

East Berkshire Audit Committee

MINUTES

**Friday 7th September 2018 from 09:00 – 12:00
In Meeting Room 2, King Edward VII Hospital**

| Present: | | |
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| Arthur Ferry | AF | Lay Member for Governance, East Berkshire CCG (Chair) |
| Sally Kemp | SK | Lay Member for Governance, East Berkshire CCG |
| Clive Bowman | CB | Lay Member for Governance, East Berkshire CCG |
| Debbie Fraser | DF | Deputy Director of Finance, East Berkshire CCGs |
| Joanne Lees | JL | Director, KPMG |
| James Earle | JE | Manager, PwC |
| Anshu Varma | AV | Head of Corporate Affairs, East Berkshire CCG |
| Lynn Pringle | LP | Business Manager, Executive Team (taking the minutes) |

| Apologies: | | |
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| Emma Butler | EB | Director, PwC |

| Item | | Action |
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| 1. | <p>Welcome and apologies for absence</p> <p>AF welcomed everyone to the meeting and apologies were noted as above. The meeting was noted as quorate.</p> | |
| 2. | <p>Conflicts of interest in relation to the agenda (Chair).</p> <p>There were no further conflicts of interest stated in relation to the agenda.</p> | |
| 3. | <p>Minutes of the Audit Committees held on 20th July 2018.</p> <p>The minutes of East Berkshire Audit Committee held on 20th July 2018 were agreed as a true record of the meeting with the following revisions to be made:</p> <p>Page 1 – Anshu Varma is Head of Corporate <i>Affairs</i>.</p> <p>Page 5 – item number 7.3 – change ‘SK requested who has undertaken Nye Bevan training’ to ‘SK requested who has undertaken leadership academy training such as the Nye Bevan training.’</p> <p>CB expressed a note of congratulation to LP for exemplary minutes in terms of accuracy and consistency. He reflected that the minutes of other meetings (particularly Primary Care Commissioning Committee) were not of the same standard. AV and DF added that independently they had reflected that the Audit Committee minutes were very well written. SK reflected the above statement in terms of Remuneration Committee minutes and thanked LP for her hard work. AV reflected that the Governing Body meeting minutes are also of an excellent standard.</p> <p>Action: LP to accompany Danielle Maisey (new starter) to the Primary Care Commissioning Committee for support with the minutes during her initial training period.</p> <p>AF added thanks to LP for all work being very thorough and competent. LP expressed thanks to everyone for their comments.</p> | LP |
| 4. | <p>Matters Arising</p> | |

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| | The action log was reviewed and outstanding actions updated or closed. | |
| 5. | Risk and Assurance | |
| 5.1 | <u>Review the Assurance Framework</u> There was discussion regarding staffing being one of the key concerns. It was suggested that staffing could be identified as a deep dive area; SB agreed it is a significant risk but could not give assurance currently. SB identified the risk around nursing as funding has gone from a bursary approach to a pay your own degree approach. There is a two year associate nurse programme which is on the job training but we will not know if this is successful until the first round is completed; this is a two year vocational course. | |
| 5.2 | <u>Deep Dives – to consider a deep dive for November 2018</u> This item was not discussed – add to action log. The Audit Committee reviewed the risks, controls, assurances and any gaps and actions on the Assurance Framework and noted that there is no risk movement on the Assurance Framework. | |
| 6. | External Audit Update | |
| 6.1 | <u>External Audit Progress Update (Joanne Lees)</u> There have been some changes to accounting treatment for 2018/19 with the introduction of IFRS 9 (requires an entity to recognise a financial asset or a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument) – the impact on the CCG should be fairly limited and IFRS 15 (specifies how and when revenue is recognised as well as requiring such entities to provide users of financial statements with more informative disclosures). | |
| 7. | Internal Audit | |
| 7.1 | <u>Internal Audit Progress Report</u> Following the Audit Committee meeting on 20 July 2018 scoping has been undertaken for two reviews: <ol style="list-style-type: none"> 1. Core Financial Systems and the governance of funds and business cases associated with the Estates Strategy and Capital Bids. 2. QIPP and PMO – the two selected schemes agreed with management are MSK and Neurology. There have also been three changes in timings to reviews since our last progress report which are outlined on page 3 of the report. Appendix B - Events and thought leadership: JE highlighted the NHS NED events and thought leadership including; Making Tax Digital for VAT and Global Mobility in the NHS. It was noted that with the development of the ICS the CCG needs to be aware of the risk of Trusts incurring costs in these areas that they were not expecting. This is an item for ongoing debate and discussion. Making Tax Digital for VAT – CB queried if the CCG has liability for our providers failing to comply with this legislation. It was confirmed that the CCG will have no extra liability for the financial impropriety of our providers. CB also queried extra liability for costs of employing a large number of people from outside the EU in our future projections. | |

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| <p>7.2</p> | <p>Planning guidance is awaited for this topic.</p> <p><u>Internal Audit Framework for Primary Care for Delegated CCGs</u></p> <p>The audit framework is to be delivered as a 3-4 year programme of work to ensure this scope is subjected to annual audit in a managed way and within existing internal audit budgets.</p> <p>The outcome of each audit will be reported to the CCG Audit Committee. The CCG Primary Care Commissioning Committee will have the lead role in discussing and agreeing the report. The outcome will be reported in the CCG's annual report and governance statement and will also come to a public Governing Body meeting.</p> <p>There is a footnote on page 6 that further details are expected to be published in July 2018 – these are still awaited. The template has not yet been published.</p> <p>Action: AV to look into the further details and template.</p> <p>CB requested clarification into the CCG's organisational preparedness for this piece of work. It was recognised that the primary care team are under pressure and it is unsustainable to add further to their workload currently.</p> <p>AV suggested this would need to be taken to the Executive Team to investigate the resource of what is involved.</p> <p>The schedule of PCCC meetings will need to be checked to ensure that meetings are scheduled in line with the work required for the report, currently meetings are bi-monthly and PCCC will need to formally discuss and agree actions.</p> <p>Action: AV and JE to check the schedule of PCCC meetings to ensure timelines and submission dates are covered.</p> <p>CB highlighted that this is a new report and template and PCCC members will need to be familiar with what is required. Additional support from the internal audit team would be helpful.</p> <p>Action: JE to attend the PCCC meetings to support the team. LP to inform the secretariat support for PCCC to invite JE to the meetings. The secretariat support is relatively new to the CCG and this needs also be considered.</p> <p><u>Annual Review of Audit Report Actions</u></p> | <p>AV</p> <p>AV/JE</p> <p>LP</p> |
| <p>7.3</p> | <p>Actions for 14/15 – all completed and closed. Actions for 15/16 – 31 actions completed and 2 are in progress and are related to contracts. Actions for 16/17 – all completed and closed. Actions for 17/18 – there are 4 actions still open.</p> <p>AV is now responsible for following up the completion of audit actions. It was recognised that individuals should be responsible for clearing their actions and we need to ensure we are not relying on one individual. Audit Committee looks forward to seeing sustained attention on these matters. JE will be validating a selection of the actions for the next meeting.</p> <p>DF asked if the area on the resilience report should be left as red for another quarter or whether the Audit Committee were confident it could go to green. It was agreed that the resilience report could be revised after the next meeting when JE has validated a selection of the actions.</p> | |

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| | <p>Action: Bring the annual review of audit actions as a standing item to each Audit Committee.</p> | DF |
| 8. | <p>Governance</p> | |
| 8.1 | <p><u>Review Conflict of Interest (Col) Register</u></p> <p>AV clarified that statutory governance arrangements are in place and the CCG has a process in place to capture conflict of interests from new starters and existing staff; the CCG is compliant. However, the CCG is not compliant with training; it should be 100% of relevant decision-making staff and it is currently 74.6%.</p> <p>Action: AV to draft an email from the Chair of Audit (and Conflict of Interest Guardian) to send to relevant CCG staff that are non-compliant.</p> <p>Action: AV to inform CB by email if any of the PCCC members are not compliant.</p> <p>Action: JE to send the draft NHS England Col register to CB.</p> <p>Action: The CCGs Col register need to be revised as soon as possible as Karen Owen is still on the register and the Accountable Officer details need changing.</p> | AV AV JE AV |
| 8.2 | <p><u>EU GDPR Update</u></p> <p>The CCG commenced implementation of GDPR in April 2018 and there are still some areas of work to complete fully – hence we are an amber rating currently. It was identified that items 7 (Consent) and 8 (Children) need significant work along with the area of data flows.</p> <p>CB recognised the critical aspect of GDPR is consent and asked if AV needed explicit support to get the work completed. AV explained that consent is more related to providers; however, we still need to have this assurance. It was recognised that there are vulnerabilities in primary care as GP practices should be examining their own EU GDPR awareness; however there is no audit in place. It was clarified that the Information Commissioner's Office (ICO) is responsible for general practice EU GDPR compliance and no further action needs to be taken.</p> <p>Action: Bring another EU GDPR update to the next Audit Committee meeting.</p> | AV |
| 9. | <p>Financial Focus (Debbie Fraser)</p> | |
| 9.1 | <p><u>Aged Debtors over £10k and 90 days overdue</u></p> <p>Aged debtors has increased and the CCG is working with Slough Borough Council to chase down invoices. The Thames Valley Priorities Committee (Bucks and Oxford) are discussing the ongoing dispute with CSU and coming to a resolution and should be completed soon.</p> | |
| 9.2 | <p><u>Aged Creditors over £10k and over 90 days overdue</u></p> <p>This has reduced from £7.2m to £5.8m; the CCG are trying to clear invoices, there will be no impact to the CCGs' position as this has been covered in both years outturn.</p> | |
| 9.3 | <p><u>Financial Control and Resilience Self-Assessment</u></p> | |

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| | <p>There are three areas going red – Contracts, Audit and CSU support.</p> <p>Contracts – there are six contracts unsigned and four agreed but awaiting the lead commissioner to sign. Discussions with Royal Berkshire have taken place and QIPP plans have been shared out so we should be able to close this down very shortly.</p> <p>Audit – this is turning red due to the partial response to one question, keep on red until the Audit Committee meeting in November.</p> <p>CSU support – this is around the confidence the CCG has about the level of value added in some areas by the CSU.</p> <p>There are three amber areas – In year Financial Planning, Financial Control and PMO Function (QIPP).</p> <p>In year financial performance – the underlying position has deteriorated slightly since the plan was submitted. QIPP delivery is under plan at the end of July 2018.</p> <p>Financial Control and Process – Budget Manager training is commencing in September 2018.</p> <p>PMO – Function – the CCG whilst it has reviewed Right Care, Right Place and Menu Opportunities, the PMO was actioned to actively review the ‘Financial Resilience Support Site’ so would expect this to go Green for Q2.</p> | |
| <p>10.</p> <p>10.1</p> <p>10.1a</p> <p>10.1b</p> <p>10.1c</p> | <p>Single Tender Waivers and Use of Seal</p> <p><u>Single Tender Waiver Log 2018/19</u></p> <p><u>EMIS Enterprise</u></p> <p>Value for money is not currently evidenced in this single tender waiver document; it would be helpful to revise the single tender waiver document to ensure the Audit Committee members are assured and there is justification for the single tender waiver.</p> <p>Action: Revise the current single tender waiver template to ensure there is information to complete regarding value for money and best price. Update the template with key questions which need to be answered and provide an example.</p> <p>It was also reflected that it would be helpful for a footnote to be added to copies of minutes that come to PCCC regarding which items should be reviewed specifically by the committee.</p> <p>The Audit Committee noted that the EMIS Enterprise single tender waiver is very well written with a very good level of detail – Ricky Chana to be formally thanked for a very high quality piece of work.</p> <p>Action: Inform Ricky Chana regarding the high quality of his work for single tender waivers.</p> <p>The EMIS Enterprise single tender waiver is noted by Audit Committee.</p> <p><u>Special Allocation Service</u></p> <p>The Special Allocation Service single tender waiver is noted by Audit Committee – also a very well documented piece of work.</p> <p><u>Arthritis Care</u></p> | <p>AV</p> <p>LP</p> |

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| <p>10.1d</p> <p>10.1e</p> <p>10.2</p> | <p>DF explained this is the first one of a set of ICS single tender waivers that will come to Audit Committee.</p> <p>Criteria v) where specialist expertise is required and is available from only once source: Audit Committee were not satisfied with this section; evidence is lacking. Concerns were raised as this is the first ICS related single tender waiver and does not meet the standards of assurance with regard to value for money.</p> <p>Action: Request further information on item 5 as detailed above. Further detail required.</p> <p><u>The Consultation Institute</u></p> <p>Audit Committee reflected there was not enough information given and it is not written well; there needs to have been further elaboration on the research which led the team to get advice from Capsticks.</p> <p>Action: Add single tender waivers to the finance training for CCG staff; use a model template for the training (one written by Ricky Chana could be used).</p> <p><u>Douglas Informatics Limited</u></p> <p>This is a specialist consultancy to support with the build of a business intelligence repository aligned with national policy on architecture; there will be others coming similar to this. This is a change of hosting as previously was under CSU contracting arrangements into East Berkshire, now will be working across the ICS.</p> <p><i>The Audit Committee noted the Douglas Informatics Limited single tender waiver.</i></p> <p><u>Seal not used since last Audit Committee.</u></p> <p>The Seal has not been used since the last Audit Committee.</p> | <p>AV</p> <p>DF</p> |
| <p>11.</p> <p>11.1</p> | <p>Losses and Special Payments</p> <p>There were no losses or special payment to report.</p> | |
| <p>12.</p> <p>12.1</p> | <p>Security and Counter Fraud (presented by AV - Lorraine Bennett is on annual leave).</p> <p><u>Review of Counter Fraud Progress Report</u></p> <p>Audit Committee reflected the report was well written but there was little evidence to support the context of the report.</p> <p>CCG IPads – it was noted that the IPads are NHS property and are not covered by CSU - they can be used to access any website. Audit Committee considered this to be a major risk and this needs investigation immediately.</p> <p>Action: Investigate the best action to take around the IPads and security.</p> <p>There was discussion around when incidents happen a newsletter is sent out alerting people and their measure of success is the incident does not happen again. There is no indication given of prevention procedures. It was noted the service is commissioned for 20 days per year which was significantly less than advised.</p> <p>CB requested information regarding individuals claiming treatment to which they are not entitled e.g. non EU nationals who do not have residency.</p> | <p>AV</p> |

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| | <p>Action: Investigate individuals claiming treatment to which they are not entitled.</p> | AV |
| | <p>Action: Page 6 – Primary Care – A GP practice informed the CFS of an incident involving a Practice Manager and specifically a conviction of fraud, not NHS related. There was no loss to the NHS or the GP practice in this instance and the matter had been reported to the police, therefore no further action was necessary. Feedback requested regarding what the safeguards are.</p> | AV |
| 12.2 | <p><u>Counter Fraud and Internal Audit assurance over Primary Care</u></p> <p>The Audit Committee noted the briefing.</p> | |
| 12.3 | <p><u>Fraud Stop – Issue 24</u></p> <p>The Audit Committee noted the briefing.</p> | |
| 12.4 | <p><u>Security Annual Work Plan</u></p> <p>AV met with Inge Damiens, Security Manager, TIAA to consider key areas for the 20 days of provision. The priority areas of work are set out in the work plan.</p> <p>There was discussion regarding managing this work within the 20 day period of provision. Further clarification was required regarding test and analysis i.e. having initially laid out the system of internal control various areas would be tested to ensure there is no departure from these controls.</p> | |
| | <p>Action: Bring back to the next Audit Committee what is in place for the next three – six months. Currently the report is confusing to understand and greater clarity is needed of what is going to be achieved and how the work has been completed.</p> | AV |
| | <p>Action: Q2 is now complete so this means the security policies should be in place – check where the evidence of this work is.</p> | AV |
| | <p>Action: Bring forward for the new financial year so this commences prior to the start of the year.</p> | AV |
| | <p>Action: Cyber security – this is discussed at the IM&T steering group. Bring a paper to the next Audit Committee to discuss how this is managed.</p> | AV |
| | <p>The Annual Security Work Plan was noted by Audit Committee.</p> | |
| 13. | <p><u>Any Other Business</u></p> <p>AV advised that laptops can be supplied to Audit Committee members if required. SK expressed interest in obtaining a CCG laptop.</p> | |

The next meeting will be held on Friday 09 November 2018 from 09:00 – 12:00 in Meeting Room 2, King Edward VII Hospital, Windsor, SL4 3DP.