

MINUTES

Name of meeting	Audit Committee	
Date and time	Tuesday 13 June; 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
	Darren Watts (DW)	GP Representative
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
	Matthew Tait (MT) <i>For items 1-6</i>	Joint Accountable Officer
	David May (DM)	Manager, RSM (Internal Audit)
	Chris Lovegrove (CL)	Counterfraud Specialist Manager, TIAA (Counterfraud Specialist)
	Martin Campbell-Smith (MCS)	Director of Financial Services (South), NEL CSU
	Kris Stewart (KS)	Deputy Director of Financial Services (South), NEL CSU
	Stuart Francis (SF)	Local Security Management Services
	Natasha Moore (NM)	Corporate Governance Support Officer (Note-taker)
Apologies Members		
Apologies Attendees	Neil Hewitson (NH)	KPMG (External Audit)
	Charlotte Goodrich (CG)	KPMG (External Audit)
	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>The Chair welcomed MT, the new Joint Accountable Officer for the Surrey Heartlands' CCGs, to the Committee.</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 25 May 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.</p> <p>Outstanding actions were reviewed as followed:</p> <p><u>6(i)(g) Procurement of Management Consultants-</u> Agreed to close as policy being presented on this agenda.</p> <p><u>11 Annual Review of the Effectiveness of the Governing Body Committees- Chair/ Member 1-1s-</u> Chair to arrange with members after today's meeting. NM to send invites once times agreed.</p> <p><u>Draft Annual Accounts-</u> VT had circulated clarification on 26/05/17 regarding comparison of figures and 4.5.1 and 4.1.1. Agreed to close.</p>		
6	<p>Risk Management EN presented the risk management report, including the Governing Body Assurance Framework (GBAF) and Corporate Risk Register (CRR), with the following to note:</p> <ul style="list-style-type: none"> • Work had been undertaken to distinguish and re-assign risks between the GBAF and CRR, where appropriate. 		

- Assurance mapping had been undertaken to categorise sources of internal and external assurances- an action arising from the March Audit Committee.
- Discussions were underway to explore the scope for the Surrey Heartlands' CCGs having a joint risk management policy and risk system going forward.

With regards to assurance mapping, the Chair recognised that sources of assurance were not always possible to identify in relation to some of the CCG's risks and asked for Internal Audit support in the context of their planned risk audit.

MB sought clearer articulation of the actual impact of risks being realised through the next risk cycle. EN advised that the impact criteria would be revisited to support risk handlers in doing this.

The following risks were then discussed in detail:

GBAF

R0161- If the CCG does not keep within its reduced running cost allocation, the CCG will breach its statutory duty (current risk rating 16)

Members queried whether the current rating for this risk should be so high so early in the financial year, i.e. reflecting the month 1 position. KMc confirmed the rating at this time in the financial year due to the statutory duty of the CCG to keep within its allocation and resource but would be reviewed as necessary. It was queried whether STP costs were included in the CCG running costs. KMc confirmed they were defined as 'programme costs' and that NHS England was aware.

R0213- If the provider of the ambulance service doesn't improve performance the CCG will breach NHS Constitutional Standards (current risk rating 16)

The Chair noted that this risk reflected the current lack of control over the situation, particularly the lack of contractual leverage and the 'special measures' status of the provider of this service.

R0200- If Primary Care Strategy is not implemented, primary care will become increasingly unsustainable in its current form (current risk rating 16)

Given the severity of this risk, the Chair queried whether this score should be higher. KMc clarified that as a clear plan and forward view of funding was in place, she was satisfied with the current rating.

R0221- Legal Challenge regarding outcome of Surrey Children's Community Services Procurement (current risk rating 15)

KMc confirmed that the cost of a potential legal challenge was clarified as a contingent liability in the annual accounts and that the costs would be shared across the 8 contracting partners.

R0223- If Adult CHS Community Procurement Programme is not delivered the CCG is at risk of challenge regarding the re-procurement process (current risk rating 8)

EN confirmed that dedicated resource was in place for the re-procurement, including senior staff.

	<p><u>R0206- If mobilisation of adult community health services is delayed, the provision of services to local population may be impacted;</u> <u>R0209- Delays to mobilisation of the new children's community health contract could impact on provision of local services; and</u> <u>R0075- If acute trust does not achieve A&E performance targets CCG will not receive the Quality Premium financial award</u> Agreed to close.</p> <p>CRR <u>R0224- If GWCCG doesn't revise processes to reflect General Data Protection Regulations it risks fine of >10m Euro/2% turnover (current risk rating 16)</u> New risk raised in response to the advent of new General Data Protection Regulations coming into effect in May 2018, designed to strengthen and unify the requirements of data protection for individuals with significant impact (and penalties) for organisations.</p> <p><u>R0220- If dashboard regarding contract monitoring isn't sustained CCG on behalf of Surrey won't meet safeguarding & Looked After Children statutory obligations (current risk rating 15)</u> EN advised that the high rating on this risk had been raised with the risk owner with agreement to revisit in advance of the report to Governing Body in July.</p> <p>Recommendation: The Committee is to:</p> <ul style="list-style-type: none"> • Review and note the current position with respect to risks included on the GBAF and CRR, informed by the risk owners for the top rated GBAF risks. For those risks which are out of appetite, determine the extent of assurances given and level of confidence that everything the CCG can do, within its control, is being done. • Review and discuss the assurance mapping outcomes and any gaps in assurance. • Approve the closure of the 3 GBAF risks detailed within this report. <p>The Committee:</p> <ul style="list-style-type: none"> • Reviewed and noted the current position with respect to risks included on the GBAF and CRR and discussed the assurance mapping outcomes and any gaps in assurance. • Approved the closure of the 3 GBAF risks detailed within this report. 		
7	<p>Internal Audit Plan DM presented the internal audit plan, noting that this was a first draft which could be flexed during the year to allow for any other emerging priorities. He outlined that page 4 of the report reviewed the CCG's GBAF risks, as well as sector risks, and assessed the type of audits that this would align to. The plan also included mandatory audits, for example, Information Governance, Conflict of Interest etc. The plan for internal audit work over the upcoming year was outlined in appendix A.</p> <p>The Chair queried how RSM were working with NEL CSU regarding end to end assurances. DM confirmed that RSM reviews the process, detail and outputs from the CSU, which is reflected in the Head of Internal Audit report at the end of the financial year.</p>		

	<p>The Chair also queried to what level the CCG Exec had reviewed and fed back to RSM. KMc and EN confirmed that they had both commented back to RSM. DM to confirm that these comments had been received and would be reflected in the latest version.</p> <p>Members agreed to feed back any additional comments to DM for incorporation in the report.</p> <p>Recommendation: The Committee is to:</p> <ul style="list-style-type: none"> • Receive a verbal update of any final feedback from the Executive team. • Consider the content of the plan and whether it is suitably focused. • Approve the Internal Audit plan, recognising the need to continue to review the 3 year plan. <p>The Committee:</p> <ul style="list-style-type: none"> • Agreed the plan, provided that any feedback from Executive with Audit Committee Chair input is incorporated. • Members to provide further feedback if required to DM. 	<p>DM</p> <p>All</p>	<p>30/06/17</p> <p>30/06/17</p>
<p>8</p>	<p>Risk Management Policy and Strategy</p> <p>EN noted that amendments to the policy had been made, as outlined in page 3 of the cover sheet as part of its annual review. Members noted that a table detailing proposed changes was useful to include.</p> <p>PB raised a question about what level staff are aware of the risk management process and the extent to which the risk management process supported the CCG in preventing the realisation of key risks to delivery of business.</p> <p>EN confirmed the CCG's level of risk awareness and risk management culture was generally high. She emphasised the importance of the risk management discipline in order to ensure Governing Body is sighted on potential risks to delivery, which are reported at every public meeting and associated Governing Body Committees. Additionally, the Executive Team are sighted on risk reports before they are presented at Governing Body or Audit Committee.</p> <p>MB queried the extent of oversight of quality and safeguarding risks and was assured that this is within the remit of Quality and Clinical Governance Committee to regularly review clinical risks, with the Executive Director of Nursing, Quality and Safeguarding as risk owner for these. It was also noted the crossover of three members of Audit Committee with the Quality and Clinical Governance Committee as added assurance.</p> <p>Additionally, DW highlighted that the Quality and Clinical Governance Committee has a rolling programme of provider presentations who are held to account where risks are identified, e.g., SECAMB, RSCH etc. It was also noted that minutes from this committee were noted at Governing Body meetings.</p> <p>The Chair suggested a dialogue with the Chair of the Quality and Clinical Governance Committee to explore further assurances and review at the next meeting.</p>	<p>NM</p>	<p>30/06/17</p>

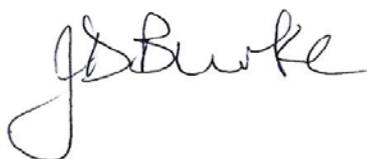
	<p>Recommendation: The Committee is to: Recommend the Risk Management Policy and Strategy to the Governing Body for approval.</p> <p>The Committee: Approved the Risk Management Strategy and Policy for onward recommendation to Governing Body.</p>		
9	<p>Procurement and Management of Consultants Policy VT noted that since the policy's last presentation at Audit Committee in December, HR had reviewed the policy and a list of minor changes was detailed in the cover sheet.</p> <p>MB questioned how knowledge and work that management consultants undertake is captured by the CCG so it is retained following their departure. KMc confirmed the CCG very rarely recruited management consultants but that there was a process in place to retain and retrieve this knowledge.</p> <p>Recommendation: The Committee is to: Note the changes to the policy and recommend approval of the policy to the Governing Body.</p> <p>The Committee: Approved the Procurement and Management of Consultants Policy for onward recommendation to Governing Body.</p>		
10	<p>Register of Tender-waivers KMc confirmed that the CCG had no tender-waivers since the last meeting.</p>		
11	<p>Counterfraud Update Report CL explained that the report had been sent to KMc before the meeting with no new referrals received in relation to counterfraud. KMc confirmed that the reports generated by TIAA were circulated to staff; however, they were not routinely being circulated to practices. DW suggested these could be circulated via Practice Focus. KMc agreed to explore this with Primary Care Liaison Team.</p> <p>Recommendation: The Committee is to: Review and note the report and received the assurances.</p> <p>The Committee: Reviewed and noted the report.</p>	KMc	30/06/17
12	<p>Review of Corporate Registers including Hospitality, Gifts & Inducements Register and Procurement Register EN presented the registers for review with the following key points highlighted:</p> <ul style="list-style-type: none"> • Current return rates are 90% for practice staff (although total number of partners still being determined) and 96% for substantive CCG staff. • Process in place for scrutiny and review of returns before publication. • All registers currently published and the Register of Gifts, Hospitality & Inducements as presented to the committee will be published, subject to comments received from the committee. • Revised thresholds, following issue of further NHS E Guidance, had 		

	<p>been circulated to staff via E-Brief on 26 May and the limits will be reflected in entries to the register going forward</p> <ul style="list-style-type: none"> To ensure the Audit Committee Terms of Reference reflects current NHS England statutory guidance for reviewing corporate registers, Audit Committee is asked to approve an amendment to section 11.1 of its Terms of Reference. <p>MB queried whether names of staff members could be published on the register to allow for distinction between multiple staff members potentially with the same job title. EN confirmed that consent to publish covers name. Members agreed to include names of staff on the Register of Gifts, Hospitality & Inducements when published. NM to facilitate and ensure publication where consent given.</p> <p>Recommendation: The Committee is to:</p> <ul style="list-style-type: none"> Review and note the registers as presented. Approve amendments to Audit Committee Terms of Reference as outlined in the paper. <p>The Committee:</p> <ul style="list-style-type: none"> Reviewed and noted the Registers as presented. Approved amendments to Terms of Reference as outlined in the paper. NM to amend and ensure uploaded to website. Noted the next steps as outlined in the paper, including regular communication to staff and practices; continued maintenance and review of registers; and completion of the next NHSE Col return, due 13/07/17. Agreed for the Register of Gifts, Hospitality & Inducements to be published on the website including names of staff members where consent to publish given. 	<p>NM</p> <p>NM</p>	<p>30/06/17</p> <p>30/06/17</p>
<p>13</p>	<p>Local Security Management Service (LSMS) Annual Report and Workplan</p> <p>SF presented the LSMS workplan and annual report and noted that a total of 8 days of work had been accounted for, as previously agreed. He advised that this could be increased, for example, in the case of an incident and the split of these 8 days of work could be re-balanced if requested to allow for best use of time</p> <p>KMc confirmed that she had reviewed the proposed workplan, along with other senior colleagues within the Governance & Compliance Directorate.</p> <p>Recommendation: The Committee is to:</p> <ul style="list-style-type: none"> Approve the workplan. Approve the annual report. <p>The Committee:</p> <ul style="list-style-type: none"> Approved the workplan and the annual report. Agreed for a meeting to take place between LSMS and CCG colleagues to agreed detailed actions. 		

<p>14</p>	<p>AOB <u>Amendment to Standards of Business Conduct and Conflicts of Interest Policy, including Receipt of Gifts, Hospitality and Inducements/ Commercial Sponsorship and Joint Working with the Pharmaceuticals' Industry</u> The Chair notified members of a future amendment to the above policy which the Audit Committee would need to review and approve. This had arisen following discussions between the Chair, EN and the Head of Medicines Management, where queries were raised with regards to scope, application and approvals for joint initiatives with the pharmaceutical industry.</p> <p>Notwithstanding the expectation of an initial discussion between practice and medicines management team for any proposed collaboration with the pharmaceutical industry, the scope would apply where practices with CCG 'employed' GPs were involved in any initiative; a focus group would be convened to review the proposals and to make a recommendation to the Medicines Optimisation Group (MOG). Members agreed that this would allow for a more streamlined approvals process.</p> <p>A Chair's action could be convened to sign this amendment off with ratification at the next meeting. NM to note for the agenda.</p> <p>No other business was raised.</p>	<p>NM</p>	<p>30/06/17</p>
<p>15</p>	<p>Top Risks Members agreed that no additional risks had been identified from this agenda that weren't already identified on the CCG's risk register.</p>		
<p>16</p>	<p>Overall review of papers submitted to the meeting and decision making Members and attendees agreed that the papers were of an appropriate length and informative.</p> <p>Members agreed that the 15min pre-meets before each meeting were beneficial and agreed to continue.</p>		

Date of next meeting: Tuesday 12 September 2017; 15:00- 17:00

Signed and agreed by:



Date 20/10/17

Jacqui Burke, Lay Member for Corporate Governance and Audit Chair

Minutes agreed for publication by:



Date 13/10/17

Karen McDowell, Chief Finance Officer