

### 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 19 October 2017, 11.30-13.00**

Room 5.4, 15 Marylebone Road

#### Members in attendance

Philip Young (PY)	Lay member for Audit & Governance, CWHHE CCGs (Chair)	<b>CCG</b> <b>All five CCGs</b>
Dominique Kleyn (DK)	Lay member (joined via telephone)	<b>Central London CCG</b>
Trevor Woolley	Lay member	<b>Hounslow CCG</b>
Nick Martin (NM)	Lay member	<b>Hammersmith &amp; Fulham CCG</b>
Dr James Cavanagh (JC)	GP Governing Body member	<b>Hammersmith &amp; Fulham CCG</b>

#### Non-Members in attendance

Ben Westmancott (BW)	Director of Compliance	<b>CWHHE CCGs</b>
Keith Edmunds (KE)	Chief Finance Officer	<b>CWHHE CCGs</b>
Dr Neville Pursell (NP)	Chair, Governing Body	<b>Central London CCG</b>
Bill Sturman (BS)	Director of Informatics	<b>NWL CCGs</b>
Maggie Gibbs (MG)	Director of Human Resources	<b>NWL CCGs</b>
Simon Carney	Head of Corporate Governance, (Secretary)	<b>CWHHE CCGs</b>
Cathy Bowyer	Corporate Governance Officer	<b>CWHHE CCGs</b>

#### Auditors in attendance

Leigh Lloyd-Thomas (LL)	Partner / Public Sector Assurance,	<b>BDO (external auditors)</b>
Nick Atkinson (NA)	Director	<b>RSM (internal auditors)</b>
Charlie Nicholl (CN)	Local Counter Fraud Specialist	<b>RSM, (internal auditors)</b>

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**Minutes**

<b>Business Items</b>		<b>Action</b>
<b>1. Welcome/apologies</b>		
1.1	Apologies were received from Simon Tucker, Lay member of West London CCG and Dr Andy Petros, Secondary Care representative for H&F and Hounslow CCGs'.	
1.2	It was noted that once again the meeting was not quorate due to a lack of adequate CCG member representation. On this occasion, West London and Ealing CCG would receive any matters for approval via email post meeting for recording of the decisions.	
1.3	Furthermore, it was requested that the quorum be amended to require Lay Members as a requirement. Currently this was stated as 'The Chair or Deputy Chair and at least one representative (lay member or elected CCG governing body member) from each CCG in the collaboration' in the Terms of Reference. <b>BW</b> and <b>KE</b> .	<b>BW / KE 131</b>
<b>2. Declaration of interests</b>		
2.1.	Nick Atkinson declared an interest as an RSM employee in regard to an STW item.  There were no interests to record beyond those declared previously.	
<b>3. Minutes of previous meetings</b>		
3.1	The Committees agreed the minutes of the meeting held on 6 <sup>th</sup> July 2017 reflected a true and accurate record.	
<b>4. Matters arising and actions log</b>		
4.1.	The committees reviewed the action matrix included with the papers and the following was agreed:	
4.2	<ol style="list-style-type: none"> <li>1. 8.3 (Act.0062) Although it was noted contracts registers had been published on the respective CCG websites, detail of the consultancy contracts awarded for S&amp;T services were not present and were required. This would be addressed by <b>KE</b> working with <b>JJ (OUTSTANDING)</b>;</li> <li>2. 9.5 (Act.0073) <b>BW</b> stated Stuart Francis of NHS Protect had clarified that primary care counter fraud responsibilities lay with the CCG. However, there was an opportunity to address this issue (<b>OUTSTANDING</b>);</li> <li>3. 10.4 (Act.0074) progress underway with varying degrees of completion. Fuller update will be available after year-end activities have completed (<b>OUTSTANDING</b>);</li> <li>4. 4.10 (Act.0075) HMRC update to be given at each meeting, until</li> </ol>	<p><b>KE / JJ</b></p> <p><b>BW</b></p> <p><b>KE</b></p>

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4.3	<p>further notice.(Act.0075) (<b>ACTION CLOSED</b>);</p> <p>5. 5.16 (Act.0076) the IG training package had been released and was a four-module package, collectively named 'Data Security Awareness'. This would be rolled out through ESR (Electronic Staff Record) towards the end of the year, alongside the other mandatory training subjects (<b>ACTION CLOSED</b>);</p> <p>6. 5.4 (Act.0077) MG stated that the corporate overall compliance rate for completing appraisals was hugely below the acceptable threshold, with the exception of HR and the executive office of the CO. As mid-year reviews were due imminently, if the initial appraisal was not complete, formal penalties may be required. Impacts of not carrying out the appraisals could be measured in staff motivation levels; with an underlying risk that if a clear process was not embedded, restructuring would be challenging. A clearer picture of trends could be picked up through the staff survey, as well as whether staff appraisals were indeed happening, but not being entered onto the system as completed. It was suggested that SMT be held to account for the performance of their managers in relation to the appraisals process.</p> <p>MG to present an action plan at the next meeting to show how the maximum achievement of both mid and full year appraisals would be reached (<b>OUTSTANDING</b>);</p> <p>7. 4.14 (Act.0078) this matter would be included within the Governance Design apropos NWL collaboration (<b>ACTION CLOSED</b>);</p> <p>8. 8.1 (Act.0087) <b>KE</b> to confirm this has been done (<b>OUTSTANDING</b>);</p> <p>9. 5.3 (Act.0101) amendments to policy agreed in correspondence across NWL in July 2017, policy now launched and in play (<b>ACTION CLOSED</b>);</p> <p>10. 12.3 (Act.0102) Paper to be presented at Governing Bodies in January 2018 requesting that delegated authority be granted to the CWHHE Audit Committees to consider and, as appropriate, approve, changes to the detailed (operational) scheme of delegation, with a view to creating a single scheme for all NW London CCGs (<b>ACTION CLOSED</b>); and</p> <p>11. 9.5 (Act.0103) Lack of assurance received through the KPMG Capita Business Service auditor controls report, <b>KE</b> to confirm when this has been done (<b>OUTSTANDING</b>).</p> <p>In respect of matters arising, the committees noted that regarding:</p> <ul style="list-style-type: none"><li>• Appraisal compliance - MG had provided an update which resulted in an action for MG to produce an appraisal action plan for the next meeting; and</li><li>• Capita Business Service Auditor report – following the unsatisfactory assurance received through a report by KPMG,</li></ul>	<p><b>MG</b></p> <p><b>KE</b></p> <p><b>KE</b></p>
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	<p>the members were informed that an update from NHS England had provided no assurance regarding an improvement in the current situation. It was reported that Capita were undertaking major systems development, including investing in PCSE online, with the aim of improving the payment calculations process. An update would be provided at the next meeting of the committees in January 2018.</p>	
<b>5.</b>		
5.1	<b>a. Cyber Security Update; and b. RSM's NHS Cyber Fraud report</b>	
5.2	BS updated the committees and informed those present that the rating had been updated to 'adequate', this was in part due to the formation of a pan-London group as well as additional cyber monitoring assurances. Furthermore, recruitment had taken place for a Head of Cyber Security, reporting directly to BS; as well as 1 year fixed term posts for an IT security analyst & IT security officer, to support the Head of Cyber Security.	
5.3	Recommendations raised in the internal audit had been addressed, with the exception of password complexity. Overall, BS stated the committees could be assured the level of security had increased and was more robust across the CCGs'. Although, it was more difficult to provide the same assurance for GPs owing to there being less visibility of their systems.	
5.4	In the near future, BS stated that the committees would be asked to endorse a piece of work with GPs, to establish liability if a practice/GP device was to be compromised and as a result was able to disseminate a virus within the CCG. Nick Atkinson would be happy to have an input to the work and will liaise with BS.	
	<b>The Committees noted the update and report.</b>	
<b>6. Internal Audit Progress Report</b>		
6.1	Internal Audit Progress Report, including: <ul style="list-style-type: none"><li>• IT Expenditure;</li><li>• Procurement; and</li><li>• Commissioning.</li></ul>	
6.2	Overall, NA reported that there had been systems put in place with considerable improvements made.	
6.3	Accruals had been made for IT expenditure, along with tighter controls. There had been a reduction in contractor work towards the end of	

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6.4	<p>2016/17 following reviews of the staff and work structure.</p> <p>IR (Inland Revenue) identification rules around specialist, CCG commissioning and contractor payments, had produced implementation flaws.</p> <p>It would be beneficial for a discussion with NHSE to be forthcoming to support the NWL Chief Finance Officer and Chief Officer in matters concerning providers, particularly in view of NWL collaboration work.</p>	
6.5	<p>Retrospective tender waivers remained a high priority issue but were being driven out. CCGs were responsible for their own contract registers including publishing the register onto their website. It was helpful for the committees to note, Central contracts were not run within the CCGs and needed to be picked up separately.</p> <p><b>The Committees noted the Internal Audit progress report.</b></p>	
<b>7. NHS – Internal audit high priority management actions 2016/17</b>		
7.1	<p>NA took the committee members through the report, raising that while 38 per cent of high priority management actions agreed with CCGs related to financial management, a correlation seen with NHS providers, no high priority management actions were agreed with CCGs relating to HR and staffing.</p>	
7.2	<p>There were, however, quality and management key issues emerging which would be included in the next plan if required.</p> <p><b>The Committees noted the report.</b></p>	
<b>8. CCG Conflicts of Interest benchmarking paper</b>		
8.1	<p>NA provided an overview of the paper, expressing that one of the key issues was the NHSE delayed formal training.</p>	
8.2	<p>Since the audit, the committees were informed that declarations of interest were requested at NWL CCGs’ contract monitoring meetings.</p> <p><b>The Committees noted the paper.</b></p>	
<b>9. LCFS Progress Report</b>		
9.1	<p>CN presented the Local Counter Fraud Specialist Progress Report, which provided an update of the 2017/18 work plan, as approved by the Audit Committee on 13 April 2017.</p>	
9.2	<p>Of the on-going investigations, the committee members cited the following items:</p>	

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9.3	CF/001570/16 – 28/06/2016 an anonymous allegation had been made in regard to misuse of prescriptions and patient details. Due to the age of this, NA agreed there would be a written update for the case which would be brought back to this committee. <b>ACTION</b>	<b>NA129</b>
9.4	CF/001963/17 - 26/05/2017 Excessive claims had been flagged for treatments under the CCG's minor ailment scheme. There was concern with regard to the scale of this problem across other CCGs. NA confirmed that if the committees so wished, RSM would carry out the work required to provide an answer.  <b>The Committees noted the progress report.</b>	
<b>10. Single Tender Waivers</b>		
10.1	Of the 19 Single tender Waivers presented, 8 were retrospective, with many being for mental health services. Local authorities had been involved in reviewing many of the contracts which were subject to STW at the beginning of the year.	
10.2	The contracts with the greatest financial impact were those of Hammersmith & Fulham CCG. It was requested that the H&F Finance and Performance Committee Chair provide assurance that sufficient controls were in place and that the delegated signatories were correct. <b>ACTION</b>	<b>NM130</b>
10.3	It was recognised that Finance Committees had been asked to review their contracts register by KE as CFO; going forwards, this should provide enough notice of the need to go out to procurement, dramatically reducing the amount of retrospective contracts awarded. Huw Wilson Jones, the Head of Acute Contracting, would be working with CCGs to review the contracts as they come up to expiry date.  <b>The Committees noted the 19 agreed single tender waivers.</b>	
<b>11. Any other business</b>		
	There were no items of other business raised for discussion.	
<b>Date of next meetings:</b>		
• Thursday 15 March 2018, 11:00-13:00		