

Agenda item:



MINUTES of the Audit Committees

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

Thursday 15 March 2018, 11:00 – 13:00
Room 5.3, 15 Marylebone Road

Members in attendance

CCG

Philip Young (PY)	Lay member for Audit & Governance, CWHHE CCGs (Chair)	All five CCGs
Dr Raj Chandok (RC)	GP Governing Body (Vice Chair) member	Ealing CCG
Trevor Woolley (TW)	Lay member	Hounslow CCG
Nick Martin (NM)	Lay member (joined at 11:21)	Hammersmith & Fulham CCG

Non-Members in attendance

Ben Westmancott (BW)	Director of Compliance	CWHHE CCGs
Neil Ferrelly (NF)	Chief Finance Officer	NWL CCGs
Zaid Dowlut (ZD)	Provider Management, Central Contracts Team (item 4.4)	NWL CCGs
Simon Carney (SC)	Head of Corporate Governance, (Secretary)	CWHHE CCGs
Cathy Bowyer (CB)	Corporate Governance Officer	CWHHE CCGs

Auditors in attendance

Leigh Lloyd-Thomas (LL)	Partner / Public Sector Assurance	BDO (external auditors)
Francesca Palmer (FP)	Audit Manager	BDO (external auditors)
John Elbake (JE)	Manager, RSM	RSM (internal auditors)
Charlie Nicholl (CN)	Local Counter Fraud Specialist	RSM (internal auditors)

Minutes

Business Items		Action	
1. Welcome/apologies			
1.1	Apologies were received from: Dr Andy Petros (Hammersmith and Fulham), Clare Parker (CWHHE CCGs) and Simon Tucker (West London CCG).		
1.2	It was noted that the meeting was not quorate due to a lack of member representation, for Central London and West London CCGs. It was further noted that we were in the midst of replacing lay members in Central London CCG and there was a need to identify the new members ahead of the next meeting. Matters for approval would be circulated to all members post meeting for ratification of decisions.		
2. Declaration of interests			
2.1.	There were no interests to record beyond those declared previously.		
3. Minutes of previous meetings			
3.1	The Committees agreed that the minutes of the meeting held on 18 January 2018 reflected a true and accurate record with the following amendments:		
3.2	Para. 11.10 The paragraph was not accurate and required rewording to reflect that the CCGs' were accruing to budget.	SC159	
3.3	Para. 13.2 Should reflect that West London had reached a settlement of £15,000 with no penalty.	SC160	
4. Matters arising and actions log			
4.1.	The Committees considered the action matrix and updates provided in regard to the matters outstanding; the following was agreed:		
4.2	5.4 (Act.0077)	Item 5.4 - Succession planning delayed due to priorities regarding the NWL collaboration activities. To return to the committee in July 2018.	Remain open (MG)
	8 (Act.0146)	In respect of the points raised at this meeting (Act. 0143,144,	Remain open (PY)

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	145 & 155); the Chair would raise the concerns with BHH colleagues in the interest of consistency across the NW London governance route.	
8 (Act.0143, 144, 145, 147 and 155)	These actions were in the process of being addressed and the amended policy would be presented to the committees at the next meeting.	Remain open (ZD & SC)
9.4 (Act.0148)	Meeting held with finance colleagues shortly after the AC and BDO were content with progress thus far.	Action closed
11.9 (Act.0149)	NA confirmed this would be reflected in the audit conclusion report.	Action closed
12.4 (Act.0150)	RSM confirmed the subject was not an employee of the CCG.	Action closed
15.2 (Act.0151)	On the March agenda	Action closed
7.2 (Act.0152)	Item 7.2 - Section 6.6 stated 'as a responsible member of society, the CCG may make charitable donations'. This could be misleading and required amendment or deletion.	Remain open (SC)
7.3 (Act.0153)	Amended and presented at the March meeting for review and approval	Action closed
7.6 (Act.0154)	In relation to the ROI entries, this was highlighted within the Internal Audit progress report and work was progressing	Action closed
8.6 (Act.0156)	Ongoing	Remain open (KE & SC)

In respect of matters arising, the committees noted that regarding:

4.1 HMRC update

Ealing CCG had settled a significantly smaller sum than originally anticipated, and the Central London investigation was on-going

4.3 Update re: consultancy spend

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	Much work had been carried out and the log of spend was taking shape. The exercise had been additionally beneficial in that gaps had been identified in either approval processes or the correct forms being used.	
5. CWHHE Anti-fraud and anti-bribery Counter-fraud policy (v1.1)		
5.1	The policy had previously been presented at the committees in January and comments were noted as actions. The policy was returned for approval, following the incorporation of those actions.	SC161
5.2	It was noted that although the policy had been amended, a revised set of wording for section 6.2 was proposed in order to make it clear that while we might award grants, we did not make charitable donations. The final amended version would be circulated to the Committees after the meeting.	
5.3	The Committees approved the policy subject to the amendment above.	
6. Annual report (Hounslow & Hammersmith & Fulham CCGs' as at 8/3/18)		
6.1	A draft of the Performance Report and Accountability and Governance sections of the CCGs annual report was presented to the Audit Committees. General comments were invited in respect of the general tone, acknowledging that proof reading had not yet been done.	
6.2	The Committees expressed satisfaction with the format changes which had been made in comparison to the 2016/17 report.	
6.3	It was mentioned that there were a number of references in the document to data without always being clear where the numbers came from or on what basis the assertions were being made. It was recommended that they either be removed or add clarity on their validity prior to publication of the report.	
6.4	Auditor colleagues stated that the Financial Reporting Council had carried out a thorough review of corporate reporting in the private sector; which had led to guidelines regarding content. Advice included; <ul style="list-style-type: none"> • that reports should not contain superfluous material but should simply state the organisational plans and achievements against those; and • the risks which could prevent the future objectives being achieved as well as any medium term risks. 	
6.5	The Committees noted the work undertaken to date and asked that the following work be completed:	

	<ul style="list-style-type: none"> • Review the document to ensure it was not over-wordy and include more specificity in regard to resources and risks; • Aim to be as concise as possible, focusing on the primary purposes of setting out what we said we would do, how we did it, the risks we faced, challenges ahead and how we used our resources; and • Check the evidential basis of all general statistics. 	<p>AP / BW 162</p>
<p>7. External Audit Plan and progress 2017/18</p>		
<p>7.1</p> <p>7.2</p> <p>7.3</p> <p>7.4</p> <p>7.5</p> <p>7.5</p> <p>7.6</p>	<p>Leigh Lloyd-Thomas, BDO, introduced the item and as stipulated in the arrangement, the Committees were asked to note the audit plan for the financial statements and use of resources.</p> <p>The results of the audit would be reported to the Audit Committee on 22 May 2018.</p> <p>In regard to the NHS England control totals, acceptable errors would be an aggregate of no more than 1.75% of gross spend. As part of the plan, joint working across NWL would be audited.</p> <p>LL-T highlighted the key risk areas that the audit would concentrate on, namely management overrides, delegated primary care (for all except Hounslow), NHS contract expenditure – ensuring payments matched activity, shared costs in Central London, sustainability of finances – including assurance that plans are in place for dealing with the medium term and joint working – assurances regarding how well the collaborative efforts are working towards a single objective.</p> <p>Commentary in the paper was challenged. While it was acknowledged that Ealing and Hammersmith & Fulham Councils were not supportive of Shaping a Healthier Future, there were good working relationships in place as evidenced by progress being made through the construct of the Better Care Fund (BCF).</p> <p>LL-T confirmed that the issues regarding the interface with the Finance Team reported at the last meeting had been resolved quickly.</p> <p>The Committees noted the audit plan and progress made thus far, also that the final accounts would be presented at this committee on 22 May 2018 prior to submission.</p>	
<p>8. Internal audit report</p>		
<p>8.1</p>	<p>John Elbake, RSM, presented the item and asked the Committees to note the Internal Audit progress report, also to note and comment on</p>	

<p>8.2</p> <p>8.3</p> <p>8.4</p> <p>8.5</p> <p>8.6</p> <p>8.7</p>	<p>the individual CCG DRAFT Head of Internal Audit Opinions for 2017/18.</p> <p>It was acknowledged that the timing of the Information Governance audit had not been ideal as the internal work was carried out in March to demonstrate compliance with the Toolkit standards before such standards are due. This made it difficult for the auditors to substantiate the evidence because it had not yet been uploaded. However, the auditors were confident that the plans in place and work underway would lead to compliance by the 31 March deadline. For 2018/19, the audit approach would be to review plans mid-year followed by a full audit <i>after</i> evidence had been uploaded in order to corroborate internally generated assurances.</p> <p>Currently, there was a great deal of other IA work in progress and revised implementation dates had been agreed for five actions. These were detailed in appendix B of the paper and reported on at the next meeting in May.</p> <p>It was reported the Head of Internal Audit Opinions were consistent with each other, excepting small differences relating to primary care work (for Hounslow CCG) and payment arrangements.</p> <p>Neil Ferrelly remarked that the reports appeared to be consistent with what was expected.</p> <p>There was a comment in relation to Single Tender Waivers, where a reference was made to 'clinical' when, in the main, they related to corporate services. It was agreed this section required review and amendment.</p> <p>The Committees noted the reports and requested the STW section be reviewed for accuracy where referenced as clinical waiver reporting, and amend where necessary.</p>	<p>NA / JE 166</p>
<p>9. EU General Data Protection Regulations (GDPR) Compliance</p>		
<p>9.1</p>	<p>BW presented the item in Bill Sturman's absence. The purpose of the document was to provide assurance of the NWL CCGs plan to achieve compliance with the GDPR. The paper would also be presented at governing body meetings in March. The Committees were asked to:</p> <ul style="list-style-type: none"> • note the progress already made on ensuring NWL compliance with GDPR which would come into effect on the 25 May 2018, and the further plans to achieve compliance; • endorse to the governing bodies, the appointment of a 'Data Protection Officer' (a statutory requirement); 	

	<ul style="list-style-type: none">• endorse that the NWL CCG IG Committee be the governance vehicle to assure GDPR compliance; and• note that, in the interim, the BHH IG Manager would support data protection officer duties.	
9.2	<p>NWL CCGs had instigated seven work-streams to achieve GDPR compliance consisting of:</p> <ol style="list-style-type: none">1. Pan-NWL Information Governance through the set-up of an IG Committee. Detailed compliance matters would be reviewed here and action plans monitored.2. Appointment of a Data Protection Officer. In the interim the BHH IG Manager would support DPO activities.3. Ensuring that NWL Information Sharing Agreements were GDPR compliant.4. Educating and training GPs in the implications of GDPR including new 'Fair Processing Notices'.5. An information security review in relation to the security of personal data and the security of information processing.6. A contracts review (clauses around data controllers / processors / sub-processors should be transparent and compliant)7. Ensuring internal CCG departments which hold personal data were GDPR compliant. This includes documenting the purposes of holding data, records of processing activities and breach reporting.	
9.3	<p>One of the substantive changes was the need for a new statutory role of DPO for public authorities and large scale processors. This member of staff would be a certified GDPR practitioner.</p>	
9.4	<p>Concerns were raised in respect of the risk and cost implications to the organisations, including practices. Additionally, whether there would be an adverse effect to the CCGs' business as usual activities.</p>	
9.5	<p>Whilst it was clear that the Regulations had little impact on the direct delivery of care to patients, other areas that were less direct – for example the analytical work undertaken by Medicines Management on behalf of Primary Care practitioners – required careful consideration. Legal advisers had been engaged to support that work.</p>	
9.6	<p>RSM mentioned that a report was being produced relating to GDPR which would provide many of the answers, and would be presented at the meeting on 03 May. However, it was noted, that this would provide limited time to address any issues which may arise.</p>	

<p>9.7</p>	<p>The Committees noted the progress but requested the following also be addressed and provided within the process:</p> <ul style="list-style-type: none"> • What changes to current processes would be needed in order to achieve compliance? • What risks to operational activities would arise from the changes to those processes? • How and to what extent would medicines management procedures be affected? • What authority does the NWL IG Committee have and how can the CCG's take assurance from its activities? • The Terms of Reference for the IG Committee to be reviewed in order to confirm where it sits in the CCGs' overall governance arrangements and circulated to members of the Audit Committees for information • That the seven point action plan be amended to include training for CCG staff 	<p>BS163</p>
<p>10. Local Counter Fraud Specialist Progress Report</p>		
<p>10.1</p>	<p>Charlie Nicholl introduced the progress report and provided a brief overview of the contents. The Committees were asked to note and comment on the contents.</p>	
<p>10.2</p>	<p>The NHS Counter Fraud Authority (NHS CFA) had launched the new Standards for NHS Commissioners 2018/19, covering fraud, bribery and corruption. Changes included:</p> <ul style="list-style-type: none"> • removal of standard 4.3 which required the investigation of all allegations of fraud, bribery and corruption to the standards set out in the Investigation Case File Toolkit and NHS anti-fraud manual; and • an extension to the requirement in section 2.4 to include that an organisation would not be compliant with the standard if “there is little or no evidence that the code of conduct is fully implemented. For example, any required declarations of interest are missing or incomplete”. • The new role of new role of Field Intelligence Officer (FIO) had been introduced; this person would be able to make exploratory enquiries when an allegation was received via the Fraud and Corruption Reporting Line, prior to it being allocated to the LCFS. It had been noted that in some cases, an FIO had made direct contact with Directors of Finance and Chief Finance Officers, RSM requested that if there were any unsolicited requests, confirmation be sought from LCFS. 	

<p>10.3</p> <p>10.4</p> <p>10.5</p>	<p>Section 2.1 provided an update into on-going investigations, in regard to CF/002180/17, it was confirmed that the Metropolitan Police were to provide an update to the counter fraud team at RSM.</p> <p>Regarding CF/002254/18, the Committees requested for the following items to be addressed as greater assurance was required that this would not reoccur:</p> <ul style="list-style-type: none"> • that the relevant HSJ article be circulated to provide the context of the case; and • a brief report from the Director of HR covering the action taken in light of this incident and assurance of the measures implemented to prevent a repeat. This should cover any action taken against the relevant employment agency and the report circulated to the Committees prior to the next meeting. <p>The Committees noted the report.</p>	<p>CN164</p>
<p>11. Single Tender Waivers</p>		
<p>11.1</p> <p>11.2</p>	<p>There was concern expressed, at the increasing number of single tender waivers presented. However, it was noted that none were retrospective.</p> <p>The Committees noted the waivers as presented.</p>	
<p>12. Any other business</p>		
<p>12.1</p> <p>12.2</p> <p>12.3</p>	<p>BW reported that there had been a breach of the Conflicts of Interests policy by members of the medicines management team, whose away day had been sponsored by an organisation with links to the pharmaceutical sector. Whilst this can be allowed in some circumstance, the team had not complied with the process or requirements set out in the sponsorship section of the Col Policy.</p> <p>Upon investigation, the breach was not found to be a material one. To mitigate the breach, the sponsor had been contacted by the Director of Compliance in writing, retrospectively applying the elements of the policy requiring confidentiality and prohibiting the company's use of its sponsorship to further its commercial interests. The company had since confirmed that it would abide by the conditions set.</p> <p>The Committees noted the reported breach and the mitigating action taken.</p>	
<p>Date of next meeting:</p>		

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