

East Berkshire Audit Committee

Minutes of the meeting held on Friday 3rd May 2019 from 09:00 – 12:00 In Meeting Room 2, King Edward VII Hospital

Present:		
Arthur Ferry	AF	Lay Member for Governance, East Berkshire CCG (Chair)
Clive Bowman	CB	Lay Member for Governance, East Berkshire CCG
Debbie Fraser	DF	Deputy Director of Finance, East Berkshire CCGs
Dean Gibbs	DG	Senior Manager, KPMG
Lorraine Bennett	LB	Counter Fraud Manager, TIAA
Sally Kemp	SK	Lay Member for Governance, East Berkshire CCG
Emma Butler	EM	Director, PwC
Anshu Varma	AV	Head of Corporate Affairs, East Berkshire CCG
In attendance:		
Lynn Pringle	LP	Business Manager, Executive Team (taking the minutes)
Richard Buckley	RB	Head of Financial Control and CSU Support
Apologies:		
Jo Lees	JL	Director, KPMG
James Earle	JE	Manager, PwC
Item		Action
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 Committee held on 8th February 2019</p> <p>The minutes of East Berkshire Audit Committee held on 8 February 2019 were agreed as a true record of the meeting with the following revisions:</p> <p><u>Page 2 Item 4 first paragraph – Matters Arising</u></p> <p>CB requested that the following two sentences are revised for clarity:</p> <p><i>SB also added that there was an indication that there was a risk however there were blocks in regards to the information being provided. A proposal to PCCC will be that there needs to be a routine audit programme and any practice with a range of performance by CQC would get an automatic audit search.</i></p> <p><u>Page 3 Item 8.1 - Security and Counter Fraud</u></p> <p><i>'LB informed the Committee that the Strategic Governance is being worked towards and the wording has changed from responsibility to accountability' – should read: 'LB informed the Committee that the Strategic Governance wording in the standards has changed from responsibility to accountability'.</i></p> <p>Action: LP to make the appropriate revisions to the minutes as above.</p>	LP
4.	<p>Matters Arising</p> <p>The action log was reviewed and outstanding actions updated or closed.</p>	

<p>5.</p> <p>5.1</p> <p>5.2</p>	<p>Internal Audit</p> <p><u>Internal Audit Update Report</u> (Emma Butler)</p> <p>Following the Audit Committee in February 2019 fieldwork has been completed and reports issued for Core Finance Systems (Estates Finance) and GDPR. Neither were risk rated, therefore, the executive summaries are presented today. Scoping has been completed and work is underway for the ICS Governance audit. JE has continued in his role as the critical friend to the Continuing Healthcare programme – no validation has been undertaken on this programme due to lack of availability and capacity within the team.</p> <p><u>Appendix B</u></p> <p>Estates Finance had two low risk findings raised;</p> <ul style="list-style-type: none"> - Develop a standardised capital funding bid process. - Promote awareness of the ICS processes related to capital bids. <p>Action: Estates and Technology Transformation Fund (ETTF) – SK queried the Programme Board arrangements and how the Board connects with regard to a governance perspective.</p> <p>AF requested the management response regarding Estates Finance and division of responsibilities.</p> <p>EB read out the responses as below:</p> <p>i) There were two iterations for the first finding with additional information provided by the team. There is a target of June 2019 to develop and document a single coherent funding process applicable to all current and future funding streams with regard to Estates; this is an action for Fiona Slevin-Brown.</p> <p>ii) With regard to the second finding there is a target of June 2019 to document the ICS processes related to capital bids and circulate this information amongst all current and future individuals involved with the CCG. This is an action for Fiona Slevin-Brown.</p> <p>GDPR had three high level findings raised:</p> <ul style="list-style-type: none"> - Data breach response – the CCG does not currently carry out yearly simulations or tests of data breach response procedures, this is recommended. - Data inventory – an inventory of data assets held or processed by the CCG is in place, however, the CCG may want to consider a detailed review of inventory responses. A detailed review of inventories often results in identification of previously unknown risks and remediation requirements. <p>Third parties – The CCG uses a standard NHS contract to manage all NHS to NHS relationships. The terms within these contracts were updated centrally by the NHS. It was noted that some non-NHS suppliers such as care homes are managed by non-standard form contracts, some of which may not be updated to reflect requirements of the GDPR. The CCG presently does not have a central register to confirm all instances of data sharing have been reviewed and updated where needed. The risk is known by the DPO and a request for additional resources has been raised, however, a request has been made to await the outcome of the collaborative working of the CCGs</p> <p>Action: AF to speak to the Executive Team regarding additional resource for the DPO.</p> <p><u>Head of Internal Audit Opinion 2018/19</u></p>	<p>EB</p> <p>AF</p>
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<p>The Opinion awarded is generally satisfactory with some improvements required. Governance, risk management and control in relation to business critical areas is generally satisfactory. However, there are some areas of weakness and non-compliance in the framework of governance, risk management and control which potentially put the achievement of objectives at risk.</p> <p>Whilst there have been no high risk reports issued this year it has been concluded that the internal controls in place at the CCG are generally satisfactory with some improvements required due to significant issues with GDPR and the CHC team.</p> <p>Action: Page 3 Item 4 – ‘The wider challenges associated with the move to working as an Integrated Care System’ – CB requested that more context is added to this sentence.</p> <p>Action: Page 4 – paragraph beginning Conflicts of Interest: 1) ‘Management of Col at the Remuneration Committee as this was where the most significant deficiencies were identified’ – SK requested that the word ‘<i>identified</i>’ be revised.</p> <p><u>Page 5 – Estates Finance</u></p> <p>The report is rated as a low risk overall with two low risk rating findings; CB requested clarity regarding why it has been rated as a low risk overall. EB confirmed there had been a number of meetings with Fiona Slevin-Brown and her team which provided the necessary assurance with process of controls were evidenced.</p> <p><u>Page 5 – QIPP and PMO</u></p> <p>AF expressed concern regarding a lack of detail and analysis within the planning documentation. EB explained that good business planning is examined and the schemes were not as robust as they could have been; advice provided has not always been followed up and is less granular than it could be.</p> <p>Action: AF to speak to Fiona Slevin-Brown regarding QIPP and PMO (as outlined above).</p> <p><u>Page 11 – The two low risk findings – bullet point 1:</u></p> <p>Action: The Terms of Reference need to be revised to indicate the Chair needs to make decisions regarding Conflict of Interest <i>and</i> regarding Confidentiality; two different entities.</p> <p><u>Page 14 – table</u></p> <p>Action: Revise the error with the dates in the table. It is unclear what the green downward arrow means. Replace arrows with traffic lights.</p> <p><u>Section 4 – Follow up work conducted</u></p> <p>There were 20 outstanding internal audit actions reviewed and all have been implemented; this demonstrates significant effort from management to ensure that process and control weaknesses are promptly addressed. AF thanked AV for her hard work in this area.</p> <p>AV raised the GDPR rating – it is advisory only with three recommendations raised – this information will be contained within the Annual Report and does not demonstrate that the CCG have good processes in place – AV requested that the wording is changed. The GDPR rating will also be contained within the Annual Report; there was discussion that the whole report does not need to be included but it is important to be</p>	<p>EB</p> <p>EB</p> <p>AF</p> <p>CB/AV</p> <p>EB</p>
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<p>5.3</p>	<p>consistent throughout.</p> <p>Action: EB to change the wording of the report regarding the GDPR rating.</p> <p>Update of Annual Plan</p> <p>The plan is presented in the new brand.</p> <p>There have been two additional audits:</p> <ul style="list-style-type: none"> - ICS review – to be determined in due course but with a focus on governance of the ICS framework and delivery of a refreshed ICS operational plan. - Out of Hospital Programme initiative. <p>The risk assessment needs a deep refresh as a number of audit areas are overdue. Twelve audits have fallen due for 2019/20 and only six have been selected. SK expressed concern regarding the risk assessment. Patient safety was last reviewed in 2016/17; SK is not aware of any key risks but patient safety should be a top priority.</p> <p>Action: EB to add some further comments in the report regarding patient safety.</p> <p>The Risk Assurance Framework is being discussed at the next Governing Body meeting.</p> <p>Action: DF and AV to meet with EB and JE after the Governing Body meeting to discuss the Risk Assurance Framework to ensure it is up to date and reflective.</p> <p>Audit Committee approved the audit plan subject to the updates discussed.</p>	<p>EB</p> <p>EB</p> <p>DF/AV/ EB/JE</p>
<p>6.</p> <p>6.1</p>	<p>External Audit</p> <p>The external audit update was discussed with no further actions taken.</p>	
<p>7.</p> <p>7.1</p>	<p>Security and CF</p> <p><u>Counter Fraud Draft Work Plan 2019/20</u> (Lorraine Butler)</p> <p>The work plan from page 6 details the fraud risk assessment and highlights a number of key areas both nationally and CCG specific – the column at the end details the assurance work that is being undertaken throughout the year.</p> <p>Action: Change the heading in page 6 from ‘CCG specific’ to ‘specific to this CCG’.</p> <p>The planned draft activity is split out from page 9; some topics are yet to be decided.</p> <p><u>Page 5 – Annex A: Indicative Fraud and Bribery Risk Map – Commissioning Health Sector</u></p> <p>For the turquoise block entitled ‘sustainability and transformation partnerships’ – nothing could be found in the report relating to this.</p> <p>Action: LB will respond to CB outside of the meeting.</p> <p><u>Page 9 – Annex C: Annual Work Plan – 2019/20</u></p> <p>Action: Audit Committee to inform LB of topics for the thematic view.</p> <p>LB outlined that the level of resource within the draft plan is the same as previous</p>	<p>LB</p> <p>LB</p> <p>All</p>

<p>7.2</p>	<p>years. LB handed out a table regarding benchmarking with other CCGs. Within the client base of CCGs East Berkshire has 19 days for level of resource, the highest is 34 days. The highest is 34 days within the benchmarked figures. We had 5 referrals last year and the highest was 8 referrals across the other CCGs.</p> <p>Approval: Audit Committee approved the Security and Counter Fraud draft work plan with the revisions suggested above to be implemented.</p> <p><u>Counter Fraud Annual Report</u></p> <p>The Self Review Tool (SRT) within the Executive Summary on page 2 – the overall assessment rating is green with 4 amber ratings within:</p> <p>1.2 Board level evaluation of the effectiveness of counter fraud work. This area will be addressed during the first half of 2019/20.</p> <p>1.4: Risk assessment – this standard was changed by the Counter Fraud Authority towards the end of the year to ensure fraud risks are managed and recorded in accordance with the CCG Risk Management Policy – this will need to be implemented.</p> <p>1.8 CCG review of counter fraud arrangements in place within providers. There is a standard letter template that has been provided to the CSU for this activity and a pragmatic approach is proposed.</p> <p>Action: SK requested an explanation of the pragmatic approach that will be undertaken.</p> <p>3.1 Review of new and existing policies – however, where changes have been made to policies – in order to receive a green rating we need to demonstrate the effectiveness of those measures.</p> <p><u>Page 5</u></p> <p>Action: CB requested that the table is simplified and rating outcomes are called SRT 1.2 and SRT 1.4 etc. – this would be easier to understand.</p> <p>Action: Put in a comment regarding the black numbers – they are neutral and not applicable.</p> <p><u>NHS CFA Evaluation Work</u></p> <p>CFA have acknowledged that they have not engaged with organisations and Counter Fraud specialists recently and will be increasing engagement. As part of this there will be an online evaluation which will be issued in May.</p>	<p>LB</p> <p>LB</p> <p>LB</p>
<p>8.</p> <p>8.1</p>	<p>Governance</p> <p>Update of 2018/19 Draft Annual Report and Review of Governance Statement.</p> <p>The draft Annual Report (including the Governance Statement) have been submitted to NHS England along with the National Audit Office check list. It was noted that there have been further changes to the annual report; these are highlighted in the cover paper. The interim certification from NHS England indicates two amber ratings and one red rating. The final audited and signed annual report and accounts submission deadline is Wednesday 29th May 2019.</p> <p>DG reflected that the East Berkshire Annual Report is much longer than others that he has seen; usually annual reports are 70-80 pages in length. The East Berkshire Annual Report is 170 pages in length. DG suggested that some sections included in the annual report would perhaps be better as stand-alone pieces on the CCG website. SK</p>	

8.2	<p>reflected that it was a challenging read from a public and patient perspective.</p> <p>Update of 2018/19 Draft Annual Accounts.</p> <p>The finance team have included the comparators to assist with the review of these accounts; these will not be included in the final version. Employment arrangements for shared roles with other organisations are being worked through as the substance of these arrangements should be reflected in the Remuneration Report. The disclosure regarding the previous Accountable Officer also needs to be reviewed.</p>	
9. 9.1 9.2	<p>Financial Focus</p> <p>Aged Debtors and Creditors over £10k and over 90 days overdue.</p> <p><u>Debtors</u></p> <p>The debtors' position has deteriorated slightly due to outstanding invoices for Brants Bridge Urgent Care Centre.</p> <p><u>Creditors</u></p> <p>Whilst the number of invoices has remained constant, the value outstanding has increased and this is partly due to year end invoicing. Continuing Healthcare and free nursing care invoices have increased by £518k since December. It was reflected that it would be helpful to have a year-on-year comparison paper.</p> <p>Action: A year-on-year comparison paper should be brought to the next Audit Committee in June 2019.</p> <p>CSU Service Auditor Report</p> <p>The Audit Committee noted the report.</p>	RB/DF
10. 10.1 10.2	<p>Single Tender Waivers and Use of Seal</p> <p>Single Tender Waiver Log</p> <p>The Log was noted by the Committee.</p> <p>Single Tender Waivers (STWs)</p> <p><u>Windsar Care Home</u></p> <p>This STW is requested to ensure the continued provision of the service and to give sufficient time to enable a proper procurement process to be undertaken; the intention is the new contract will be in place for 1 January 2020.</p> <p>SK and CB requested clarification on the current day rates as it is stated as 'still under negotiation' in the STW.</p> <p>Action: DF to clarify the actual day rate agreed.</p> <p>Decision: Audit Committee members noted this STW and gave approval subject to the clarification as noted above.</p> <p><u>Thames Valley Hospice Single Tender Waivers</u></p> <p>(i) End of Life Integrated Care Model (Grant Agreement) - £2,377.638.00</p>	DF

10.3	<p>(ii) Lymphoedema Service (Grant Agreement) (representing a 9-month service cost from the 12-month service cost of £181,185).</p> <p>(iii) End of Life Care Phone Hub/Advice Line - £412,062</p> <p>IM explained that the three STWs are related to one grant agreement and one standard contract that the CCG hold with the provider. The grant agreement includes the End of Life Integrated Care Model and a Lymphoedema service; the total value is £2.5m which is a high value for a grant and because of the nature of the grant we are unable to agree service specifications.</p> <p>The intention is to move to a full standard contract with the provider; to do this we need to go through a procurement exercise.</p> <p>The request for a STW is for 12 months for the End of Life Integrated Care Model which includes the rapid response service and the community palliative care service whilst undergoing the procurement.</p> <p>Audit Committee members discussed the STWs relating to Thames Valley Hospice and recommended the following:</p> <p>(i) End of Life Integrated Care Model – reviewed by Audit Committee and approval recommended to Governing Body.</p> <p>(ii) Lymphoedema Service – reviewed by Audit Committee and requested that a 4 week PIN is issued to ensure good value for money; therefore delay this part of the grant agreement until this process is complete.</p> <p>(iii) End of Life Care Phone Hub/Advice Line – recommendation by Audit Committee to extend the PIN to 4 weeks (currently it is 3 weeks) - reviewed and approved by Audit Committee.</p> <p>Action: Further STWs to be brought to the next Audit Committee on 22 May.</p> <p>Action: Bring the Procurement Register to the next Audit Committee on 22 May.</p> <p>The Seal has not been used since the last Audit Committee.</p> <p>This was noted by the Audit Committee.</p>	DF DF IM/AV
11.	<p>Losses and Special Payments</p> <p>There were no losses or special payments to report to the Committee.</p>	
12. 12.1	<p>Any Other Business</p> <p>AV updated the Audit Committee regarding iPads and accessibility to inappropriate websites – there will be a procurement exercise in July/August to resolve this issue – this facility will be available to customers at an additional cost; update the action log accordingly.</p>	

The next meeting will be held on 28th June 2019 in Meeting Room 2, King Edward VII Hospital, Windsor, SL4 3DP