

MINUTES of the Audit Committees

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

Thursday 16 June 2016, 12:20pm – 13:45pm

Rooms 5.4, 15 Marylebone Road, London NW1

Members in attendance

All five CCGs

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

Central London CCG

Michael Morton (MM) Lay member

Dominique Kleyn (DK) Lay member (by 'phone for items 1-5, 7 & 8 and in person for the remainder).

West London CCG

Dr Alan Hakim (AH) Secondary Care Consultant, CWHHE CCGs

Hammersmith & Fulham CCG

Rohan Hewavisenti (RH) Lay member

Hounslow CCG

Trevor Woolley (TW) Lay member

Ealing CCG

Dr Raj Chandok (RC) GP member

Non Members in attendance

Neville Pursell (NP) Chair, Central London CCG

Mohini Parmar (MP) Chair, Ealing CCG (for items 1-8)

Clare Parker (CP) Chief Officer, CWHHE CCGs

Keith Edmunds (KE) Chief Finance Officer, CWHHE CCGs

Andrew Burgess (AB) Interim Director of Contracts, Performance & Procurement,

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	CWHHE CCGs (for items 5-6)
Maggie Gibbs (MG)	Director of Human Resources, CWHHE CCGs (for item 5)
Helen Troalen (HT)	Deputy Chief Finance Officer, CWHHE CCGs
Mark Jarvis (MJ)	Head of Governance & Engagement, Hammersmith & Fulham CCG
Simon Carney (SC)	Head of Governance, CWHHE CCGs (Secretary)
Maria Claridge (MC)	CWHHE CCGs Governance (Minutes)
Nick Atkinson (NA)	Head of Internal Audit, RSM (for items 1-12)
Gemma Higginson (GH)	Fraud Risk Managing Consultant, RSM (for items 1-12)
Paul Henson (PH)	Auditor, KPMG LLP (for items 1-12)
Joe Farnell (JF)	Audit Manager, KPMG LLP (for items 1-12)
Philip Johnstone (PJ)	Director, KPMG LLP (for items 1-12)

Minutes

Business Items		Action
1. Welcome/apologies		
1.1	The Chair welcomed members and attendees to the meeting.	
1.2	Simon Tucker, lay member for West London CCG.	
2. Declaration of interests		
2.1.	No other interests were identified beyond those declared previously.	
3. Minutes of meeting – 24 May 2016		
3.1.	The minutes were agreed to be a true and accurate record of the meeting.	
4. Matters arising and action log		
	<u>Matters arising</u>	
4.1	There were no further matters arising not already addressed on the Agenda and Action Log.	
	<u>Action Log</u>	
4.2	There were no updates for the Action Log.	
5. HMRC Review – Interim Contractors		
5.1	The Committees were updated on a number of matters, pertaining to the engagement of off-payroll workers, which had arisen from the ongoing HMRC investigation. Members noted that, with having now satisfied HMRC's last round of written enquiries, it was likely a HMRC Inspector would carry out a visit in order to question staff on working practices.	
5.2	As a result of HMRC's investigation, the CCGs had engaged tax specialists from	

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5.3	<p>RSM for the provision of advice and support. Their review of the process had concluded that there was a risk that the workers involved may be considered, by HMRC, as CCG employees, thereby opening the CCGs up to retrospective National Insurance and PAYE liabilities. Of particular concern were those contractors who had been contracted for elongated periods. The Committees welcomed RSM's offer to calculate the potential tax and National Insurance liability faced by the CCGs.</p> <p>Members were assured that those workers who fell within the scope of the review, had now either left or been issued with a new contract and signed an IR35 declaration. In order to mitigate the likelihood of the issue reoccurring, the Director of Informatics was leading on an exercise to identify critical IT projects, with a view to reducing dependency on contractors. Additionally, Human Resources are working with CCGs to avoid the use of contractors in future and to ensure that contracts come to an end at the end of a project; where contracts are issued, these are now for a maximum term of six months.</p>	NA
5.4	<p>In discussing concerns over the number of vacancies currently filled by interim and contractor staff, Members were advised that this would soon decrease dramatically as a result of the high rate of recruitment activity currently being undertaken in each CCG. It was noted that HR's Workforce Reports, normally considered by each CCG's Finance & Performance Committees, were scheduled to be submitted to the July meetings of the Governing Bodies.</p>	
5.5	<p>With legislative changes set to place a new duty upon public sector bodies to enforce IR35 requirements as from April 2017, Members were conscious that the new requirements could prove to be very onerous and the CCGs would need to carefully plan how these will be managed and what supporting systems would be required. It was agreed that Maggie Gibbs would bring a paper to the Committee as assurance that robust plans and arrangements were in place for CCGs to comply with the new requirements from 01 April.</p>	MG
6. Contracts Register		
6.1	<p>The Committees received a progress report, including key future deliverables and outstanding issues, relating to NWL CCG contracting and procurement. Members were advised that, of the 733 clinical contracts (totalling £2.2 billion) set to be signed by the end of June (Quarter 1), 509 had signed contracts in place, 60 were in the process of signature, and a further 156 were in development with aspects yet to be agreed.</p>	
6.2	<p>Members noted the value of the Hounslow CCG GP contracts was high as a result of classification issues, which was being addressed. Members were keen that Managing Directors (MDs) take responsibility for ensuring the outstanding contracts are signed. Accordingly, the MDs will be asked to agree the WHYSE Clinical Contracts Register as complete and accurate, ahead of the next meeting of the Audit Committees.</p>	AB
6.3	<p>Following the introduction of new procurement regulations on 18 April 2016, Members received a copy of NHS Improvement's Procurement Guidance letter setting out its general position on when competitive tendering and publication of award details is required. A number of queries had been raised with NHSI about its interpretation of the new regulations and the CWHHE Senior Management Team had not yet considered the requirements or how they are to be</p>	AB

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	implemented. It was agreed, therefore, that SMT would revert to the Committees with its proposed response and any resulting changes in policy in due course.	
7. GP Federation Expenditure Briefing		
7.1	Members NOTED a briefing paper providing a comprehensive overview of the totality of CCGs' funding that supported, and continues to support, the development of GPO Federations.	
8. Internal Audit Progress Report & 2015/16 Annual Report		
8.1	<p>Members received a summary of the delivery of the CCG Internal Audit plan for 2015/16, together with progress report on the following reports which had been issued as final:</p> <ul style="list-style-type: none"> • Financial Feeder Systems (a CWHH combined report) had been issued an AMBER GREEN report, for which five medium and one low action had been agreed; • QIPP & Investments (Hounslow CCG) had been issued an AMBER GREEN report, for which two medium and five low actions had been agreed; • QIPP & Investments (Hammersmith & Fulham CCG) had been issued an AMBER GREEN report, for which two medium and two low actions had been agreed; • QIPP & Investments (West London CCG) had been issued an AMBER GREEN report, for which two medium and two low actions had been agreed; • QIPP & Investments (Ealing CCG) had been issued an AMBER GREEN report, for which two medium and one low action had been agreed; • Budget Setting, Budgetary Control and Financial Reporting (CWHHE Combined report) had been issued an AMBER GREEN report, for which one medium and two low actions had been agreed; and • Business Continuity & Disaster Recovery (CWHHE combined report) had been issued an AMBER RED report, for which two high, three medium and three low actions had been agreed. 	
8.2	Members were advised that the Management Consultant review was now underway, with the report due to be circulated upon its completion and considered at the October meeting of the Committees.	NA
8.3	The Committees discussed the findings of the Business Continuity and Disaster Recovery (BCDR) report, with Members' attention drawn to the need to strengthen the control framework to manage a number of risks which had been identified. It was agreed to invite the Director of Informatics to the October meeting, in order to provide Members with an update on the progress made in implementing Internal Audit's recommendations.	NA/BS
8.4	As the BCDR covers the eight CCGs of NW London, the findings will also be shared with BHH.	CP/NA
8.5	Members also received the Combined Collaborative Internal Audit Annual Report for 2015/16, including a summary of the work undertaken during the financial year 2015/16. In considering the Performance Indicators, Members noted the difficulty encountered in meeting the 10 working day turnaround for obtaining Management	

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	responses, arose largely from the need to obtain five separate responses to CWHHE combined reports.	
9. Counter Fraud Service 2015/16 Annual Report		
9.1	The Committees noted the draft Local Counter Fraud Specialist (LCFS) Annual Report which outlined the core LCFS activities undertaken during the 2015/16 financial year. Members discussed concerns over the recent news report that Boots UK were undertaking unnecessary NHS-funded Medicine User Reviews (MURs), in order to maximise income from the scheme. As part of RSM's current review of Medicines Management, RSM will look into whether any incidents of Boots over-charging have been recorded locally and report back to the next meeting of the Committees.	GH
9.2	Members asked that the LCFS Annual Report be amended to reflect the outcomes of the closed investigations.	GH
10. Counter Fraud Service 2016/17 Annual Plan		
10.1	The Committees APPROVED the LCFS Workplan for 2016/17, reflecting the standards developed by NHS Protect, and designed to target those areas which are considered at risk from fraud and bribery occurring.	
11. Single Tender Waivers		
11.1	Members NOTED a number of agreed Waiver of Tender Procedures applications, ten of which had initially been scheduled to have been tabled at the January 2016 meeting of the Committees.	
12. Issues to raise to Governing Bodies/Any other business		
12.1	There was no further business.	
13. External Audit Fees 2016/17		
	<u>This section has been redacted to remove commercially-sensitive information and thus enable publication of the minutes.</u>	
Date and time of future meeting:		
<ul style="list-style-type: none"> • Thursday, 13 October 2016, 11:30-13:00 		