

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

Minutes of the meeting held on 21 May 2019 commencing at 11.00am
In JISC Room, Science Park, Wolverhampton

Attendees:

Members:

Mr P Price	Chairman/Governing Body Member
Mr D Cullis	Independent Lay Member
Mr J Oatridge	Deputy Chair of the Governing Body and Audit and Governance Committee
Mr L Trigg	Lay Member/Governing Body Member

In Regular Attendance:

Mr P McKenzie	Corporate Operations Manager, WCCG
Miss M Patel	PA to Chief Officer and Chair of Governing Body, WCCG (minute taker)

In Attendance:

Mr J Green	Chief Finance Officer, Sandwell and West Birmingham CCG and WCCG
Dr H Hibbs	Accountable Officer, WCCG
Mr A Kay	Head of Financial Resources, WCCG
Mr J McLarnon	Manager, External Audit, Grant Thornton
Dr S Reehana	Chair of the Governing Body, WCCG
Mr M Stocks	Partner, External Audit, Grant Thornton
Ms J Watson	Senior Manager, PWC

Apologies for attendance:

AGC/19/45 Apologies were received from Ms Breadon and Mr Gallagher

Declarations of Interest

AGC/19/46 There were no declarations of interest.

Minutes of the last meeting held on 23 April 2019

AGC/19/47 The minutes of the last meeting were agreed as a true record with the below amendments:

Under AGC/19/26 under Item 147 on page to the word 'which' to be replaced with 'when'.

Under AGC/19/38 that the action allocated to Mr Oatridge 'That Mr

Oatridge gave a verbal update around cyber security to the Governing Body members' was taken off the action log as this would be picked up under the work undertaken by Mr McKenzie.

Matters arising (not on resolution log)

AGC/19/48 There were no matters arising.

Resolution Log

AGC/19/49 The resolution log was discussed as follows;

- Item 149 – (AGC/19/15) - Counter Fraud Progress Report - Ms Putwa to speak with Mr Mohan if any further information could be shared with the Committee regarding the live investigation that was currently taking place and a timetable for when this information could be received by the Governing Body – Update will be given when possible.
- Item 150 – (AGC/19/16) - Draft Counter Fraud Plan – Ms Putwa to speak to Mr Mohan about the fact that there were no proactive exercises mentioned in the workplan – Workplan 2019/20 was updated to add the Fraud Risk Group involvement and also updated the additional work to be carried out within the Standard 3.2. A final and amended version of the CF Workplan 2019/20 was shared with the CFO.
- Item 153 – (AGC/19/28) - External Audit Progress Report - More granular information would be provided in the final report around testing measures – This had been provided in the report. Closed.
- Item 154 – (AGC/19/30) - Cyber Security - Mr McKenzie to bring back a report of the organisations performance against the 10 cyber risks once completed – To be discussed at July 2019 Audit and Governance Meeting.
- Item 155 – (AGC/19/31) - Delegated Commissioning Final Report – Internal Audit to provide further information in respect of the medium risk identified around incomplete deadlines for practice visits and the testing used – On agenda.
- Item 156 – (AGC/19/32) - Risk Management Report - Staff reminded to look at their relevant risk registers and update them – This had been followed up and staff training was being arranged. Closed.
- Item 157 – (AGC/19/33) - Draft Internal Audit Plan for 2019/2020 - Mr McKenzie to add a line in the Board Assurance Framework to show which audit function was sending assurance around certain areas – to be discussed at July Audit and Governance Committee Meeting.
- Item 158 – (AGC/19/36) - Draft Governance Statement – The final draft would be presented at the next Audit and Governance Committee Meeting – On agenda.
- Item 159 – (AGC/19/37a) - Draft Committee Annual Report – Mr McKenzie to show actions against the effectiveness review to the annual report – On agenda.
- Item 159 – (AGC/19/37b) - Draft Committee Annual Report – Miss Patel to include this to the July Audit and Governance Committee

agenda – On agenda.

- Item 161 – (AGC/19/38) - Draft Final Account and their Preparation - Mr Kay and Mr Green were asked to look at the wording on page 14 of the document with regard to the sentence 'The next actuarial valuation is to be carried out as at 31 March 2016 and is currently being prepared'. – Update. Closed.
- Item 162 – (AGC/19/39b) - Draft Final Account and their Preparation - Mr Kay to provide further explanation around whyld be given around why there had been an increase in expenditure from 23 in 2017/2018 to 382 in 2018/2019 with regards to Other Professional Fees under Operating Expenses – This was due to there being a new subjective code which meant that mapping was different so the interpreting fees had now been added to the professional fees amount. Closed.

Final 2019/20 Internal Audit Plan

AGC/19/50 Ms Watson advised that the Final 2019/20 Internal Audit Plan now included days allocated to HR/Restructuring as discussed at the previous Audit and Governance Committee meeting.

It was confirmed that the sentence on page 7 of the report ' We ask Management and the Audit and Governance Committee to confirm that they accept this risk and are confident that assurance, where needed, is being provided from other sources' was a standard statement issued in reports.

The Committee also felt that it would be beneficial for there to be a KPI around the proportion of audits completed through the year. This would allow better measuring of deadlines by quarter. Dr Hibbs agreed that this would be a good idea but there should be a caveat that if things couldn't be completed for example if it wasn't the correct time to do so that deadline could be changed. Ms Watson said that this could be monitored by both Internal Audit and the Executive Team.

RESOLUTION: The Committee:

- Accepted the plan for future work.
- Internal Audit to add a KPI around the proportion of audits completed through the year.

Internal Audit Report: Data Protection Act 2018

AGC/19/51 Ms Watson presented a report on Internal Audit Report on the CCG's arrangements in respect of the Data Protection Act 2018. There had been one medium risk finding around 'Monitoring performance of the CSU' and one low risk 'Operating effectiveness'.

It was a very positive report and the Chair thanked Mr McKenzie and his team for their hard work around data protection.

RESOLUTION: The Committee:

- Noted and accepted the report.

Internal Audit Annual Report 2018/19 (which includes the Head of Internal Audit Opinion)

AGC/19/52

A draft Audit Opinion had been given at the last meeting as 'generally satisfactory with some improvements required' pending the completion of internal audit work for the year.

The Internal Audit team confirmed that, following the completion of audit work this had now been changed to 'satisfactory', the highest rating of assurance provided. Although there were medium risks identified, the internal audit team had seen evidence that the CCG were actively working to manage and mitigate risks. It was noted that a rating of satisfactory was rarely given and the CCG was commended on this.

Ms Watson advised that there was the potential that risks would increase for the CCG as they started to work and potentially merge with other organisations. The Committee asked if the Internal Audit team could provide a paper on learning experiences around this from other areas which they would like to share with the Black Country Transition Board.

The Committee reiterated that they understood the risks associated with potential mergers but accepted that the CCGs would retain statutory responsibilities that would need to be met.

RESOLUTION: The Committee:

- Noted and accepted the report.
- Internal Audit to provide a paper on learning experiences from merged organisations and risks to be shared with the Black Country Transition Board.

External Audit and the report to those charged with governance

AGC/19/53

The External Audit Team issued the CCG with an 'unqualified opinion' on the Financial Statements.

As highlighted in previous reports, the External Auditors had examined the potential value for money risks around cancer and mortality performance at Royal Wolverhampton Trust (RWT) and concluded that the CCG was doing all it could do drive change at RWT in these areas.

The report was very positive and External Audit thanked the finance team for their assistance.

The Committee thanked Mr Gallagher, Mr Kay and the finance team for their hard work.

RESOLUTION: The Committee:

- Noted the report.

Management Representation Letter

AGC/19/54 Mr Trigg highlighted that some of the wording in the Management Representation Letter was not necessarily proportionate for Governing Body Members, particularly for those without technical financial expertise who would be signing this off.

It noted that the wording reflected nationally defined expectation and it was agreed that future management representation letters would be circulated in advance of sign off meetings in order for Governing Body Members to discuss and raise any questions about the content of the letter.

RESOLUTION: The Committee:

- Noted the report.
- Management Representation Letters to be issued in advance for Governing Body Review in the future.

CCG Annual Report, Final Accounts and their Preparation

AGC/19/55 Mr Kay presented the final accounts with the changes that had been made. This was as below:

- Page 92 – 1.51 – ‘Leases’ section deleted as they are not material.
- Page 94 – 1.17.1 – A line re ‘Financial Assets at Amortised cost’ taken out as not relevant.
- Page 95 – noted re ‘Foreign Currency’ and ‘Research and Development’ taken out as not appropriate.
- Page 97 – Note 4 - figures amended to show no decimal places.
- Page 99 – Note 4.5 - Pension note replaced by new version from NHSE.
- Page 103 – Note 17.3 – Impact of IFRS 9, figures realigned as they were showing against the wrong column headings and figures included on ‘ Financial Assets measured at amortised cost’ (previously missing).
- Page 105 – Note 23.1 – Figures included on line ‘financial liabilities measured at amortised cost’ (previously missing)
- Page 107 – Note 30 – Irrelevant columns taken out.
- Page 108 – Note 33.1.1 and 33.1.2 replaced ‘low exposure’ to ‘no exposure’
- Page 110 – Pooled Budget now shows only CCG expenditure
- Page 111 – Walsall CCG related parts payment amended.

The overall position of the CCG was still showing as a 42k surplus.

RESOLUTION: The Committee:

- Approved the changes made and the Chair would recommend the signing off of the accounts at the Governing Body Meeting.

Final Governance Statement

AGC/19/56 The Head of Internal Audit Opinion had now been added to the report.

RESOLUTION: The Committee:

- Noted the report.

Committee Annual Report

AGC/19/57 The additional wording on section 3 on committee effectiveness had been added following the discussion at the last meeting. The report would be presented to the Governing Body as confirmation that the committee had met its terms of reference.

RESOLUTION: The Committee:

- Noted and accepted the report.

Feedback to and from the Audit and Governance Committee

AGC/19/58 The main point highlighted was the ongoing discussions at the Transition Board about the changes that would be occurring.

Dr Hibbs informed the Committee that there was an event that she would be attending where Simon Stevens would be talking about ICS and single commissioning.

RESOLUTION: The Committee:

- Noted the update

Losses and Compensation Payments – Quarter 4 2019/20

AGC/19/58 As previously noted at a previous committee there was only one loss to be reported regarding a stolen laptop in a house burglary.

RESOLUTION: The Committee:

- Noted the report.

Suspension, Waiver and Breaches of SO/PFPS

AGC/19/59 Mr Kay noted the below in quarter 4 of 2018/19:

- During quarter 4 of 2018/19 there were 18 invoices in breach of PFPs (3.08% of all invoices paid);

- 22 waivers were raised during quarter 4 (48 in the year);
- 57 non-healthcare invoices were paid without a purchase order being raised during quarters 4 (151 in the year).

RESOLUTION: The Committee:

- Noted the report.

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

AGC/19/60 The Committee noted that as at March 2019 there were:

- There was one invoice greater than 10k and over 6 months old.
- 6 purchase ledger invoices greater than £10k and over 6 months old.

Mr Oatridge asked about the invoice for Wolverhampton City Council dated 17 January 2018 which had still not been dealt with. Mr Kay advised that he would look into this and feedback at the next meeting.

RESOLUTION: The Committee:

- Noted the above.
- Mr Kay to look into the resolution of outstanding invoices.

A&G CSU Service Auditor Report (for CCG CFOs and Deputies)

AGC/19/61 This paper was received for information

RESOLUTION: The Committee:

- Noted the report

ES ISAE 3402 Report

AGC/19/62 This paper was received for information

RESOLUTION: The Committee:

- Noted the report

Any Other Business

AGC/19/63 There were no items to discuss under Any Other Business.

Date and time of next meeting

AGC/19/64 Tuesday 30 July 2019 at 11am at Wolverhampton Science Park