

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

Minutes of the meeting held on 19th April 2016 commencing at 11.20am
In Main Meeting Room, Science Park, Wolverhampton

Attendees:

Members:

Mr J Oatridge	Chairman
Mr P Price	Independent Lay Member
Mr L Trigg	Independent Lay Member

In Regular Attendance:

Ms A Breadon	Head of Internal Audit, PwC
Mr J Kelly	Local Counter Fraud Specialist, WMAS (part meeting)
Ms D Kortus	Manager, Counter Fraud Specialist, PwC (part meeting)
Mr C Larby	Deputy Head of Audit and Assurance, WMAS (part meeting)
Mr P McKenzie	Corporate Operations Manager, WCCG
Mr G Mincher	Internal Audit, WMAS (part meeting)
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 (minute taker)

In Attendance

Dr H Hibbs	Chief Officer, WCCG
Mrs S Southall	Head of Quality and Risk, WCCG (part meeting)
Miss M Patel	Administrative Support Officer, WCCG (observer)

Apologies for attendance:

AGC/16/27 No apologies for absence were submitted.

Declarations of Interest

AGC/16/28 There were no declarations of interest.

Minutes of the last meeting held on 23rd February 2016

AGC/16/29 The minutes of the last meeting were agreed as a correct record.

Mrs Southall joined the meeting

Matters arising (not on resolution log)

AGC/16/30 The following was raised;

- AGC/16/16 – the benchmarking of risk management against that of other CCGs. This action is to be added to the Committee's action log and brought back to July meeting.

Resolution Log

AGC/16/31 The resolution log was discussed as follows;

- Item 65 (AGC/16/07) – Discuss with PwC the timetable for presentations of reports to AGC to ensure a more even spread of reports throughout the year – discussions have taken place – action closed.
- Item 66 (AGC/16/09) – Final Head of Internal Audit Opinion to April meeting – on agenda – action closed.
- Item 67 (AGC/16/10) – Updated internal audit plan 2016/17 to April meeting – on agenda – action closed.
- Item 68 (AGC/16/14) – Updated Counter Fraud Plan 2016/17 to April meeting – on agenda – action closed.
- Item 69 (AGC/16/15) – EY to share with Committee how much reliance is placed on 3rd party/service auditor reporting and include in report – no reports issued yet for year end, these are expected late April/early May. Reports will be shared when received.
- Item 70 (AGC/16/16) – Committee to consider a Deep Dive from the Risk Register on a quarterly basis – first deep dive taken place at Senior Management Team (SMT). Feedback to be brought to July meeting. Deep dives to be embedded into structure.
- Item 71(AGC/16/17) – Annual Governance Statement – updated draft to be brought to April meeting – on agenda – action closed
- Item 72 (AGC/16/18) – CCG's Chief Officer and Chair to be invited to attend Committee's April and May meetings – offer extended – action closed.
- Item 73 (AGC/16/19) – Recommend to Governing Body that revised Conflict of Interest Policy to be adopted – Governing Body accepted recommendation – action closed.
- Item 74 (AGC/16/20) –
 - Auditor Panel – Terms of Reference to go to Governing Body in March for final approval – approved by Governing Body – action closed.
 - First Auditor Panel meeting to be held on 19th April 2016 – meeting held and decision taken to use established framework route. Going forward action plan to be drawn up. It is expected that deadlines will be met – action closed.

Mr Mincher left the meeting

Risk Register Reporting/Board Assurance Framework

AGC/16/32 Mrs Southall presented the Committee with a summary of red risks and risk scores as at the end of Quarter 4. She gave an overview of the 8 current live red risks. It was noted that 2 risks have increased from amber to red in the last quarter and 2 risks have been downgraded from red to amber.

Mr Mincher re-joined and Mr Kelly joined the meeting

It was noted that due to the timing of reporting and committee meetings, this report will be shared with the Quality and Safety Committee in May and an executive summary will be taken to Governing Body in June.

Mrs Southall reported that the revised Risk Management Strategy was ratified by the Quality and Safety Committee at its April meeting. One outcome from this is that a scorecard approach will be used for scoring of risk going forward to 2016/17.

Mr Price raised a query regarding the continual rating of Tier 4 CAMHS (risk ID 267) as red as this has not reduced since the risk was identified. It was clarified that this risk has been discussed by SMT on numerous occasions and the recent deep dive had included scrutiny of this risk. Actions have been taking place to reduce the risk and mitigating controls put in place. However, this risk also sits with Specialised Services at NHS England (NHSE). It was reiterated that this risk is well managed locally but remains a national issue and has now been included on the NHSE risk register.

Dr Hibbs gave assurance that there is an increase in ownership and accountability relating to risk and that there is a good oversight at a number of forums.

RESOLUTION: The Committee;

- noted the contents of the report and the actions being undertaken.
- Took assurance from the increase in ownership and accountability.

Mrs Southall and Mrs Kortus left the meeting.

Management Action Plan Update

AGC/16/33 Mr Mincher informed the Committee of the current position in respect of implementation of audit recommendations. As at 31st March 2016 there are 1 red and 8 amber rated overdue recommendations relating to 5 audit reports.

These had been reviewed at SMT on 5th April and the outstanding actions and implementation dates agreed.

Ms Kortus re-joined the meeting.

It was confirmed that the outstanding actions will be handed over and will be monitored by the new Internal Auditors.

RESOLUTION: The Committee:

- Noted the contents of the report and current position.

Internal Audit Annual Report

AGC/16/34 Mr Mincher introduced this report and stated that to date there is nothing to prevent a Significant overall opinion with regard to the CCG's internal control system.

Mr Mincher explained that included in the report was an overview of the domains audited against compared to the outcomes last year. Every domain now has a Substantial opinion. It was highlighted that 90% of recommendations agreed in 2015/16 have either been implemented or are not yet due. SMT has agreed revised implementation dates for Red rated actions. Outstanding recommendations will be handed over to the incoming Internal Auditors for them to monitor.

RESOLUTION: The Committee:

- Noted the contents of the report and accepted the key headlines.

Head of Internal Audit Opinion on Internal Control

AGC/16/35 Mr Larby gave the Head of Internal Audit's draft annual opinion. The overall opinion is that Significant assurance can be given. Mr Larby explained that this is given in accordance with NHS Internal Audit Standards and is based upon and limited to the relevant Internal Audit work performed on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes.

It was highlighted that whilst the overall opinion is the same as last year, and improvement is still required in some areas, there has been improved performance in a number of areas following the implementation of audit recommendations.

RESOLUTION: The Committee

- Noted the content of the report and the overall annual opinion.
- Noted the improvements relating to the control environment.
- Thanked the out-going WMAS Internal Auditor's for their work with the CCG since its inception.

Local Counter Fraud Specialist Progress Report including Self Review Tool (SRT)

AGC/16/36 Mr Kelly informed the Committee of activity undertaken as part of the Counter Fraud annual work plan as follows;

- The Staff survey has been completed. A final report is being compiled and a number of recommendations discussed with the Chief Finance and Operating Officer (CFOO). The final report will be shared with Committee members.
- A proactive exercise has been completed to examine the pre-employment checks undertaken on clinical staff employed by the CCG. A final report has been shared with the CCG and recommendations relating to appropriate checks have been agreed going for all new employees to the CCG.
- An investigation into a pharmacy in Wolverhampton, previously discussed at this Committee, is on-going. A meeting has been held with the new Counter Fraud providers to handover the documentation for them to continue the investigation.
- An update was given regarding the Self Review Tool; work will be completed by the outgoing LCFS up to the end of March 2016. Going forward this will be completed by the new LCFS provider (to be submitted by 31st May 2016).

RESOLUTION: The Committee

- Noted the update contained in the report.
- Staff survey report to be shared with Committee members when finalised.

Local Counter Fraud Annual Report

AGC/16/37 Mr Kelly introduced the final Counter Fraud Annual Report which provided a summary of the activity during 2015/16. It was reported that no investigations had been finalised for frauds identified in 2015/16.

RESOLUTION: The Committee

- Noted the contents of the report
- Thanked the WMAS Counter Fraud Team for their work with the CCG since its inception

Internal Audit Plan 2016/17

AGC/16/38 Ms Breadon explained that the plan has been developed in line with discussions with the CCG's Chief Officer and CFOO including the frequency of the required audits. It is anticipated that the plan will develop over the next 12 months.

Mrs Skidmore stated that a meeting had taken place between the CCG's Directors and PwC internal auditors to discuss the areas to be audited.

Mr Oatridge raised a concern regarding the Better Care Fund (BCF) audit being planned for year 3 and safeguarding audit scheduled for year 2. Assurance was given that a Safeguarding audit was completed in

2015/16 and recommendations from this were being taken into 2016/17 and there is a need for these and new services to become embedded before further audits are completed. It was reported that BCF is audited through strands of other audits and that is part of the External Audit including the financial reporting aspects. As this is a significant risk to the CCG the outcomes of this will be closely considered.

Discussion took place regarding the frequency requirements for information governance audits. Mr McKenzie was asked to clarify this with PwC. It was noted that good feedback was received this year.

Mr McKenzie reported that there is a requirement to audit Conflicts of Interest yearly as part of the annual plan. This will be completed later in the year as part of corporate governance due to the recent publication of guidelines relating to this area. The CO and CFOO confirmed that they had agreed this approach.

RESOLUTION: The Committee

- Noted the contents of the report.
- Asked Mr McKenzie to clarify the frequency requirements for information governance audits.

Counter Fraud Plan 2016/17

AGC/16/39 Ms Kortus informed the Committee that Neil Mohan is the Senior Manager for NHS Counter Fraud work at PwC and that she and Gina Lekh, supported by a nation team, would be the Local Counter Fraud Specialist (LCFS) for the CCG going forward.

Ms Kortus explained that the Plan was built on the four key principles set out in the Standards for Commissioners. A fraud risk group is to be established at the CCG, facilitated by PwC.

The Plan was considered and Mr Oatridge raised a query regarding the time commitment. Mrs Skidmore commented that this was not comparable against previous plans as the working model is very different to that of the previous provider. The CCG has deliberately opted for a different model.

RESOLUTION: The Committee

- Noted the contents of the report.

External Audit Progress Report

AGC/16/40 Mr Surridge reported that the interim audit at the CCG was completed in February/March 2016 and the Team would be in the offices for the final audit at the beginning of May.

One observation has been made in relation to the treatment of journals. It was reiterated that this was an observation and not a recommendation and that it was not unusual for a small CCG finance team to operate in this way. It is not a materiality threshold and there are no concerns, the observation made was around practice. Mrs Skidmore commented that this is a balance of risk in a small team and an entry will be made on the risk register as a low mitigated risk. The External Audit team will focus testing on this type of journal.

Mr Oatridge raised a query regarding the joint arrangements relating to BCF. It was clarified that the principles have been discussed and the External Auditors do not disagree with the CCG's management view.

RESOLUTION: The Committee:

- Noted the contents of the report.
- Mrs Skidmore to add entry to risk register to reflect the mitigated risk.

Draft Committee Annual Report

AGC/16/41 Mr McKenzie reminded the Committee that this report was presented to the Committee at its last meeting. The outcome of the self-assessment has shown that the Committee is operating effectively and in accordance with its Terms of Reference.

The report was considered and it was requested that paragraph 2.18 be amended to give further details in relation to SMT's role in 'deep-dives'.

RESOLUTION: The Committee noted

- The content of the report.
- Took assurance that it is operating effectively and in accordance with its Terms of Reference.
- Paragraph 2.18 to be revised in line with discussions.

Conflict of Interest

AGC/16/42 Mr McKenzie explained revised guidance for managing Conflicts of Interest for CCGs has been issued for consultation by NHS England and he highlighted the key points summarised in the report;

- Increasing the number of Lay Members on the Governing Body – needs to be addressed and how to do this is being discussed.
- Conflict of Interest Guardian – this has been discussed with Mr Oatridge as the Chair of Audit and Governance Committee and he will be taking on this role.
- Gifts and Hospitality – sponsorships of events will need to be revisited following the guidance.

Concerns were raised relating to how to manage the register of conflicts of interests in member practices.

It was agreed that following discussion with Mrs Skidmore and Mr Oatridge, Mr McKenzie will respond to the NHSE with the CCG's comments.

RESOLUTION: The Committee

- Noted the contents of the report and guidance
- Asked Mr McKenzie to submit a response to NHSE on its behalf.

Losses and Compensation Payments – Quarter 4 2015/16

AGC/16/43 The CCG has not recorded any losses during quarter 4 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/16/44 There have been no suspensions of SO/PFPs. The ten waivers raised have been dealt with appropriately.

RESOLUTION: The Committee noted the contents of the report.

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

AGC/16/45 The Committee noted that as at 31st March 2016 there were;

- 0 sales ledger invoice greater than £10k and over 6 months old
- 4 purchase ledger invoices greater than £10 and over 6 months old- these relate to NHS Property Service, resolution to issues being a national issue.

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

Better Care Fund Accounting Treatment

AGC/16/46 Mrs Skidmore explained that this report, showing technical consideration and accounting treatment, had previously been shared and discussed at the March meeting of the Finance and Performance Committee.

Mr Surridge confirmed that the External Auditors have reviewed the details and were comfortable with the approach taken. They will be testing its application within the CCG accounts are part of their audit.

RESOLUTION: The Committee;

- Noted the content of the report.
- Supported the accounting treatment described.

Draft Annual Report

AGC/16/47

Draft Annual Governance Statement

Mr McKenzie presented the draft statement, prepared in line with national guidelines and which draws on a range of sources of evidence to describe the CCG's systems of internal control. The statement also reflects feedback from delegation chains, such as with Clinical Commissioning Groups.

Dr Hibbs confirmed that she had reviewed the statement and that no significant internal control issues have been identified for the CCG in 2015/16.

Mr Surridge commented that they would be taking a more detailed look at the report during their final audit.

RESOLVED: The Committee;

- Noted the contents of the Statement.
- Noted the Chief Officer's assurance on internal controls.
- Noted that the Statement will be submitted with the final accounts on 22nd April 2016.

Draft Final Accounts

A working draft of accounts had been shared with the Committee. Mrs Skidmore confirmed that the final submitted accounts would be shared once they had been submitted. She asked the Committee to note that the bottom line figure would not change prior to submission. More information i.e. additional references, policies and pooled budgets had been added since the draft was shared with the Committee and further work was required around narrative and presentation. The deadline for submission is 9.00am on Friday 22nd April. It was not anticipated that there would be any problems meeting the deadline.

Mrs Skidmore reported that the CCG had met and exceeded the surplus target set by NHSE and also the Better Payment targets.

It was noted that the QIPP target for the 15/16 was £11.8m and just under £10.5m was delivered. Whilst this did not meet the target, Mrs Skidmore highlighted that these were the highest savings ever achieved; previously the savings were between £7m-£8m per year.

RESOLVED: The Committee;

- Noted the contents of the draft final accounts and the actions being undertaken prior to submission.
- Noted the achievements in meeting targets.

Any other business

AGC/16/48 There were no items raised under any other business.

Date and time of next meeting

Tuesday 24th May 2016 at 11.00am in the CCG Main Meeting Room, Science Park

Signed:

Dated: