

MINUTES of the Audit Committees

This is a meeting of the Audit Committees of the five CWHHE CCGs. Items apply to all five CCGs, unless indicated otherwise

Thursday 06 July 2017, 10.00-12.00

Room 5.4, 15 Marylebone Road

Members in attendance

Philip Young (PY)

Lay member for Audit & Governance,
CWHHE CCGs (Chair)

CCG

All five CCGs

Dominique Kleyn (DK)

Lay member (joined via telephone)

Central London CCG

Trevor Woolley

Lay member (joined via telephone)

Hounslow CCG

Dr Raj Chandok (RC)

GP member

Ealing CCG

Non-Members in attendance

Keith Edmunds (KE)

Chief Finance Officer,

CWHHE CCGs

Dr James Cavanagh (JC)

GP Governing Body member

**Hammersmith & Fulham
CCG**

Michael Morton (MM)

Lay member

Central London CCG

Dr Neville Pursell (NP)

Chair, Governing Body

Central London CCG

Jules Martin (JM)

Managing Director

Central London CCG

Auditors in attendance

Joanne Lees (JL)

Director, KPMG
(outgoing external auditors)

Charlotte Goodrich (CG)

Senior Manager, KPMG
(outgoing external auditors)

Leigh Lloyd-Thomas (LL)

Partner / Public Sector Assurance,
BDO (incoming external auditors)

Nick Atkinson (NA)

Director, RSM (internal auditors)

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Charlie Nicholl (CN)	Local Counter Fraud Specialist, RSM, (internal auditors)	
Erin Sims (ES)	Local Counter Fraud Specialist, RSM, (internal auditors)	
Simon Carney	Head of Corporate Governance, (Secretary)	CWHHE CCGs
Cathy Bowyer	Corporate Governance Officer	CWHHE CCGs

Minutes

Business Items		Action
1. Welcome/apologies		
1.1	Apologies were received from Nick Martin, Simon Tucker and Dr Alan Hakim.	
1.2	It was noted that the meeting was not quorate due to a lack of member representation from Hammersmith & Fulham CCG. Matters for approval would be circulated to all members post meeting for recording of the decisions.	
2. Declaration of interests		
2.1.	There were no interests to record beyond those declared previously.	
3. Minutes of previous meetings		
3.1	The Committees agreed the minutes of the meeting held on 4 th May 2017 reflected a true and accurate record.	
4. Matters arising and actions log		
4.1.	<p>The committees reviewed the action matrix included with the papers and the following was agreed:</p> <ol style="list-style-type: none"> 1. 8.3 (Act.0062) SC to add a requirement to the Management Consultancy Expenditure Control policy which would stipulate all consultancy contracts be added to the register once approved, thus providing a record of all contracts held in one location; 2. 9.5 (Act.0073) BW confirmed the letter had been sent to NHS Protect regarding clarification of primary care counter fraud responsibilities and duly acknowledged, however a response had not been received and this would be chased; 3. 10.4 (Act.0074) this was ongoing; 4. 4.10 (Act.0075) KE to circulate the governance process in respect of HMRC enquiries to CCG finance committees; 5. 5.16 (Act.0076) this was ongoing; 6. 5.4 (Act.0077) in order to address issues which had arisen due to recent tragic events in NWL, it had been agreed to move the appraisal deadline from 30 June to end of July, therefore MG would provide an update at the next meeting in October; 7. 4.14 (Act.0078) this was ongoing; 	<p>SC</p> <p>BW</p> <p>MG</p>

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	<p>8. 4.13 (Act.0079) this item was to be closed;</p> <p>9. 7-11 (Act.0081) this item was to be closed;</p> <p>10. 8.1 (Act.0087) this was ongoing; and</p> <p>11. 9.1 (Act.0088) this item was to be closed.</p>	
4.2	In respect of matters arising, it was noted that:	
4.3	<p>4b HMRC update</p> <p>The current enquiries have exposed potential tax liabilities; KE to produce a paper to clarify who will be meeting the costs and the process for deciding such;</p>	KE
4.4	The Committees noted the HMRC investigation had broadened from enquiries regarding office holders, to include all committee and working group members. Concerns were raised regarding capacity to respond to this query and the task was recognised as a challenge.	
4.5	Estimates were made at year end 2016/17 and provisions put in place to offset against any HMRC costs which may arise from this exercise; KE to share this information with Raj Chandok / the Committees.	KE
4.6	It was mentioned that formal guidance for members around tax deductions on working groups and the like would be helpful in assisting CCGs to avoid recurrence.	
4.7	Some members were unclear on the rates of pay for elected Governing Body members. SC would circulate to members of the Committees the table approved by Remuneration Committee that sets out the remuneration rates for CCG GB clinicians.	SC
4.8	<p>4c Cyber security</p> <p>The Committees were concerned that the paper presented did not address the concerns nor did it provide assurance regarding the level of protection. It was requested that this was presented as the first item at the next meeting in October (BS/AA).</p>	BS/AA
5. COI policy review and approve		
5.1	Simon Carney presented the revised policy to the Committees; highlighting the salient points. The Committees were also informed of the plans to deliver briefing sessions to governing bodies over the course of the next few months and also that the intention was to include the approved policy in the NHSE assurance return.	
5.2	Regarding COI declarations, it was raised that going forwards, the initial recruitment process would identify any potential COI issues. Also, concerns in relation to GP influence within committees would be addressed by the respective chairs, supported by lay members and executive officers.	
5.3	The Committees were content with the broadness of the policy and were happy to approve the same, subject to the following amendments:	SC101

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	<ol style="list-style-type: none"> 1. Include explicit section on procurements; 2. Ensure the importance of the checks made at recruitment / discussing candidates' potential interests is emphasised throughout the policy; 3. Make a clear distinction between the more specific requirements regarding entries on the register of interests on and the more general principles at play when declaring interests at meetings etc; 4. Be clear about the role of the chair and non-conflicted (executive and lay) members at meetings in deciding how any declared interests should be handled; 5. Ensure helpful guidance is included on the DoI form to help declarers think about the sorts of things they should be including; 6. Remove any requirement for the CCG to be assured on Practice registers; 7. Circulate the policy, revised as above, to members for approval in correspondence. 	
6. Consultancy spend policy		
6.1	Following presentation of the policy by Keith Edmunds, the Committees discussed the document and decision making process. KE informed the members that the requirement was that according to the policy, all contracts required sign off with no minimum. Additionally, the STW process was not to authorise the expenditure, as a business case would be completed for this purpose.	
6.2	PY stated a VFM report came out in June/July last year which was reviewed. This needs to be prepared again and circulated to Governing Body's when completed.	KE
6.3	The Committees approved the policy.	
7. Internal Audit progress report 2017/18		
7.1	Nick Atkinson from RSM introduced the progress report, commenting that praise should be awarded to the CCG's as forty-eight of the forty-nine management actions had been completed; the Committees were suitably pleased noting that there was outstanding work required relating to the management action for Contracting, Contract Award Process and Conflicts of Interest review.	
7.2	NA reported there was an agreed delay in the commencement of the PMO function and Project Management review due to streamlining work currently being carried out by CCGs in conjunction with developing an NWL QIPP PMO approach. A revised time will be agreed in the near future to undertake the review.	
7.3	It was requested the complete LIS internal audit report be tabled at the next available CWHHE Investment Committee for information, in view of the plans being presented previously.	SC
7.4	Regarding the STP governance audit expected in August, Chair would like to be involved in the scoping of this. It was suggested that an advisory audit	

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7.5	might be more useful at this stage.	NA
7.6	Due to the fact there were minimal historical financial records available concerning primary care delegation, concerns were raised around rent and rate reviews; with apprehensions about the financial impact; the Committees were informed that an amount of money had been set aside in at least one of the CCG's as a provision for a potential increase through such a review.	
7.6	In respect of the 'Health Matters publication - Spring 2017 edition' also included at the foot of the item, changes to be imposed within data regulation from May 2018, would be discussed and worked through with Bill Sturman, Director of Informatics. The Committees noted the report.	
8. CWHHE Annual audit letters.		
8.1	The external auditors presented the annual audit letters for each CCG.	
8.2	Due to a large amount of movement within the finance team across CWHHE recently, the issue of resilience was raised. The Committees heard that the recruitment process was underway to fill vacant positions as substantive posts, in particular the two Deputy Chief Finance Officer positions. There had been a shortlist, however, due to unsuitability; interim candidates would be enlisted to temporarily fill the positions. The structure of the wider three, five and eight CCG wide finance team would be considered as the next step.	
9. Capita Business Service auditor controls		
9.1	Capita Business Services (CBS) Ltd provides, on behalf of NHS England, services for processing GP, Ophthalmic and Pharmacy payments and pension administration. KPMG was asked by NHS England to form an independent opinion on the robustness of Capita's control framework and its application.	
9.2	KE presented the item to the committees and asked that they note the outcome of the KPMG audit undertaken on behalf of NHS England and in light of the adverse opinion, approve the CCGs' next steps.	
9.3	To assist with the transition, there was currently an RSM team member supporting the handover process from Capita. Further, it was confirmed that time would be allocated in the internal audit plan to look at the controls; this would be completed as soon as possible.	
9.4	There was a need for the committee to ensure as much as possible is done due to the lack of assurance in relation to Capita; also the concern that NHSE were able to access contract levers and would need to be approached to support efforts of resolution.	
9.5	The committees noted the lack of assurance stated in the report produced by KPMG, also that a review would be carried out and brought to these committees which would identify processes to mitigate the Capita risks. This	

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	would demonstrate that CWHHE CCGs were being pro-active where risks were identified. KE to escalate with Chief Finance Officer colleagues across the collaboration and partner organisations.	KE
10. NHSE note on in year surplus reporting		
10.1	The committees noted the report and also that the amounts would be included in the finance reports throughout the year.	
11. Receive Counter Fraud Report		
11.1	RSM completed an audit to assess the compliance of each CCG according to NHS Protect (NHSP); all achieved an amber rating.	
11.2	The Committees were of the opinion that the element of NHSP guidance concerning 'Bribery and corruption of providers' would reduce the accountability of the providers to have the correct policies in place; therefore there was not agreement to adhere to this. NHSP would be informed of the decision, if this was not allowed; the matter would then be escalated.	
11.3	It was confirmed that a meeting had taken place with CWHHE finance management and Tim Barlow from NHSP, in relation to the actions resulting from the audits.	
12. Detailed schemes of delegation		
12.1	KE presented and the committee were briefed apropos approval of scheme changes, both permanent and otherwise.	
12.2	Further detail was that permanent changes to the Scheme were a matter reserved, at present, to the Governing Bodies; the Scheme allowed for delegation to 'lower levels...with written approval of the Chief Officer'. For transparency, that decision was being reported to the Audit Committees at this meeting. The revisions to the scheme would be put to each CCG Governing Body and thereafter the Council of Members for approval in September.	
12.3	The Committees agreed that a proposal be presented at the Governing Body and Council of Members meetings, whereby the Scheme of Reservation be amended to reflect sign off of the detailed Scheme of Delegation changes would rest with the Audit Committees.	SC
13. Single Tender Waivers		
13.1	The Committees noted the following agreed single tender waivers: <ul style="list-style-type: none"> a) C067 – extension to support NWL Financial Recovery Programme – PA Consulting, £49k (retrospective); b) C068 - Equality Impact Assessments for Commissioning Plans, in particular Choosing Wisely (NWL), PHAST, £25k c) C069 – Turnaround and QIPP Diagnostics (CL, H&F and NWL), 	

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	<p>Kingsgate, £249k;</p> <p>d) W032 – Peer Advocacy – Groundswell - £128k (WL, retrospective)</p> <p>e) HF036 – Eclipse solutions - £36k – 3 years (H&F)</p> <p>f) E022 – Dementia Support service – MIND - £60k – (Ealing, retrospective)</p> <p>g) E023 – Interpreting & Translation service - £68k (Ealing, retrospective)</p> <p>h) E024 - Dementia Support service – Dementia concern - £241k (Ealing, retrospective)</p> <p>i) E025 – Financial modelling for Primary Care contract – NELCSU - £10k (Ealing)</p> <p>j) E026 – Lead Provider OOH Work – PA Consultancy £49k (Ealing); and</p> <p>k) E027 - Primary Care Offer Development – PA Consultancy - £49k (Ealing).</p>	
14. Any other business		
14.1	There was no other business raised.	
15. Procurement of internal audit and counter fraud provision 2018/19 onwards		
15.1	Due to time constraints, this item was not discussed; therefore the paper will be re-circulated and the Committees asked to carry out the requests detailed on the paper in correspondence; with the decision to be formerly recorded at the next meeting in October.	SC
Date of next meetings:		
<ul style="list-style-type: none">Thursday 19 October 2017, 11.30-13.00 Rm 5.4, 15 MBR		