

**Wolverhampton Clinical Commissioning Group
Audit and Governance Committee**

Minutes of the meeting held on 20th October 2015 commencing at 11.30 am
In Main Meeting Room, Science Park, Wolverhampton

Attendees:

Members:

Mr J Oatridge	Chairman
Mr P Price	Independent Lay Member (part meeting)
Mr L Trigg	Independent Lay Member

In Regular Attendance:

Mr J Kelly	Local Counter Fraud Specialist, WMAS
Mr AC Larby	Deputy Head of Audit and Assurance, WMAS
Mr P McKenzie	Corporate Operations Manager, WCCG
Mr G Mincher	Internal Audit, WMAS
Mr H Rohimun	Executive Director, E&Y LLP
Mrs C Skidmore	Chief Finance and Operating Officer, WCCG
Mr M Surridge	Senior Manager, E&Y LLP
Mrs H Pidoux	Administrative Officer, CCG

In Attendance

Mrs S Southall	Head of Quality and Risk, WCCG (part meeting)
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Apologies for attendance:

AGC/15/81 No apologies for absence were submitted.

Declarations of Interest

AGC/15/82 There were no declarations of interest.

Minutes of the last meeting held on 21st July 2015

AGC/15/83 The minutes of the last meeting were agreed as a correct record.

Matters arising (not on resolution log)

AGC/15/84 There were no matters arising.

Resolution Log

AGC/15/85 The resolution log was discussed as follows;

- Item 48 (AGC/15/7) – Conflict of Interest Policy to be reviewed in 12 months' time – it was agreed to bring a draft review to the October meeting – on agenda – action closed.
- Item 56 (AGC/15/15) – A Counter Fraud Strategic Governance Readiness Assessment – self review to be submitted by the 31.7.15 deadline. Forward looking plan with actions to be brought to October meeting – on agenda – action closed.

RESOLUTION: Resolution log to be updated accordingly.

Chief Internal Auditor Progress Report

AGC/15/86 Mr Larby reported that, in compliance with the Public Sector Internal Audit Standards (PSIAS), Walsall Council Internal Audit Services undertook an independent validation of WMAS self-assessment of compliance against PSIAS.

In the subsequent report some notable areas of good practice were identified, including;

- the use of an own electronic working paper system (“Aardvark”) to record compliance with PSIAS; and
- comprehensive in-house procedure manuals available to all internal audit staff providing guidance on the processes to be followed.

A number of suggestions for improvement were made in order to enhance compliance; these broadly related to three areas:

- including reference to the public sector interpretations and requirements (where applicable) for each standard in our self-assessment;
- additional references to our procedure manuals being added to the evidence section of the self-assessment, and
- minor updates to the Internal Audit Charter and procedure manuals so that they fully reflect the requirements of the standards.

Mr Larby stated that based upon the suggestions for improvement an action plan has been compiled to address all of the points raised in the report.

Mr Mincher gave an update on the audit work currently being undertaken. Draft reports are being discussed with management relating to financial systems, budgetary control and financial reporting. Mr Mincher reported that the assurance rating for Human Resource processes, at the time of the report was written, was ‘requires improvement’, however, further evidence has been received which has change the opinion to ‘substantial’. Examples were given of the evidence received to support this change of opinion. This report is now being reviewed by management,

It was highlighted that a review of prime financial policies has taken place and suggested changes have been accepted by the Finance and Performance Committee.

A final review and assessment of the CCG Constitution prior to its submission to NHS England (NHSE) is due to commence.

Discussion took place relating to the review of the CCG's arrangements for managing the financial risk on Continuing Health Care (CHC) budgets, in particular that 92% of credit notes (£68,427) from care homes were in respect of overcharges for patients who had died or were no longer eligible for NHS funded care. Information regarding patients, for example deaths or changes of address, is no longer received from the Registrations Team at NHSE due to information governance issues. It has been suggested by Internal Audit that CHC could use the Exeter system. Mrs Skidmore clarified that this is not a material or high risk to the CCG. Mr Kelly reported that he is carrying out an audit into registration updates.

It was agreed that the information in the report relating to CHC should be shared with the Finance and Performance Committee. The Head of Individual Care to be invited to attend to discuss the issues at that Committee.

A point was raised suggesting that it would be useful going forward for the report to include how the overall plan for the year is progressing against target. It was agreed that this would be included in future reports.

RESOLUTION: The Committee noted the updates given.

Management Action Plan Update

AGC/15/87 Mr Mincher shared with the Committee the current position. Since the July meeting 3 of the amber recommendations have been closed. However, there are currently 5 amber recommendations as 3 have been added since that report.

Mrs Skidmore stated that the report has been considered at the Senior Management Meeting that morning and gave the following updates;

- Quality Framework – assurance given that this is on the agenda for the November Quality and Safety Committee and no extended slippage is expected.
- Formulary sub-group - review of Medicines Optimisation within CCG governance structure has taken place. Intentions will be finalised shortly.

- Gap analysis to establish action plan to ensure compliance with March 2015 NICE guidance – formal contract routes are being followed. Have written to RWT and escalated through contract.
- Contract monitoring procedure in respect of IGT level 2 – decision awaited from NHSE, beyond CCG control.
- Role of Corporate Chief Finance Officer (CCIO) should be clearly defined – discussion has taken place around restructuring management team. The specification for this role has been embedded in a job description which was taken to Senior Management Team.

RESOLUTION: The Committee:

- Noted the contents of the report and current position.

Audit Charter

AGC/15/88 Mr Larby informed the Committee that following discussions at the July AGC meeting, paragraph 7.2 of the Charter has been updated.

RESOLUTION: The Committee:

- Noted the amendments made to the charter as indicated.

Local Counter Fraud Specialist Progress Report

AGC/15/89 Mr Kelly updated the Committee on the activity undertaken since the last AGC meeting.

- Counter Fraud newsletter was issued in August
- Mr Kelly had attending the CCG staff meeting in September and given a fraud awareness presentation
- A proactive exercise has commenced looking at the possibility of care homes continuing to submit invoices for patients that are deceased.
- An issue has been raised relating to a pharmacy in Wolverhampton, which has made a charge for a special prescription which was not special. The details and next steps were discussed. There has been a previous investigation into this pharmacy and it expected that this allegation will be taken further. Clarification was given regarding the terminology in the report.
- Meetings have taken place between Mr Kelly and Mrs Skidmore to discuss the NHS Protect Standards for Commissioners including how the CCG can raise the overall score. An action plan has been prepared and was shared with the Committee.
- Self Review Tool (SRT) submission was made on 31st July 2015 to NHS Protect. The overall SRT score was AMBER.

RESOLUTION: The Committee;

- Noted the contents of the report and the work currently being undertaken and the exercises due to commence.
- Noted the overview of the NHS Protect Intelligence Update-Statistical Fraud Taxonomy Report for 1/4/14-31/3/15 circulated for information.

Fraud, Bribery and Corruption Standards for Commissioners, Self Review Tool (SRT) and CCG Workplan

AGC/15/90 Mr Kelly reminded the Committee that as part of an annual return the CCG must complete and submit to NHS Protect a self-review tool (SRT) detailing counter fraud activity undertaken in order to comply with the standards for commissioners. As previously reported this was submitted on 31st July 2015 with an overall rating of AMBER.

Mr Kelly reported that he had met with Mrs Skidmore to create an action plan in order to improve the compliance within each standard and ultimately improve the overall rating. This will be used to inform the counter fraud work plan for the rest of the year.

The aim is to maintain performance in areas well rated and, where it is possible, make improvements. It was felt that some improvements can be made reasonably easily and quickly, however, some areas are out of the control of the local counter fraud services as they are based on the work done by the CSU.

Clarification was given in relation to the Red ratings in section 4 'Hold to Account'. These will always remain red unless the CCG has a case to report and investigate.

Mrs Skidmore commented that where the measure is 'embeddedness' there needs to be appropriate time elapsed to allow a process to embed.

The Committee noted that an AMBER rating would be expected for most organisations and External Audit would take assurance at this whilst maintaining an oversight of the key messages.

Mr Kelly with support from Mrs Skidmore will continue to review the actions and work towards proactively addressing the issues. Drafts will be brought back to this Committee in appropriate timeframes. The review will be referenced in the Annual Governance Statement

RESOLUTION: The Committee;

- Noted the outcome of the SRT and the actions being undertaken to proactively address the issues where appropriate.

Mrs Southall joined the meeting.

External Audit Plan

AGC/15/91Mr Rohimun introduced the report which provides the Committee with a basis to review the proposed audit approach and scope for the 2015/16 audit in accordance with auditing stands and in line with the Committee's service expectations.

Mr Rohimun gave an overview of the proposed approach to be taken and highlighted the areas of audit focus based on initial assessment of the CCG's key business and financial statement risks. The Committee was asked to consider and feedback back if there was anything else that should be included.

He reported that a meeting has been held with Mrs Skidmore to discuss the plan and the key risks identified.

Assurance was given that all key data protection requirements are met in relation to data analytics tools. It was clarified that no personal data is used and parameters can be set to exclude this information from data searches. Assurance was also given that information used for past audits is not retained.

Mr Surrige explained that there are two significant risks which will be considered as part of the audit;

- Fraud and management override risk.
- Risk of fraud in revenue recognition.

Two other financial statement risks that will be considered as part of the audit are:

- Operating within the Revenue Resource Limit
- Better Care Fund (BCF) – Pooled Budget

It was raised that as the BCF is a significant new arrangement there is a risk that the CCG's share of the pooled budget will not have been accounted for correctly and that anticipated benefits will not be realised in accordance with original plans. Mr Surrige stated that if any concerns arose during the process these would be raised with the AGC and any risks identified but not highlighted in the plan would be taken forward.

A question was raised regarding Governance Arrangements and working with Wolverhampton City Council External Auditors. Clarification was given that EY's focus is to ensure that the CCG accounts are correct. A value for money conclusion will be made as to how bodies are working with other organisations. If there are any concerns other external auditors can raise these with EY. Mr McKenzie stated that governance of the BCF is covered in a section 75 agreement and includes audit details.

Cybercrime was discussed and whilst external audit consider high level control, more assurance in this area is taken through the internal audit

route. If weaknesses were identified during the external audit work this would be raised.

RESOLUTION: The Committee noted the scope of the external audit plan.

Risk Register Reporting/Board Assurance Framework

AGC/15/92 Mrs Southall presented the Committee with a summary of red risks and risk scores as at the end of Quarter 2. She noted that this report has been to the Quality and Safety Committee where it was discussed in detail and no significant concerns were identified. The report is also regularly discussed with Senior Management Team.

Mrs Southall gave an overview of the current red risks and the one new risk added since the end of Quarter 1.

Mr Price questioned the process relating to downgrading a red risk. It was clarified that this must have director approval and these are reviewed monthly at SMT.

Mrs Southall stated that proactive work is being undertaken to reduce the amount of overdue risks and a process is in place for the Quality and Safety Team and Directors to regularly review risks.

Mr Trigg commented that it would be useful, in the table showing the number of risk entries and their status, to show a comparison between Quarter 1 and Quarter 2.

RESOLUTION: The Committee noted

- The contents of the report and actions being undertaken.
- The table showing the number of risk entries and their status, to be revised to show a comparison between Quarter 1 and Quarter 2.

Mrs Southall left the meeting.

Annual Governance Statement

AGC/15/93 Mr McKenzie shared with the Committee an overview of the initial considerations and work being undertaken to prepare the Statement for 2015/16. He reported that there were no major concerns and that more detailed work would take place when national guidance is issued. An updated draft will be shared with the Committee at the February meeting.

RESOLUTION: The Committee noted the current draft and will expect to receive a further draft in February.

Review of Conflict of Interest Policy

AGC/15/94 Mr McKenzie reminded the Committee that it reviewed this policy last year and signed it off in January 2015. That review took into account best practice from other areas of the public sector and refreshed guidance from NHS England, which was issued to support CCGs in preparation for the advent of Co-Commissioning of Primary Care. The process for managing conflicts of interest forms part of the assurance process being followed by NHS England and no concerns have been raised regarding the CCG's arrangements.

The register of interest has been refreshed and staff members and Governing Body have been provided with training on the content of the refreshed policy, their responsibilities and sources of advice and guidance. Reminders were given regarding the recording of the receipt of gifts and hospitality.

A review of the policy has commenced and whilst it is not anticipated that major changes are required, it is important to ensure the policy remains fit for purpose and takes into account any additional best practice.

Mr McKenzie asked the Committee to review the Policy and to forward any comments to him prior to an updated Policy being brought to the February meeting.

- RESOLUTION: The Committee;
- Noted the Assurance given to NHS England on the operation of the CCG's arrangements for managing potential conflicts of interest.
 - Noted the proposed arrangements for reviewing the policy.
 - Agreed to forward any comments regarding potential revisions on the policy to Mr McKenzie.
 - Will receive updated draft at the February meeting.

Prime Financial Policies

AGC/15/95 Mr McKenzie reported that due to the timetable of meetings and the deadline for submitting changes to the Constitution to the NHS England Area Team, these have already been taken to the Governing Body.

He confirmed that all the comments he had received had been considered and were included in the revision.

The Governing Body signed off the revised policies and approved the variation to the Constitution. These will be submitted to NHS England as part of the revisions to the Constitution.

RESOLUTION: The Committee noted and agreed that the revised version of the CCG's Prime Financial Policies is included in the application to vary the constitution to be submitted in November 2015.

Financial Control Environment Assessment (FCEA) Submission and update on actions

AGC/15/96 Mrs Skidmore reminded the Committee that at the July meeting she brought information regarding this assessment and the change to the Assurance Regime by NHSE.

Mrs Skidmore reported that she and the Deputy Chief Finance Officer (DCFO) met with NHSE to present the CCG's assessment of the FCEA. Robust and legitimate challenges were made by NHSE on the self-assessment ratings. There were 5 out of the 18 sections where NHSE required further evidence to support the CCG rating or the CCG agreed to a different rating. A further meeting was held between the DCFO and NHSE to review the evidence provided by the CCG and the final ratings were agreed. It was noted that there was minimal change in the ratings.

Going forward the CCG will be required to reassess ratings at regular intervals and will need to maintain good standards and records to maintain and improve ratings where possible. This will form part of the revised assurance process.

Mrs Skidmore stated that this had been a useful process particularly the action plan included in the FCEA.

Updates will be brought back to the AGC as appropriate and work will continue to maintain the current position and improve in areas as required.

RESOLUTION: The Committee

- Received assurance from the update and outcome of the assessment.
- Noted the action plan.

Mr Price left the meeting.

Continuation of Financial Risk Share Agreement

AGC/15/97 Mrs Skidmore informed the Committee that as part of the FCEA process the NHSE Area Team had requested that the agreement, which had been implemented at the inception of CCGs, should be updated and resigned.

The agreement is with Dudley and Walsall CCGs and is the governance solution to an agreed risk share if required.

The agreement is being taken to the AGC of each of the CCGs and reaffirmed and resigned by each of the three Chief Finance Officers.

RESOLUTION: The Committee noted and supported the continuation of the agreement.

Losses and Compensation Payments – Quarter 1 2015/16

AGC/15/98 The CCG has not recorded any losses during quarter 2 of 2015/16 and has not made any special payments during the same time period.

RESOLUTION: The Committee noted the contents of the report.

Suspension, Waiver and Breaches of SO/PFPs

AGC/15/99 There have been no suspensions of SO/PFPs.

1 waiver has been raised during quarter 2 which relates to the extension of the contract with the Interim Children's Commissioner until the role is filled on a permanent basis in December. Clarification was given that the extension was required due to issues with recruitment which have now been resolved. A concern was raised regarding the amount paid for the interim arrangements. Assurance was given that it was felt that this has given value for money due to the level of work provided by the interim.

PFP breaches continue to relate mainly to Continuing Health Care packages which are generally unavoidable.

RESOLUTION: The Committee noted the contents of the report.

Receivable/Payable Greater Than £10,000 and over 6 months old

AGC/15/100 The Committee noted that as at 30th September there were:

- 2 sales ledger invoices greater than £10k and over 6 months old.

The Committee noted that overall, aged debt has reduced significantly since quarter 1 due to the settlement of a number of outstanding debts with Wolverhampton City Council and Black Country Partnership Foundation Trust.

- 15 purchase ledger invoices greater than £10k and over 6 months old.

It was highlighted that the two outstanding invoices with NHS Property Services relate to 2014/15 charges and the CCG has been in regular contact to try resolve these. A response to the CCG's latest communication is awaited.

Ten of the remaining invoices were issued by RWT. The CCG is actively chasing resolution to the queries that are preventing payment being made.

RESOLUTION: The Committee noted the contents of the report and updates given.

Guidance for setting up an Audit Panel

AGC/15/101 Mrs Skidmore explained that the guidance has been circulated for information only. An update including timelines for setting up the panel and the structure will be brought to the next meeting. Endorsement will be sought from the Governing Body.

RESOLUTION: The Committee;

- noted the guidance and process being undertaken.
- Agenda item for next meeting.

Any other business

Proposed dates for 2016 Committee meetings*

AGC/15/102 The dates for 2016 Committee meetings were confirmed as follows;

- 23rd February
- 19th April
- 24th May (Annual Report, Accounts and Governance Statement sign off)
- 19th July
- 15th November

*All meetings will be held on Tuesdays at 11.00am in the main meeting room, CCG Offices, Science Park.

Date and time of next meeting

Tuesday 23rd February 2016 at 11.00am in the CCG Main Meeting Room, Science Park

Signed:

Dated: