

GOVERNING BODY MEETING – TUESDAY 21 MARCH 2017

MINUTES TO BE RECEIVED

Title of Meeting	AUDIT COMMITTEE MEETING
Date of Meeting	19 January 2017
Status (ratified/draft)	Draft
CCG Representatives	See minutes

Summary of key issues discussed:

Update on the requirements and progress made in respect of the 2016/17 Annual Report and Accounts, including the month 9 production of part-year accounts. The Committee approved the submission of the month 9 Governance Statement Return (nil return).

The internal audit progress report was received along with the draft internal audit plan for 2017/18.

The anti-fraud progress report was also received.

The draft external audit plan for 2016/17 was reviewed along with a report on the main technical issues which are currently having an impact on the health sector.

Amendments to the CCG's Operational Scheme of Delegation were approved.

The Committee were briefed on the programme of review and update of the CCG's Register of Interests in light of the new guidance issued by NHS England.

The Audit Committee Chair had attended the Audit Committee Chairs Forum and provided feedback to the members on a number of matters raised at the event.

The Committee deliberated on plans for the review of their effectiveness in 2016/17.

Matters requiring action by Governing Body

Details:	By whom:	Timescale:
None		

Recommendation

The Governing Body is asked to review and note the contents of the minutes.

**Paul Olive
Lay Member (Governance)
Audit Committee Chair**

Draft minutes – subject to approval at next meeting

MEETING OF THE AUDIT COMMITTEE

**THURSDAY 19 JANUARY 2017 at 9:30am to 12noon
IN THE BOARDROOM AT THE NHS OFFICES, DERBY ROAD, WESHAM**

Present:

Mr P Olive, Lay Member – Governance (Audit Committee Chair)
Dr I Stewart, Secondary Care Doctor
Mr K Toole, Lay Member – Patient and Public Engagement

In attendance:

Mr A Harrison, Chief Finance Officer
Ms E Bateman, Finance Officer
Mrs L Squires, Senior Manager, MIAA
Mr D Davies, Anti-Fraud Specialist, MIAA
Mr T Cutler, Director, KPMG
Ms D Chamberlain, Audit Manager, KPMG
Mrs P Bowling, Governing Body Secretary

The Chair welcomed Debra Chamberlain, Audit Manager, KPMG, to the meeting.

No	
1)	Apologies for absence Mrs J Aldridge, Mr S Connor, Mr D Walsh and Mrs J Williams
2)	Declarations of Interest There were no declarations of interest relating to items on the agenda. Members noted the inclusion on the agenda of a definition of a 'conflict of interest' and asked that it be amended to include reference to 'perceived' interests. <i>Action: P Bowling</i>
3)	Any other matters of urgent business There were no other matters of urgent business.
4)	Minutes of the last meeting held on 04 October 2016 The minutes of the last meeting held on 4 October 2016 were agreed as a correct record.
5)	Matters Arising 5.1) <u>Report from the Auditor Panel</u> The Chair advised that on 22 November 2016 the Governing Body approved the appointment of KPMG as the CCG's external auditors for two years from 1 April 2017 at a cost of £54,000 (inc VAT) per annum. After this two year term of office, the Auditor Panel would be required to meet again to consider the future procurement arrangements. 5.2) <u>Policy Update</u> The Conflicts of Interest, Whistleblowing and Commercial Sponsorship Policies were approved by the Governing Body on 22 November 2016. A process of communication and awareness was ongoing. MIAA will be conducting an internal audit of the CCG's management of conflicts of interest during February 2017. Further information is awaited regarding the mandatory training to be provided by NHS England.

	<p>5.3) <u>Appointment of Conflicts of Interest Guardian</u> On 22 November 2016, the Governing Body approved Paul Olive as the CCG's Conflicts of Interest Guardian.</p> <p>5.4) <u>Provider Risk Profiling tool</u> The Chair reminded members that the invitation for them to review the provider risk profiling tool, in person alongside A Daniels, remained open.</p>
6)	<p>Review of action sheet The action sheet was reviewed and updated.</p>
7)	<p>2016/2017 Annual Report and Accounts including month 9 and Service Auditor Report update L Bateman informed the Committee of requirements and progress made in respect of 2016/17 Annual Report and Accounts, including month 9 production of part year accounts. In order to manage the production of the Annual Report and Accounts a new working group had been set up, chaired by the CCG's Executive Lead for Governance (Chief Nursing Officer). This group had been meeting regularly to assess progress and had added rigour to the process.</p> <p>It was confirmed that the Finance Team had prepared a set of month 9 accounts and associated returns including agreement of balances with other NHS organisations. The deadline for submission of the month 9 accounts was Friday 21 April 2017. A copy of the Agreement of Balances was tabled for information. It was agreed that a copy of the resubmission of month 9 agreement of balances (due on 24/2/17) be appended to the minutes. A copy of the draft month 9 accounts are available for members on request.</p> <p style="text-align: right;"><i>Action: P Bowling</i></p> <p>It was confirmed that the draft Annual Report was not required to be submitted as part of the month 9 returns, however, the CCG was required to inform NHS England of any emerging governance issues. A draft Governance Statement had been prepared and reviewed by the Chief Clinical Officer as Accountable Officer for the CCG.</p> <p>A Harrison advised members that no significant governance issues had been raised at meetings of the Audit Committee during 2016/17 and this should provide the committee with assurance that a nil return was appropriate. It was confirmed that senior management had not raised any issues of significance that would require reporting on the Governance Statement Return. It was therefore agreed that a nil return be submitted to NHS England. Should any issues arise before the end of the financial year, the Audit Committee will be notified accordingly and reflected in the Governance Statement.</p> <p>A key matter for 2016/17 was the audit of delegated co-commissioning expenditure. It was expected that the Service Auditor Reports in respect of Capita and NHS Digital may not be available and may not give sufficient assurance. It was confirmed that the CCG would liaise with KPMG as part of the month 9 interim audit in order to ensure transactions could be substantively audited at year end.</p> <p>RESOLVED:</p> <ol style="list-style-type: none"> 1) That the Audit Committee note the contents of the report and the progress made to date. 2) That the Audit Committee approve the submission of the month 9 Governance Statement Return (nil return).
8)	<p>Operational Scheme of Delegation E Bateman provided an update on the review of the CCG's operational scheme of delegation. This</p>

	<p>included a summary of work that had been undertaken since the last meeting and a number of further actions required to further strengthen and embed the principles within the CCG.</p> <p>Amendments had been made as follows: Section 8 – EU Procurement Thresholds (limited updated) Section of Charitable Funds has been removed and subsequent section numbers updated.</p> <p>It was reported that a task and finish group had been set up in order to engage staff across the CCG in terms of their responsibilities around the scheme of delegation and timeliness of approval of invoices. Further actions planned included an audit of compliance and the issuing of a budget book.</p> <p style="text-align: right;"><i>Action: Liz Bateman</i></p> <p>RESOLVED:</p> <ol style="list-style-type: none"> 1) That the Audit Committee receive the attached update and endorse suggested actions. 2) Approve the updated version of Scheme of Delegation document.
9)	<p>Update on Tenders, Waivers, Losses and Compensations</p> <p>The Committee were updated regarding the CCG’s use of tenders and waivers in 2016/17. No clinical tenders had been requested by the CCG. Two waiver forms had been completed, the details of which were noted. One fruitless payment was recorded along with a late payment of commercial debt interest.</p> <p>An additional waiver was reported relating to the Vanguard project which would be reported to the Audit Committee of Blackpool CCG.</p> <p>RESOLVED: That the Audit Committee note the contents of the report and approved the use of waivers in 2016-17.</p>
10)	<p>Audit Committee workplan 2017</p> <p>The Annual work programme for 2017 was reviewed and agreed.</p>
11)	<p>Outline Draft Internal Audit Plan 2017/18</p> <p>L Squires advised that she had contacted committee members and key officers within the organisation with regard to development of the plan for 2017/18 and had an internal MIAA planning meeting on key areas of focus for the coming year. The draft list of suggested audit areas would now be shared with the CCG Chair and then committee members for further comment. The plan would contain some standard key reviews such as Board Assurance Framework, Information Governance and MCPs together with potential areas such as committee effectiveness, new models of care, quality assurance and scheme of delegation.</p> <p>It was confirmed that there would be liaison between internal and external audit to avoid duplication.</p> <p>Following further discussion with key officers at the CCG the final plan would be presented for approval at the next meeting.</p>
12)	<p>Risk Register and Assurance Framework</p> <p>A Harrison presented the report on behalf of J Aldridge and provided an update on the CCG’s Operational Risk Register and Corporate Governing Body Assurance Framework.</p> <p>The Committee discussed the content of the register and made a number of comments relating to</p>

	<p>risks that may be expected to be included on the register (for example stroke and diabetes); the approach and mitigation of risk; and the overall appetite to risk of the organisation and the expected level of risk post mitigation. It was also suggested that consideration be given to identifying a clinical lead to increase the level of challenge and review of the register. It was agreed that the comments would be fed back to the CCG's risk lead.</p> <p style="text-align: right;"><i>Action: P Bowling</i></p> <p><i>D Davies joined the meeting.</i></p> <p>RESOLVED:</p> <ol style="list-style-type: none"> 1) That the Audit Committee note the contents of the report and the full Corporate Risk Register. 2) That the Audit Committee note that a full update of the Risk Register and Governing Body Assurance Framework was being undertaken during January 2017 and the revised documents would be subject to Assurance Group and Quality Improvement, Governance & Engagement Committee scrutiny prior to presentation to the March 2017 Governing Body.
13)	<p>Internal Audit Progress Report</p> <p>Liz Squires presented the progress report and provided an update in respect of the assurances, key issues and progress against the Internal Audit Plan for 2016/17.</p> <p>Since the last meeting four key pieces of work had been undertaken as follows:</p> <ul style="list-style-type: none"> • Information Governance Toolkit • Remuneration Committee Effectiveness • Assurance Framework Benchmarking • Support at Annual Report meetings <p>Key areas identified from this work were highlighted together with actions to be delivered by CCG Management. There were no high risk recommendations, management responses or actions outstanding within the reviews reported. Amendments to the Audit Plan were also highlighted for approval.</p> <p>The Committee requested that MIAA escalate any concerns regarding delays in the CCG's response to audit work. A Harrison suggested that a communication be sent to all lead officers involved in any work planned over the next 2/3 months to indicate that it was expected by the Chief Finance Officer that the Audit Committee was expecting to receive all closed reports at the April Audit Committee meeting and therefore any delays were not acceptable. It was noted the Annual Report Working Group was monitoring responses to Audit Reports.</p> <p style="text-align: right;"><i>Action: A Harrison</i></p> <p>RESOLVED: That the Audit Committee note the content of the report and approve amendments to the Audit Plan.</p>
14)	<p>MIAA Anti-Fraud Progress Report</p> <p>D Davies presented the Anti-Fraud Progress Report setting out the work undertaken during the period of 1st September 2016 to 31st December 2016 and highlighted activities and outcomes for the Committee's consideration.</p> <p>An initial fact finding exercise had been undertaken following some issues being raised relating to both the CCG and some GP practices. As a result, no action was required from an anti-fraud perspective; some issues identified internally required the strengthening of internal controls by the CCG. It was agreed that the Committee would receive feedback at the next meeting.</p>

	<i>Action: A Harrison</i>
	<p>RESOLVED: That the Audit Committee note the contents of the report.</p>
15)	<p>MIAA Audit Committee Update: Events, Briefing Note Series and Benchmarking The Audit Committee received and reviewed the content of the briefing note which provided an update on topical issues, benchmarking reviews (CCG Assurance Framework) and forthcoming 2016/17 Events.</p> <p>RESOLVED: That the Audit Committee note the contents of the report.</p>
16)	<p>External Audit – Draft External Audit Plan 2016/17 D Chamberlain circulated a copy of the draft external audit plan and set out the proposed approach to the audit of the financial statements for the CCG for the year ended 31 March 2017 and their work on the CCG’s arrangements to deliver economy, efficiency and effectiveness in the CCG’s use of resources. There were no changes planned to the approach taken in the previous years and details of key dates throughout the year were provided.</p> <p>The two mandated risks which KPMG were required by auditing standards to consider were confirmed as:</p> <ul style="list-style-type: none"> • Fraud risk from income recognition, and • Management override of controls. <p>Based on a local risk assessment one further significant opinion risk had been identified:</p> <ul style="list-style-type: none"> • Accounting for co-commissioning. <p>KPMG were aware that there may be some Service Auditor issues at year-end and it was confirmed that the interim audit visit was due to commence on 30 January 2017.</p> <p>External Audit – Health Technical Update T Cutler presented the update report and highlighted the main technical issues which are currently having an impact on the health sector. It was agreed that the document be circulated to members of the Governing Body, for information.</p> <p style="text-align: right;"><i>Action: P Bowling</i></p> <p>RESOLVED; That the Audit Committee note the contents of the draft External Audit Plan 2016/17 and the External Audit – Health Technical Update</p>
17)	<p>KPMG – Take me to your leader – hospital collaboration in the NHS T Cutler drew attention to the latest study by KPMG into collaboration in UK healthcare, which explores what makes collaboration successful and what prevents it. Members were encouraged to read the document particularly in view of the organisation’s current interaction with other CCGs and providers around the Vanguard and MCP developments.</p>
18)	<p>Provision of clinical information to the Audit Committee In the absence of J Aldridge, Chief Nursing Officer, this item was deferred.</p>
19)	<p>Review of Audit Committee Effectiveness – approach for 2016/17 L Squires advised that in previous years MIAA had facilitated the Committee’s review of its effectiveness and had used a matrix approach. MIAA were now considering different ways of assessing effectiveness and were trialing a new approach at the next meeting of the Quality</p>

	<p>Improvement, Governance and Engagement Committee. This involved a short survey followed by analysis of the results provided to the committee in a face to face development session.</p> <p>It was suggested that if a survey approach was used for the Audit Committee then all attendees should be included due to the small number of Committee members.</p> <p>L Squires agreed to ask S Connor to contact P Olive to discuss the arrangements further. <i>Action: L Squires</i></p>
20)	<p>Register of Interests</p> <p>P Bowling informed the Audit Committee of the programme of review and update of the CCG's Registers of Interests. It was noted that in accordance with the new guidance on Conflicts of Interest, the programme of review would now be undertaken on a six-monthly, rather than quarterly, basis. P Olive, added that as part of his role of Conflicts of Interest Guardian, he would be reviewing the Registers of Interest and would report on this to the Committee at its next meeting.</p> <p>Discussion took place regarding the Register of Gifts and Hospitality and clarification was sought regarding any potential information governance issues. A Harrison agreed to follow this up. <i>Action: A Harrison</i></p> <p>RESOLVED: That the Audit Committee note the contents of the report.</p>
21)	<p>Governance workplan – exception report</p> <p>There were no exceptions to report relating to the Governance workplan.</p>
22)	<p>Update from Audit Committee Chairs Forum</p> <p>The Chair updated the Committee on the Audit Chairs Forum held on 21 October 2016 in Manchester. Members noted the feedback on issues raised at the event. The CEOs at NHS England and NHS Improvement had issued a letter to CCG Accountable Officers regarding the next steps on STPs and the 2017-2019 NHS Planning Round, the contents of which were noted. Further information was expected regarding the roles of a data security and data guardian</p> <p>The Audit Committee noted the contents of the report.</p>
23)	<p>MIAA Insight – CCG Assurance Framework Benchmarking</p> <p>L Squires reported that the purpose of the MIAA Insight Report was to enable individual CCGs to understand how key elements of their Assurance Framework compared to others. This review compared 54 CCG Assurance Frameworks</p> <p>It was noted that the CCG was undertaking a piece of work to cross check the report findings and the CCG's current Assurance Framework for any risks which applied to the CCG and were currently not included in its Assurance Framework. A summary of the comparison will be considered at meetings of the Assurance Group and Executive Management Team and reported to the Audit Committee in April 2017. <i>Action: P Bowling for agenda</i></p> <p>A Harrison agreed to share the document with the Governing Body for information. <i>Action: A Harrison</i></p> <p>RESOLVED: That the Audit Committee note the contents of the report, the actions being taken and suggested that a similar review of Risk Registers be undertaken.</p>

24)	<p>Final Report for the External Quality Assessment of Mersey Internal Audit Agency (MIAA) – Executive Summary</p> <p>E Squires explained that internal audit within the public sector in the United Kingdom was governed by Public Sector Internal Audit Standards (PSIAS) which had been in place since 1 April 2013 (revised April 2016). The standards required periodic self-assessments and an assessment by an external person every five years.</p> <p>CIPFA had undertaken an external assessment of MIAA and the executive summary provided the Audit Committee with assurance that MIAA complied with PSIAS.</p> <p>RESOLVED: That the Audit Committee welcomed and noted the contents of the report.</p>
25)	<p>NHS Protect Standards for Commissioners – self review toolkit</p> <p>A Harrison presented the outcome of the CCG’s self-assessment against the NHS Protect Standards for commissioners relating to security management. This self-assessment indicated a high level of compliance with the specified standards and had been completed in liaison with the LMCSU Local Security Management Specialist. The overall rating was ‘green’.</p> <p>RESOLVED: That the Audit Committee note the contents of the report.</p>
26)	<p>Update on the review of NHS Protects functions and services</p> <p>A Harrison provided an update on the review of NHS Protect’s functions and services by the Department of Health. As a result of the review outcome NHS Protect has been required to change the way in which its services are provided in the future and a programme of work is under way to change NHS Protect’s service delivery model. However it was confirmed that there will be no change to local arrangements in terms of how Anti-Fraud Services are delivered for Fylde and Wyre CCG.</p> <p>RESOLVED: That the Audit Committee note the contents of the report.</p>
27)	<p>MIAA Fraud investigations – NHS Trusts and Foundation Trusts</p> <p>The Committee received this briefing note which set out the findings from a benchmarking review of 31 NHS Trusts and Foundation Trusts Fraud Referrals (2015-16) against national NHS protect statistics for the same period.</p> <p>RESOLVED: That the Audit Committee note the contents of the report.</p>
28)	<p>Matters to be referred to other Committees</p> <ul style="list-style-type: none"> • Risk register to be reviewed in light of the comments made and submitted to the Quality, Improvement, Governance and Engagement Committee
29)	<p>Date and time of next meeting:-</p> <ul style="list-style-type: none"> • Thursday 20 April 2017 • 9.30am • CCG Offices, Wesham • Thursday 25 May 2017 • 9.30am • CCG Offices, Wesham