

PGB-15-74

Audit & Risk Committee Minutes

16.04.15

**Audit and Risk Committee
Meeting
9.30am Thursday 16th April 2015
Boardroom, FCH**

Present: Kevin Thomas, (KT) Chair
Christina Edwards, (CE) Chair of Quality Committee
Rosemary Yule, (RY) Lay Member

In Attendance: Jan Bryan, (JB) PA to CFO – minutes
Andrew Burwell (AB) Deputy CFO
Matthew King (MK) BT – Fraud Services
Tim Merritt, (TM) Baker Tilly (until 11.10am)
James Murray (JM) Interim CFO
Rob Murray (RM) Ernst & Young
Helen Potton (HP) Interim Head of Corporate Services
Chris Rising (CR) Baker Tilly
Stuart Rees, (SR) Interim AO
Carol Ryan (CRy) E&Y
Janet Soo-Chung (JSC) Director of Strategy and Primary Care
Lisa Wakefield (GEM) – Item 9 only
Laura Weaver (LW) – Fraud Services

The Chair confirmed that due notice of the meeting had been given in line with the Terms of Reference and that the meeting was quorate.

Introductions were made as new staff; Helen Potton and James Murray, were present.

1. Apologies for Absence

No apologies were received

2. Declarations of Interest

There were no declarations of interest

3. Minutes of the Previous

Agreed as an accurate representation of the meeting.

AC-15-11

4. Action Log

The Action Log was reviewed and it was agreed to remove completed actions.

AC-15-12

SR had received a report on the Business Assurance Framework (BAF) from the auditors which it was agreed would be discussed as per agenda item.

Conflict of Interest Policy – HP is working on a revised draft for comment which will comply with NHS England Guidance. This will then be submitted for approval to the Board of Directors and the Co Commissioning meeting with Corby CCG and brought back to the May meeting of the Audit and Risk Committee. KT reminded the Committee that he has a formal duty to ‘attest’

KT said the subject of Conflict of Interests (COI) had been discussed at the HFMA conference that he had recently attended and the advice had been that the Register of Interests should be segmented and relevant information shared with the Chairs of committees. COI policies should be clear about practice interests and if there was even a perception of a COI, then documentation should be very clear, with any meeting minutes identifying specific areas of conflict and individuals affected.

5. Chairman’s Report

Verbal

KT gave a brief overview of two recent conferences that he had attended. Key themes emerging included Co-Commissioning and CCG governance schemes needing to develop to address this. It was announced that a national audit will take place of ten CCGs in September – yet to be selected. TM said he had not had any information so far.

Central communication to those involved in audit was still considered to be an issue with many CCGs audit chairs not ‘in the loop’. KT said that he will encourage the chairs of local audit committees to engage and participate in HFMA and audit conferences as he felt they were extremely useful.

KT advised that Foundation Trust Audit Chairs had different viewpoints to CCGs and the recent tariff issues had been perceived very unfavourably. There is a lot of anger at the system which has contributed to contracts not being signed in good time with the consequent impact planning.

Recent Kings Fund reports had highlighted concerns regarding NHS leadership capacity required for successful delivery of the five year plan.

Other key themes for CCGs were establishing the role of Audit and

Risk, having the right sources of assurance; ensuring full use of clinical audit data from providers; reliance on agency staff used and HR processes.

**Action: KT
to make
available**

KT offered to share notes and slides for further information.

6. Business Assurance Framework (BAF) and Localities Risk Register

AC-15-13

HP presented an updated BAF to the Committee which represented the high level risks faced by Nene CCG in achieving its strategic objectives.

HP apologised as an error had been identified since the distribution of the paper and BAF 019 should have read '12', not '16'. All risks had been updated for Governing Body (GB) and key controls / future actions will be split out going forward.

BAF 022 relating to the Better Care Fund (BCF) had been removed as agreement between health and social care partners had been reached and approval given but has been replaced with a risk relating to BCF delivery. SR advised that reports will be received during the year and performance measures will be in place which will be monitored. CR and HP will work on clarity of risk within the report showing cause and effect.

Action: HP

KT noted that updates were needed on risks that had exceeded their delivery date such as BAF 20 (Key performance targets not being achieved by providers) and asked how this was being managed. SR said that the date in question should move (from March 15) and will be linked into the key targets within the CCG 'Master plan'.

BAF will also be developed to show sources of assurance.

Action: HP

The Committee noted the continuing evolution and recommendations of the BAF

6 a) Review of the Localities Risk Register

This was presented to the Committee by JSC following an update by the Locality team.

JSC talked the meeting through the wide range of issues that were impacting on the work that the Localities were currently undertaking. Such a large 'constituency' created practical problems in engaging seventy seven diverse GP practices but this was being addressed through the more effective use of Clinical Directors who were able to engage GPs on a 'clinician to clinician' basis. Work was also having to

take place against a national and local background of GP discontent which is leading to many GPs taking early retirement compounding the shortages which already exist.

Dr Matthew Davies is currently standing in as an interim following the resignation of Dr Kamal Sood and is chairing the Locality Chairs meeting and is getting a sense of how to address the concerns. A requested autonomy fund for GPs was refused but it has been made clear that new ideas are welcomed although it is not always possible or practical to take these forward which this can lead to discontent as it may seem that the suggestion has been ignored; however, good communication should address this.

JSC also advised the Committee that consideration needs to be given to GP Federations forming as providers of services and how this will work given the conflict of interests that will occur. It was recognised that GPs need to be engaged and enthused to develop primary care sufficiently to release the demand on the acutes, and if this did not happen, then the schemes that are developing will not be maximised.

KT asked that the next Locality risk register should clearly set out four of five actions to improve the situation and thereby allow progress to be evaluated.

Action: JSC

Discussion took place on whether there was a need for broader clinical representation on the A&R Committee; TM advised that there were only a handful that participated in the CCGs that he was aware of. It was also highlighted that CE brought clinical insight both from past experience and in her role as Chair of the Quality Committee.

7. SFI and Scheme of Delegation Updates

AC-15-14

AB presented the updated SFI and Scheme of Delegations advising that it was good practice to review this annually. The Corporate Finance team has undertaken a review and has recommended changes. RY has emailed comments.

- MT advised that any reference to 'corruption' should be replaced with 'bribery'.
- LW – Security management – phrasing needs to be addressed as misleading and p48, NHS Protect – LW will email AB.
- CR – p1

**Action:
Laura
Weaver, BT**

Changes to the SFI will be ratified at Governing Body.

KT asked if the document had been reviewed in light of the increased joint working and integrated budgets which arise from Healthier Northamptonshire. SR advised that currently a Memorandum of Understanding (MOU) was in place rather than full Section 75 budget sharing agreements as organisations were not yet ready to combine budgets.

It was pointed out that there was an inconsistency regarding the role of the Remuneration Committee regarding the approval of executive remuneration. AB will address this as the SFIs need to mirror the Constitution and so this will be cross checked.

Action: AB

AB confirmed that SFI and the Scheme of Delegation are available for staff to view on the system and that they were aware.

- The Committee approved the amendments made to SFIs and Scheme of Delegation

8. Audit Committee Annual Cycle of Business

AC-15-15

Although it was recognised that this document needed some adjustments, it was agreed that the aim of the Audit & Risk Committee could be guided by the strategic phrase linking it to the CCG objectives - 'Better Health, Better Care, Better Value and to ensure that processes are in place to manage the organisation along with measurable deliverables; if the BAF is working correctly, themes can be pulled out for assurance against risk.

Discussion took place on the mechanism in place for giving assurance for clinical audits and co-commissioning. This is offered by the Quality Committee with a new committee being formed to review co-commissioning.

KT asked that the audit cycle be mapped to the BAF by the next A&R meeting on 27.5.15. It was agreed to have an additional meeting for the A&R Committee in order to fully address the workload and so meetings will be scheduled in July and September and the August date will be dropped.

**Action:
JM/HP/JB**

- The Committee agreed that Audit Committee work should link to CCG objectives.
- Agreed and approve the work programme subject to agreed amendments.

9. IG Toolkit

Lisa Wakefield from Arden and Greater East Midlands Commissioning

AC-15-16

Support Group (GEM) attended the meeting to give an update on the IG Toolkit. Lisa explained that the aim had been to achieve Level 2 for the Toolkit and this had been done against nineteen of the requirements and Level 3 against eight. An action plan has been developed for 15/16. LW thanked staff for their help in achieving this; intensive work had taken place in the previous two months in order for compliance to be achieved.

TM commented that he felt use of the Toolkit could be more effectively used to support IG issues being addressed throughout the year and this should reinforce a focus on the risks themselves rather than Toolkit attainment. LW responded that she felt the Toolkit gave a good foundation but agreed that other work should take place. It was agreed that this can be reviewed on the cycle of business. **Action: HP**

10. External Auditors Report (Ernst & Young)

RM talked the meeting through the report the purpose of which was to provide the Audit and Risk Committee with an overview of the stage reached in the 2014/15 audit and to ensure it is aligned with the Committee's service expectations. More detailed work will commence week commencing 20.4.15 and a Value for Money (VFM) conclusion will be reached. RM confirmed there were no issues affecting the audit although one significant risk related to the VFM conclusion relates to the financial challenge facing the CCG in the short and medium term future. **AC-15-17**

In discussing latest sector briefing he highlighted that there will be a requirement to give information of off-payroll arrangements of anyone earning over £220 per day.

Action: All to note

RM stated that a requirement for their report on the Annual Accounts would be that they are 'fair, balanced and understandable'.

He also outlined the recent abolition of the Audit Commission and transfer of interim responsibility for audit appointments transferring to Public Sector Appointments Limited with effect from 31.3.2017. This date will be reviewed after the general election.

RY queried the fees charged for 15/16 which RM reported would be 25% less than 14/15.

Attached to the report is a sector briefing given for information.

- The Committee noted the report and progress with the 2014/15 audit and the CCG Audit Committee Briefing.

11. Internal Auditors Report (Baker Tilly)

KT expressed concern at the number of reports which were still at draft stage. CR reported that management responses were awaited against some of the recommendations made in draft reports. The meeting also considered the findings from the audit report on GEM contract management. Inconsistencies in RAG ratings were also found within KPI reports. May / June deadlines will be set for these to be achieved.

AC-15-18

Concerns were expressed regarding organisational capacity to progress responses to reports in a timely manner. It was agreed a 28 day turnaround period was reasonable. JM / HP will follow up.

**Action:
JM/HP**

TM advised that there is the potential for IG arrangements to be audited externally.

CR reported that positive assurance could be given on the Head of Internal Audit Opinion although certain areas were highlighted. issues.

CR talked through the Internal Audit Strategy for 2015/16. Joint audits with Corby CCG will be carried out on Co-Commissioning and the BCF. He will meet with JSC to discuss locality governance. RY requested that the focus within that audit be on engagement, Section 75 and Integrated Care in the Community services. KT also requested that work on HR processes be widened from Performance Management to include succession planning.

**Action:
CR/JSC**

The Committee approved the strategy JSC requested that the strategy be shared with key members of NCC and Public Health as there was major risk to both Nene and Corby CCGs from the partnership work with NCC and Healthier Northamptonshire over which they had little control.

Action: BT

In light of the discussion on capacity within the CCG, this will be taken forward as a work stream by Workforce Planning lead by Peter Boylan, Director of Nursing and Quality. It was requested that Peter be invited to a committee meeting to report on the progress of appraisals and also to discuss succession planning and staff development. It was agreed however to give time to allow the appraisal process to complete.

**Action: JB
to agenda
PB to be
invited to
Sept
meeting
HP to
discuss
Appraisal**

Counter Fraud Report

MK gave a summary of the report; RY asked if the report was able to

be publicly distributed given that it said 'confidential' on the front but MK said this could be ignored for purposes of distribution.

**process
with Execs**

TM said unfortunately there had been no progress made with NHS Protect. As CCGs developed it seemed that there was a pattern of fraud slowly emerging. Work plans and programmes will become targeted as evidence emerges.

- The Committee noted the Progress Report and approved the Work Plan

12. Governance Statement

HP presented the draft statement which SR had written but that she would now complete. There was some duplication that could be removed and refinements made to enable it to read more succinctly. It was agreed it should 'tell a story' and needs to show what had changed for the CCG and individual committees throughout the year rather than just be a series of data.

AC-15-19

It was felt that it was important to show the discussion and reasons around why Risk Appetite was at the agreed level. KT commented that at the moment he felt the document was passive and would benefit from input from committee chairs. It was noted that a draft needs to be submitted by next Thursday. JM asked that it be made clear to committee chairs what question they were being asked so the right information was elicited.

JSC asked if it were possible to reduce the size of the document and to concentrate on key messages and 'what we did and what has changed'; however, there is guidance that must be followed and certain things included. It also needs to include information and expectations relating to co-commissioning.

HP said that she will endeavour to update the draft for the Governing Body next Tuesday 21.4.15.

Action: HP

13. Any other Business

There was no other business and so the meeting closed at 11.30am.

Date of Next Meeting: 10am Wednesday 27th May