

## AUDIT COMMITTEE

**Minutes of the meeting held on Monday 13 August 2018**  
**Meeting Room 1, Walshaw House**

<b>PRESENT</b>	<p>David Swift Michelle Pilling</p> <p>Dr Paul Taylor Dr Richard Robinson Dr Santhosh Davis</p>	<p>Chair, Lay Member Governance &amp; Audit Lay Advisor Quality and Patient Involvement - Deputy Chair</p> <p>Secondary Care Doctor GP, Clinical Lead, Hyndburn GP, Clinical Lead, Burnley</p>
<b>IN ATTENDANCE</b>	<p>Deidre Lewis Adam James Lisa Warner Zainab Patel David Alford Fiona Cluskey</p>	<p>Head of Finance Corporate Business Manager Senior Internal Audit Manager, MIAA Principal Auditor, MIAA MIAA, Local Anti-Fraud Specialist Executive Assistant</p>
<b>APOLOGIES</b>	<p>Kirsty Hollis Debra Atkinson Sophia Iqbal Andrew Smith</p>	<p>Chief Finance Officer Governance and Corporate Business Manager Audit Manager, Grant Thornton Engagement Lead, Grant Thornton</p>

Minute Ref:		ACTION
<b>18.46</b>	<p><b>WELCOME, INTRODUCTIONS &amp; CHAIRS UPDATE</b></p> <p>The Chair welcomed Adam James, Corporate Business Manager, from the CCG and Zainab Patel from MIAA to the meeting. Zainab was in attendance to observe.</p> <p>The Chair thanked Dr Robinson for all his contributions to the Audit Committee as this will be his last meeting due to taking over the role of CCG Chair from 01 September 2018.</p>	
<b>18.47</b>	<p><b>APOLOGIES</b></p> <p>Apologies for today's meeting are recorded as above.</p>	
<b>18.48</b>	<p><b>GOVERNANCE</b></p> <ul style="list-style-type: none"> <li>▪ Declarations of Interest – None received over and above those already declared to the CCG.</li> <li>▪ Quoracy – the meeting was quorate, 3 members of the committee are required.</li> </ul>	
<b>18.49</b>	<p><b>MINUTES OF MEETING 21 MAY 2018</b></p> <p>The Chair asked for an amendment to minute ref 18.43, Draft Internal Audit Plan. He requested to add to the minutes that the internal audit plan was approved.</p>	

	<p>There were no further additions or amendments to the minutes, therefore subject to the above the minutes were approved as an accurate reflection of the meeting.</p> <p><b>ACTION:</b> Amendment to minute reference 18.43 as above to reflect the committee approving the internal audit plan.</p>	<b>FC</b>
<b>18.50</b>	<p><b>ACTION MATRIX</b></p> <p><b>18:09: Risk Register, Board Assurance Framework</b> This has been deferred to the November meeting.</p> <p><b>18:39 CCG Annual Report / Governance Statement</b> Deidre Lewis confirmed that these figures are externally supplied to the CCG and should therefore be accurate due to the national method of calculating the figures. The Chair requested the inaccuracy to be fed back to NHSE.</p> <p><b>ACTION:</b> Feedback to NHSE the apparent inaccuracy of sickness figure reporting.</p> <p><b>18:43: Draft Internal Audit Plan 2018/19</b> <b>Letter regarding new mandated audit for Co Commissioning:</b> Lisa Warner updated that NHSE has written to Audit Committee Chairs regarding this mandated audit. Final publication of the mandated guidance has not yet been received, at which point we will hold discussions with the CCG on the way forward.</p> <p><b>QIPP Best Practices:</b> Lisa Warner updated that this is available on the NHS England financial resilience site which CCGs should have access to. The Chair asked if the CCG has access, Deidre is unsure and will check and report back.</p> <p><b>ACTION:</b> Check the CCG can access the NHS England financial resilience site.</p> <p><b>Progress of Deloitte's work:</b> Deidre Lewis reported that there has been very little feedback from Deloitte's. There is some funding available for targeted support. The CCG has not heard if we will get access to any of this funding.</p> <p><b>18:44: Emerging Issues Report</b> The links will be contained in the report going forward to ensure ease of reference for members. <b>Action closed.</b></p>	<p><b>KH/DA</b></p> <p><b>DL/ KH</b></p> <p><b>DL/KH</b></p>
<b>18.51</b>	<p><b>CFO REPORT ON CCG FINANCES</b></p> <p>Deidre Lewis attended the meeting to provide the committee with Month 3 reporting information, for the three month period to 30 June 2018. She highlighted the following;</p> <ul style="list-style-type: none"> <li>It is projected that the CCG will deliver its statutory duties for this financial year. There is however some concerns over the acute plan data, which has been fed back to the CSU and the CCG is working with providers to resolve this. Close working continues with the contracts team.</li> </ul>	

	<ul style="list-style-type: none"> <li>• CHC continues to be challenging. The CCG continues to seek assurances from the CSU regarding a number of IPA associated issues including the accuracy of the forecast information, which remains the largest area of risk. The CCG finance team continues to work closely with the CSU to resolve those issues</li> <li>• At month 3, the CCG has only one month of prescribing data (April), which limits the ability of the CCG to report an accurate YTD and forecast outturn for 2018-19. The data that has been received for April indicated a lower level of spend than the same period last year. The CCG has reported a breakeven position for prescribing.</li> <li>• QIPP 2018/19 – based upon the latest financial plan, the CCG will be required to deliver QIPP savings in 2018/19 circa £18.281m. Some schemes have been identified and as at 30th June, 2018 £10.2m has been achieved as a result of a budget review</li> <li>• The CCG continues to be on target for the Better Payment Practice Code, exceeding target levels for both NHS and non NHS invoices.</li> </ul> <p>The Chair asked if there was a completion date for resolving the acute data. Deidre replied that work is ongoing and at the moment there is no date for resolution. He then asked the committee for any further questions on the finance report</p> <p>Michelle Pilling asked if the CHC team were now in in-house, to which Deidre responded they are not as yet and that Judith Johnston is working with the CSU to progress this. Michelle then asked about the spike in debtors and creditors. Deidre responded that the main reason is issues with ELHT, and the raising of purchase orders; the finance team is aware of this and are keeping a watch out for this.</p> <p>There were no further questions and the members received the report.</p> <p>The Chair thanked Deidre for the update provided.</p>	
18.52	<p><b>CCG LOSSES AND WAIVERS REPORT</b></p> <p>Deidre Lewis confirmed that there are no losses and waivers to report at today's audit committee meeting.</p>	
18.53	<p><b>PROVISION FOR AND WRITE OFF OF BAD DEBTS POLICY</b></p> <p>Deidre Lewis tabled the Provision for and Write off of Bad Debts Policy asking for the committee to approve the amendments to version 3.0. Deidre advised that the policy has been to SMT and now requires sign off from the Audit Committee.</p> <p>The Chair asked the committee for any questions on the policy and for their approval of the changes.</p> <p>Dr Robinson queried section 1.7, the reinforcement of the wording 'on a quarterly basis' asking has this not happened in the past. Deidre confirmed that the rewording is for the CCG to seek assurance that a schedule of any debts will be received on a quarterly basis.</p> <p>There were no further questions and members agreed the policy changes.</p>	
18.54	<p><b>QUALITY AND SAFETY MINUTES</b></p> <p>Michelle Pilling attended the meeting and provided a summary of the Quality</p>	

and Safety Committee meetings which were held in April, May and June 2018. She highlighted the following information to the committee;

- There are ongoing concerns over mental health 12 hour breaches, and concerns have been raised in relation to the LCFT contract. There is lots of work ongoing with a view to resolve the issues raised. The CCG is awaiting a detailed update following the LCFT CQC inspection. Discussions have been held around bed modelling and if this is correct. Further investment to LCFT is conditional on them putting in new services to help with the deteriorating position
- The committee reviewed the risk register of both East Lancashire and Blackburn with Darwen CCGs, areas have been highlighted where the risk is on both CCGs register. The committee felt that the new format of the report is an improvement and that there will be further work to improve the timeliness of the report
- There are ongoing concerns over NWS, a 999 improvement plan has been developed with NHS Improvement, NHSE and Blackpool CCG which will be shared once signed off
- The committee was provided with a seasonal flu review, Lancashire is above trajectory in all areas from the England national average. There was an increase in uptake for Healthcare workers from the previous year and an uptake of 92.3% at ELHT
- There was a concern over the number of people who had not completed the Level 2 Safeguarding training from both CCGs. The Safeguarding team are following up with the staff outstanding asking them to complete the training
- There has been a review of Pennine Lancashire maternity services with reports and recommendations available in December 2018
- The committee will continue to receive regular CHC updates and there are IPA concerns following an ombudsman investigation and this may lead to more retrospective CHC cases to look back into.

The Chair asked the committee for any questions.

Dr Robinson asked about primary care quality benchmarking, how the CCG compares to others. Michelle responded that work across Pennine Lancashire differs and there are different approaches which makes it hard to compare. NHSE also look at different things making it hard to measure. There is work ongoing across CCGs and with NHSE to try and achieve comparisons.

The Chair queried the number of mental health beds due to the number of placements that are out of the area, does the CCG know how many beds it has. Michelle spoke of recent reports stating that there are not enough beds and LCFT have been asked to provide bed details, e.g. how many there are and how many are used. It was then suggested that if there are not enough beds do we pay we pay for more. Dr Taylor commented that this is a regular item at the committee; they are assured of changes to bed modeling that will be implemented; there has been no increase in resources, but to the movement of how beds are managed. Deidre Lewis commented that CCGs have been asked for further monies, £4.7m which equates to £1.2m for East Lancashire CCG, based on population size.

Dr Robinson asked when the data and bed modelling will be shared. Michelle stated that this has been asked for but not produced as yet. BwD CCG were lead commissioner, and the national and local models do not reflect the current situation. Deidre confirmed that money will only be paid on evidence confirming that the service is in place.

The Chair noted that the last three meetings were quorate which was good to

	<p>see. There were no further questions and members received the reports.</p> <p>The Chair thanked Michelle for the update provided.</p>	
<b>18.55</b>	<p><b>EXTERNAL AUDIT ANNUAL AUDIT LETTER</b></p> <p>Deidre Lewis informed the committee that the annual audit letter has been published on the CCG website, following a request from NHSE. The usual protocol has been for the Audit Committee to approve the letter before publication on the website. The annual audit letter is intended to provide a commentary on the results of work to the CCG and external stakeholders, and to highlight issues that they wish to draw to the attention of the public. The letter is prepared following National Audit Office code of Practice and Auditor Guidance Note.</p> <p>The Chair asked the committee for any questions on the annual audit letter. There were no questions and members received the letter.</p>	
<b>18.56</b>	<p><b>INTERNAL AUDIT PROGRESS REPORTS</b></p> <p>Lisa Warner attended the meeting and presented to the committee the internal audit progress report, Internal audit charter, the Insight audit committee update, CCG assurance framework benchmarking report and CCG conflicts of interest benchmarking report. Lisa highlighted the following from each of the reports;</p> <p><b>Internal Audit Progress Report</b></p> <ul style="list-style-type: none"> <li>• The Risk Management audit report has been finalised and the CCG has been awarded with substantial assurance with 2 medium and 5 low priority recommendations</li> <li>• At the time of the audit the risk register format was being updated which is a work in progress, it was noted that some actions were not measurable as they were progress updates. It has been acknowledged in the report that the new format of risk register is still being developed and this will rectify the above</li> <li>• A risk appetite is due to be undertaken and a review had not been undertaken in the last year. It has been recommended that this is completed annually in line with good practice and to ensure that risks continue to be managed within the CCGs collective appetite</li> <li>• Overall the CCG has robust and effective risk management procedures</li> <li>• There are 3 outstanding actions from the CHC audit which Lisa will work with Judith Johnston to complete</li> <li>• The QIPP audit has 2 actions which have been partially implemented. The framework is to be put into a policy, which is yet to be completed</li> <li>• It is requested for a change to the audit plan. Draft guidance has been issued from NHSE for Internal Audit Framework for delegated CCGs - Primary Medical Care Commissioning Arrangements. There are 4 reviews to be under taken; <ul style="list-style-type: none"> <li>•Commissioning and procurement of primary medical services</li> <li>•Contract Oversight and Management Functions</li> <li>•Primary Care Finance</li> <li>•Governance (common to each of the areas above)</li> </ul> </li> <li>• It is proposed to use 10 days from the contingency element to audit Primary Medical Care Commissioning Governance arrangements and it is requested for the committee to approve this.</li> </ul> <p>The Chair asked the committee for questions on the progress report.</p>	

<p>Adam James made the committee aware that all recommendations from the risk management audit are in a management action plan which will be discussed at the next Risk Management meeting.</p> <p>The Chair asked what benefit the additional audit would have for the CCG and asked clinical members for their views. Both Dr Robinson and Dr Davis confirmed that they were in agreement with the audit on governance. The Chair asked for assurance that if the audit takes less than the specified 10 days that the unused days are put back into contingency days.</p> <p>The Chair also noted that a green rating on the general performance indicators for timeliness did not correlate to the commentary given. Lisa confirmed that the commentary was incorrect, the green rating was correct and the comments would be removed. He also noted that the Output Delivery table should reflect the GDPR audit is taking place over quarter 3 and 4. Lisa agreed to make the amendments on the next such progress report.</p> <p>Members approved for the audit of Primary Medical Care Commissioning Governance arrangements to be undertaken.</p> <p><b>Internal Audit Charter</b> Lisa confirmed that there are no changes to the audit charter, and is requesting approval from members of the charter.</p> <p>Members approved the audit charter.</p> <p><b>MIAA Insight Audit Committee Update</b> Lisa confirmed that this is provide to the committee for information and would take any questions.</p> <p>The Chair requested for it to be fed back that Friday is not the best day for clinical colleagues to attend events and if they are routinely on a Friday clinical colleagues will miss out. Michelle Pilling asked if the events are videoed and suggested it would be really useful for colleagues to be able to watch them if they are unable to attend.</p> <p><b>ACTION:</b> Find out if events are videoed and how to obtain the footage.</p> <p><b>CCG Assurance Framework Benchmarking Report</b> Lisa asked the committee for any questions on the Assurance Framework Benchmarking report.</p> <p>The amber rating for the framework being regularly presented to the Governing Body was discussed. The Chair raised that this is in line with guidance; therefore an amber rating was harsh. Lisa confirmed that best practice was for the Governing Body to receive it more than once a year, with a suggestion of quarterly. The Chair asked Lisa to check the guidance and feedback to the committee. Michelle referenced if the Governing Body were comfortable seeing it once a year and this should be a question for the new CCG Chair.</p> <p><b>ACTION:</b> Guidance to be checked for the frequency the Assurance framework is to be presented to the CCG Governing Body.</p> <p><b>CCG Conflicts of Interest Benchmarking Report</b> Lisa confirmed to the committee that East Lancashire is CCG number 21 in</p>	<p>LW</p> <p>LW</p>
--	---------------------

	<p>the report and that the CCG was rated partially compliant due to a few omissions on the register of interests for gifts and hospitality. Lisa also confirmed that actions have been implemented by Debra Atkinson to resolve this. It was noted by the committee that 14 of the 29 CCGs were also partially compliant in this area.</p> <p>Michelle commented that Blackpool CCGs register was very transparent and could be used for best practice. A discussion then followed on whether items relating to Clinical roles should be declared on the CCG register. The Chair confirmed that they should not, the register is for their CCG role only.</p> <p>The committee received the reports and the Chair thanked Lisa for the updates provided.</p>	
<p><b>18.57</b></p>	<p><b>ANTI FRAUD PROGRESS REPORT</b></p> <p>David Alford attended the meeting to give the committee and update from the Anti-Fraud progress report as at August 2018. He highlighted the following information;</p> <ul style="list-style-type: none"> <li>• There were no items for attention on the reporting dashboard, however since the report was produced it has come to light that the CCG has been chosen by NHS CFA in relation to the standards Strategic Governance and Inform and Involve inspection</li> <li>• The inspection will take place in December 2018 and the CCG will be kept up to date with any information the inspectors may need</li> <li>• The ongoing CCG investigation is now progressing. Interviews totaling 6.5 hours which were delayed have now been carried out and the investigation is at the review and decision stage. Advice is being sought from the CPS.</li> </ul> <p>The Chair asked the committee for questions on the report.</p> <p>Michelle Pilling asked if there were any safeguards the CCG could put in place for the false representation allegation. David advised that there are none at the moment as the allegation is still in the evidence gathering stage and may not yet be taken forward as a case.</p> <p>There were no further questions and members received the report.</p> <p>The Chair thanked David for the update provided.</p>	
<p><b>18.58</b></p>	<p><b>MANAGING CONFLICTS OF INTEREST: QUARTERLY SELF CERTIFICATION</b></p> <p>Adam James attended the meeting to provide the committee with an update following the CCGs quarter 3 return which was submitted in July 2018 and asked the committee for any questions.</p> <p>The Chair asked for confirmation that the 3 who had not completed the training by 31 May 2018 had now completed this. Adam did not have this information but will find out and feed back to the committee.</p> <p><b>ACTION:</b> Confirm that the 3 people who were outstanding with completing the training on 31 May 2018 have now completed it.</p> <p>There were no further questions and members received the report.</p> <p>The Chair thanked Adam for the update provided.</p>	<p><b>AJ/DA</b></p>

<p><b>18.58</b></p>	<p><b>ANY OTHER BUSINESS</b></p> <p>Dr Davis asked if Dr Robinson will be replaced on the committee due to the changes that are taking place in the localities. The Chair requested for Debra Atkinson to raise this with within the CCG.</p> <p><b>ACTION:</b> Replacement for Dr Robison to be raised within the CCG.</p> <p>There was no further business. The meeting closed at 13.32</p>	<p><b>DA</b></p>
	<p><b>Date of Next Meeting</b></p> <p>Monday 12 November 2018, 12.30 – 1.30pm, Walshaw House.</p>	