with the NHS England and be better informed by available performance information.</p> <p>Corporate Governance Ms N Meeks provided an update in regard to Corporate Governance. The new BAF process is more pro-active identifying risks associated with the delivery of corporate objectives and as such, there are currently four new risks highlighted in relation to governance. Within the BAF a lot of work has gone into this new document. The two existing risks are in relation to the substantial AO post and capacity within the CCG, that are being adequately managed to a reduced risk score of 8. It was noted that work is on-going with the Accountable Officer and in relation to GP Sustainability, which has been included as a new risk. Ms L Buckland stated that this is in partnership with NHS England as this sits within their portfolio.</p> <p>Ms N Meeks stated that the risk relating to capacity is now to be updated, following the successful recruitment to the Business Support Team.</p> <p>Mr A Olarinde stated that there have been significant staffing compliments to many areas within the business. Mr A Olarinde confirmed that he will be recruiting a Deputy Chief Finance Officer as an interim until this post is recruited to.</p> <p>The new risk PPI01 was also discussed (PPI engagement and lack of Lay Member PPI). Ms L Buckland stated that PPI Lay Member position has been raised at the Quality & Governance Committee as this post holder is the responsible officer and at present this is vacant. The risk therefore needs to be updated. Action NM</p> <p>Quality & Nursing It was confirmed that Ms J Foster-Taylor was unable to attend the meeting, however there was an update from the Head of Corporate Governance and Chief Finance Officer in relation to changes within the quality team (newly recruited staff) and how this will impact positively on the management of quality and nursing risks. A more detailed report will be presented to the Quality & Governance Committee.</p> <p>It was noted that there are risks with the expansion of the Quality Team and the setting of priorities. This is a working progress and this is fed into the Quality & Governance Committee. It was noted that this committee receives the Quality &</p>

	Governance Committee minutes for information.
9.	AOB
	<p>Declarations of Interest A report detailing the full return of staff / Board Conflicts of interest declarations was tabled to the committee. It was stated that this will be presented to the committee quarterly to confirm that this is still correct. It was also noted that this will be completed yearly by all.</p> <p>Mr A Olarinde Aware of need to procure external audit service, a couple of CCGs have taken a process. It was agreed to undertake joint procurement process. An updated paper is to be presented to the next committee meeting. Action AO</p> <p>Ms L Buckland Quality review with NHS England, Audit committee should be receiving quality review letter. Mr A Olarinde confirmed that a draft letter has been received and will be circulated. This needs to be added to the workplan. Action NM and AO</p>
	Date of Next Meeting
	1 st September 2015, 10.00am, The Thames Room, Civic Offices

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