

MINUTES

Name of meeting	Extraordinary Audit Committee- Final Accounts	
Date and time	25 May 2017; 15:00- 17:00	
Venue	Boardroom, Dominion House	
	<i>Name</i>	<i>Title</i>
Chair	Jacqui Burke (JB)	Lay Member for Corporate Governance and Audit Chair
Members	Phelim Brady (PB)	Lay Member Public and Patient Engagement
	Mike Brooks (MB)	Independent Audit Committee Member
In Attendance	Karen McDowell (KMc)	Chief Finance Officer/ Deputy Chief Executive
	Elaine Newton (EN)	Director of Governance and Compliance
	Vicki Taylor (VT)	Deputy Chief Finance Officer
	Dominic Wright (DWr)	Chief Executive
	Sarah Ironmonger (SI)	Engagement Lead, Grant Thornton (External Audit)
	Clarence Mpofo (CM)	Director of Audit, TIAA (Internal Audit)
	Chris Lovegrove (CL)	TIAA (Counterfraud Specialist)
	Martin Campbell-Smith (MCS)	Director of Financial Services (South), NEL CSU
	Natasha Moore (NM)	(Note-taker) PA to Director of Governance & Compliance
Apologies Members	Darren Watts (DW)	GP Representative
Apologies Attendees	Geoffrey Banister (GB)	Engagement Manager, Grant Thornton (External Audit)
	Kris Stewart (KS)	Deputy Director of Financial Services (South), NEL CSU
Attendance not required	Inge Damiaens (ID)	Security Management Specialist Manager, Local Security Management Services
	Nick Atkinson (NA)	Partner, RSM (Internal Audit)



No.	DISCUSSION AND NEW ACTIONS	BY WHOM	DEADLINE
1	<p>Welcome and apologies The Chair welcomed members and attendees; apologies were received as detailed above.</p> <p>She reminded all that confidential papers should be handed in to NM after the meeting for secure disposal; that the meeting would be recorded for administration purposes only and the recording would be deleted once the minutes had been approved.</p> <p>Echoing the thanks noted at the last meeting, the Chair conveyed her appreciation to CM and internal audit colleagues; SI and external audit colleagues for their respective contributions over the last 4 years. She noted that it would be DWr's last Audit Committee and thanked him for his contributions to the Committee and to the CCG. Members passed on their best wishes to DWr in his new role as Chief Executive of East Surrey CCG.</p> <p>A degree of agenda reordering was undertaken to assist the flow, as reflected in the Minutes.</p>		
2	<p>Declarations of Interest The Chair noted the register of Audit Committee members and attendees interests included in the meeting papers, with no new declarations received since the previous Committee meeting.</p> <p>The Chair invited members and attendees to report any new declarations or amendments of declarations on the register. None were received.</p> <p>The Chair invited members and attendees to report any declarations pertinent to items on this agenda. None were received.</p>		
3	<p>Quorum As the required quorum was met, the Chair declared the meeting open.</p>		
4	<p>Minutes from last meeting on 24 April 2017 The minutes from the previous meeting were agreed as an accurate record of the meeting.</p>		
5	<p>Matters Arising from last meeting: Action Log The Chair advised that the areas shaded grey denoted the update on actions taken and proposed to close. Members agreed to close these.</p> <p>Outstanding actions were reviewed as followed: <u>6 (i) (g) Procurement of Management Consultant Policy</u>- To be presented at June Audit Committee. NM noted for agenda.</p>		

	<p><u>11 Annual Review of Effectiveness of Governing Body Committees- 1-1s between Chair and Members-</u> NM to liaise with the Chair re facilitating these sessions.</p> <p><u>11 Annual Review of Effectiveness of Governing Body Committees-members only pre-meet-</u> NM to arrange to take place from June meeting.</p> <p><u>18 Tender Waiver for Extension of YouHR contract for 17-18-</u> The Chair noted the assurance given that this tender waiver had been completed and signed with the value included. She asked for tender waivers to be a standing item on the agenda. KMc confirmed the record of tender waivers was held with Finance and that there were very few. NM to include on workplan.</p>		
<p>10</p>	<p>External Audit:</p> <p>b) Letter of representation- Chair to sign</p> <p>The Chair noted that she was agreeable to the content of the External Audit letter of representation and agreed to sign on behalf of the Audit Committee.</p> <p>The Committee:</p> <p>Agreed for the Chair and KMc to sign the External Audit Letter of representation on behalf of the Audit Committee. NM to facilitate signing for inclusion in Governing Body meeting papers for 30/05/17</p>	<p>NM</p>	<p>26/05/17</p>
<p>9</p>	<p>Internal Audit:</p> <p>a) Annual Report and Head of Internal Audit Opinion</p> <p>CM highlighted the key points regarding the Annual Report and Head of Internal Audit Opinion:</p> <ul style="list-style-type: none"> • Assurances as outlined on page 1 shows improvement in number of 'substantial' ratings received compared to last year. • CHC recommendations, as outlined on page 9, had now improved with 24 out of 25 recommendations implemented (improved from 22 as stated in report). • Noted that this was the first year that the CCG had posted a deficit position of £5m and that the Head of Internal Audit Opinion based on work done, justifies reasonable assurance overall despite deficit position. <p>MB questioned the implication of the wording on page 4 referring to the overall opinion - 'except for the CCG's ability to deliver their financial control total', this being a critical factor. Audit colleagues confirmed that this was standard audit wording. The Chair recognised it could be misinterpreted and agreed to highlight this to Governing Body when recommending the accounts to them on 30/05/17.</p> <p>Recommendation: The Committee is to:</p> <ul style="list-style-type: none"> • Note that TIAA have handed over the requested information to the CCG's new Internal Auditors i.e. copies of final reports and the list of outstanding recommendations. • Receive the assurances contained within the Annual Report and Head of Internal Audit Opinion. 	<p>JB</p>	<p>30/05/17</p>

	<p>The Committee:</p> <ul style="list-style-type: none"> Noted that TIAA have handed over to new Internal Auditors. Noted the Annual report and Head of Internal Audit Opinion. <p>b) Review of Business Continuity Arrangements The Chair noted the Review of Business Continuity Arrangements report, for which substantial assurance is given.</p> <p>Recommendation: The Committee is to:</p> <ul style="list-style-type: none"> Receive the assurances contained within the Review of Business Continuity Arrangements report. <p>The Committee:</p> <ul style="list-style-type: none"> Noted the assurances contained within the Review of Business Continuity Arrangements report. Noted that the final report for the Review of ICT Transition will be issued by TIAA to the CCG as soon as management responses are received. <p><i>CM left the meeting.</i></p>		
<p>10</p>	<p>External Audit:</p> <p>a) Findings report</p> <p>SI noted the External Audit findings report with the following highlights:</p> <ul style="list-style-type: none"> The report was an unqualified opinion. The CCG's deficit position automatically triggers a Section 30 letter to the Secretary of State. A draft was in progress and would be copied to the Finance Team when sent. She noted that on page 12 regarding judgements and estimates had been altered to omit the name of the community provider to which the legal claim refers. This wording had been agreed with the eight partners involved (including Surrey County Council and NHS England) to ensure consistency. She noted thanks to the team for starting the audit earlier than required and for their cooperation during the process. <p>Members queried whether this wording and position was consistent with that noted in the Annual Report. The Chair confirmed that she had checked the consistency of these statements.</p> <p>KMc queried the wording on pages 7 and 21 with regards to Value for Money and questioned whether this was consistent with the other Surrey CCGs with an unbalanced plan. SI agreed to check and amend to ensure the same wording used.</p> <p>With reference to misclassifications as highlighted on page 17, PB raised whether the salaries figures disclosed in the Annual Report has now been corrected. The Chair confirmed that they were now correct.</p> <p>The Committee: Agreed the final report, subject to the above amendments on pages 7 and 21.</p>	<p>SI/ KMc</p>	<p>26/05/17</p>

<p>12</p>	<p>South East Commissioning Support Unit (CSU) SARs Report Letter The Chair noted the CSU report letter and commented on the usefulness of the appendices in providing supportive information to the letter.</p> <p>The Committee: Noted the letter.</p>																																
<p>8</p>	<p><i>MCS joined the meeting.</i></p> <p>Annual Report EN presented the Annual Report for final sign off by Governing Body on 30/05/17, submission to NHS England and publication of the CCG's website. The following amendments were agreed:</p> <table border="1" data-bbox="213 640 1187 1238"> <thead> <tr> <th>Page no</th> <th>Section</th> <th>Agreed amendment</th> </tr> </thead> <tbody> <tr> <td>20</td> <td>2.7.14</td> <td>Anonymise the name of the Community provider.</td> </tr> <tr> <td>43</td> <td>2.11.1</td> <td></td> </tr> <tr> <td>86</td> <td>3.3.15</td> <td></td> </tr> <tr> <td>20</td> <td>2.7.14</td> <td>Change 'new procurement' to 're-procurement'</td> </tr> <tr> <td>22</td> <td>2.8.1</td> <td>Change 'deriving a total net surplus' to 'deriving a total net deficit'</td> </tr> <tr> <td>23</td> <td>2.8.2</td> <td>Change 'total expenditure' to 'total net expenditure'</td> </tr> <tr> <td>41</td> <td>2.11.1</td> <td>Check frequency of PPG Chairs' Network meeting with Partnership and Engagement team</td> </tr> <tr> <td>102</td> <td>3.5.5</td> <td>EN to check the sickness rate and total number of working days lost due to sickness with HR to ensure that it correlates with Section 4.3 of Annual Accounts</td> </tr> <tr> <td>102</td> <td>3.5.5</td> <td>Amend the final bullet point to reflect current position of staff survey</td> </tr> </tbody> </table> <p>KMc noted that the Annual Report and Accounts would not be published until after 9 June 2017 due to Purdah period restrictions.</p> <p>Recommendation: The Committee is to:</p> <ul style="list-style-type: none"> • Approve the Final Annual Report. • Review for all suggested changes to be notified to the Partnership and Engagement Team by 26 May 2017. • Note that the Annual Report will be combined with the Annual Accounts and approve submission to NHS England on 30 May 2017. • Approve for publication on the CCG's website by 9 June 2017. <p>The Committee: Approved the following, subject to the above amendments (NM and EN to feedback to Partnership & Engagement Team):</p> <ul style="list-style-type: none"> • Approved the Annual Report (combined with the Annual Accounts) for onward recommendation to Governing Body and Chief Executive sign off on 30/05/17. • Approved for submission to NHS England on 31/05/17. • Approved for publication on CCG's website after 09/06/17 due to Purdah restrictions. 	Page no	Section	Agreed amendment	20	2.7.14	Anonymise the name of the Community provider.	43	2.11.1		86	3.3.15		20	2.7.14	Change 'new procurement' to 're-procurement'	22	2.8.1	Change 'deriving a total net surplus' to 'deriving a total net deficit'	23	2.8.2	Change 'total expenditure' to 'total net expenditure'	41	2.11.1	Check frequency of PPG Chairs' Network meeting with Partnership and Engagement team	102	3.5.5	EN to check the sickness rate and total number of working days lost due to sickness with HR to ensure that it correlates with Section 4.3 of Annual Accounts	102	3.5.5	Amend the final bullet point to reflect current position of staff survey	<p>NM/ EN</p>	<p>26/05/17</p>
Page no	Section	Agreed amendment																															
20	2.7.14	Anonymise the name of the Community provider.																															
43	2.11.1																																
86	3.3.15																																
20	2.7.14	Change 'new procurement' to 're-procurement'																															
22	2.8.1	Change 'deriving a total net surplus' to 'deriving a total net deficit'																															
23	2.8.2	Change 'total expenditure' to 'total net expenditure'																															
41	2.11.1	Check frequency of PPG Chairs' Network meeting with Partnership and Engagement team																															
102	3.5.5	EN to check the sickness rate and total number of working days lost due to sickness with HR to ensure that it correlates with Section 4.3 of Annual Accounts																															
102	3.5.5	Amend the final bullet point to reflect current position of staff survey																															

<p>7</p>	<p>Annual Accounts KMc presented the Annual Accounts and noted that only wording and formatting had changed since last presented at Extraordinary Audit Committee meeting on 24/04/17, not figures. The Chair commented on the clarity of the accounts and associated narrative.</p> <p>Members queried inconsistencies between pension figures between sections 4.5.1 and 4.1.1. VT agreed to clarify.</p> <p>Recommendation: The Committee is to:</p> <ul style="list-style-type: none"> • Approve the submission of the final accounts to meet the national deadline. <p>The Committee:</p> <ul style="list-style-type: none"> • Approved the Annual Accounts (combined with the Annual Report) for onward recommendation to Governing Body and Chief Executive to sign off on 30/05/17. • Approved for submission to NHSE on 31/05/17. • Approved for publication on CCG's website by 09/06/17. 	<p>VT</p>	<p>26/05/17</p>
<p>11</p>	<p>Counterfraud Annual Report CL presented the Report, noting a high level of awareness indicated through findings from the staff survey. The survey highlighted the most significant risk to the CCGs were external.</p> <p>The Committee: Noted the report.</p>		
<p>6</p>	<p>Counterfraud Risk Assessment & Strategic Workplan CL presented the workplan as a working document, covering a 3-year period. He noted the most significant 3 risks as being Continuing health care; Prescribing; and Cyber-fraud. Members commented the strategic nature of the workplan and the useful RAG rating of risk areas comparing G&W CCG, TIAA CCGs and National Policy/ Issue.</p> <p>The Committee: Approved the Counterfraud Strategic Workplan.</p>		
<p>13</p>	<p>AOB The Chair asked whether the Committee could better make use of Local Security Management expertise in light of the national raised threat level. TIAA colleagues confirmed that a briefing was underway and would be circulated once ready.</p> <p>The Chair congratulated the teams on producing an excellent annual report and accounts, and appreciated the effort involved.</p>		

14	Top Risks Not discussed, given the specific purpose of this Extraordinary meeting.		
15	Overall review of papers submitted to the meeting and decision making Members and attendees agreed the annual report and accounts were clear and of a high quality.		
Date of next meeting: Tuesday 13 June 2017; 15:00- 17:00			
Signed and agreed by: <div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div style="text-align: center;">  <hr style="width: 30%; margin: 0 auto;"/> Jacqui Burke, Lay Member for Corporate Governance and Audit Chair </div> <div style="text-align: right;"> Date <u>12/7/17</u> </div> </div>			
Minutes agreed for publication by: <div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div style="text-align: center;">  <hr style="width: 30%; margin: 0 auto;"/> Karen McDowell, Chief Finance Officer </div> <div style="text-align: right;"> Date <u>15/7/17</u> </div> </div>			