

# Governing Body Meeting

DATE: 28<sup>th</sup> February 2013

Title	<b>Audit and Integrated Assurance Committee Minutes 7 December 2012</b>
Recommended action for the Governing Body	That the Governing Body:  <b>Note</b> the minutes of the Audit and Integrated Assurance Committee as attached.
Executive Summary	<p>The AIAC met for the first time on 7 December 2012. Attached are the minutes of that meeting. Items what were discussed include:</p> <ul style="list-style-type: none"> <li>• <b>Agreed</b> the Terms of Reference for the AIGC.</li> <li>• <b>Discussed</b> the workplan &amp; standing agenda items for future meetings.</li> <li>• <b>Noted</b> the 2013/14 Budget setting process &amp; relevant high level issues.</li> <li>• <b>Received assurance</b> on the handling of Transition issues.</li> <li>• <b>Considered</b> the draft Internal Audit Plan for 2013/4 &amp; the steps to be taken by management to ensure that the risk based approach is integrated with the Assurance Framework before the Plan comes to the March AIGC meeting.</li> <li>• <b>Noted</b> the arrangements for Counter Fraud &amp; External Audit.</li> <li>• <b>Considered &amp; endorsed</b> the interim proposals for Internal Audit but requested different Heads of Internal Audit for the CCG &amp; CSU.</li> <li>• <b>Noted</b> that the Prime Financial Policies had been approved by the Governing Body.</li> <li>• <b>Considered</b> the Detailed Financial Procedures of the CCG &amp; approved them for submission to the Governing Body, subject to matters arising.</li> <li>• <b>Noted</b> minor amendments to the Schemes of Delegation &amp; Schedule of Matters Delegated to Officers which would now</li> </ul>

	<p>need to be resubmitted to the Governing Body for approval.</p> <ul style="list-style-type: none"> <li>• <b>Considered</b> the Risk Register &amp; Assurance Framework &amp; noted proposals to make them more focussed.</li> <li>• <b>Agreed</b> that the steps taken to investigate malicious letters were sufficient to render the matter closed.</li> <li>• <b>Noted</b> the revised draft Template for Board papers.</li> <li>• <b>Noted</b> that the Internal Auditors did not wish to raise any matters with the Committee in private.</li> </ul>	
Which objective does this paper support?	<b>Patients:</b> Improve the health and wellbeing of people in Bexley in partnership with our key stakeholders	yes
	<b>People:</b> Empower our staff to make BCCG the most successful CCG in (south) London	yes
	<b>Pounds:</b> Delivering on all of our statutory duties and become an effective, efficient and economical organisation	yes
	<b>Process:</b> Commission safe, sustainable and equitable services in line with the operating framework and which improves outcomes and patient experience	yes
Organisational implications	Key Risks (corporate and/or clinical)	This committee provides assurance regarding the governance arrangements of the organisation.
	Equality and Diversity	None
	Patient impact	None
	Financial	None
	Legal Issues	None
	NHS constitution	None
<b>Consultation</b> (Public, member or other)	none	
<b>Audit</b> (Considered / Approved by Other Committees)	none	

/ Groups)		
Communications Plan		
Author	Keith Wood	
	Clinical Lead Dr Sushanta Bhadra	Executive Sponsor Simon Evans-Evans
Date	20 February 2013	



**AUDIT AND INTEGRATED ASSURANCE COMMITTEE**

**9.30AM-11.30AM, 7 DECEMBER 2012**

**DANSON ROOM, 221 ERITH ROAD, BEXLEYHEATH, KENT DA7 6HZ**

**PRESENT:**

Keith Wood (Chair)	Lay Member (Governance)	Bexley CCG
Dr Graham Rehling	Secondary Care Doctor	Bexley CCG
Sandra Wakeford	Lay Member (Patient and Public Engagement)	Bexley CCG

**IN ATTENDANCE:**

Simon Evans-Evans	Director of Governance and Quality	Bexley CCG
Theresa Osborne	Chief Financial Officer	Bexley CCG
James Cowell	Assistant Manager	KPMG
David Stacey	Manager	KPMG
Christine Taylor	Senior PA	Bexley CCG

**APOLOGIES:**

Dr Sushanta Bhadra	Locality Representative	Bexley CCG
Yemisi Osho	Registered Nurse	Bexley CCG

<b>1/12</b>	<b>WELCOME AND INTRODUCTIONS</b> Keith Wood welcomed everyone to the meeting and explained that this meeting would be held in shadow form until the end of March 2013.
<b>2/12</b>	<b>APOLOGIES FOR ABSENCE</b> Apologies had been received from Yemisi Osho. It had recently been decided that Dr Bhadra would be part of this committee and he would be invited to attend future meetings.
<b>3/12</b>	<b>DECLARATIONS OF INTEREST</b> Members interests were noted. There were no conflicts in relation to this particular meeting.

4/12

## **AGREE TERMS OF REFERENCE**

Simon Evans-Evans explained that Bexley CCG comprised a membership of practices within Bexley. The practices were part of the Primary Care Advisory Group and delegate decisions to the Bexley CCG Governing Body. The Audit and Integrated Assurance Committee would give assurance to the Governing Body and the CCG that resources were being managed well and effectively. Other working groups would feed into the Audit and Integrated Assurance Committee via the Executive Management Committee. The Audit and Integrated Assurance Committee was not a decision making group, but would provide the appropriate checks and assurance.

Audit and risk would be standard items on the agenda and an oversight in relation to counter fraud and security. Keith Wood said that assurance would need to be given that risks were managed and dealt with appropriately. He had ordered the NHS Audit Committee Handbook for everyone. He referred to page 99 of the booklet which mentioned the relationship with other committees and how assurance should be sought from them.

Simon Evans-Evans said that the Governing Body had approved the Terms of Reference so any changes would need to be referred back to the Governing Body for ratification. The membership of the committee comprised five independent voting members of the Governing Body, there were no managers from the CCG on the committee, although managers would be invited to attend. Dr Bhadra did not sit on any other working groups and would provide challenge from a GP perspective, Yemisi Osho would link into the Quality and Safety Working Group, and Sandra Wakeford would link to the Finance Working Group.

Keith explained that at the end of the meeting he would do an executive summary to list what was agreed, this would be in addition to the minutes. He said it would be useful to have similar summaries from the various working groups that link into the Audit and Integrated Assurance Committee. Following discussion, it was agreed that as the working groups fed into the Executive Management Committee an executive summary should be received from that group at each Audit and Integrated Assurance Committee.

Keith felt it would be helpful to have specialist subjects every quarter, e.g. provider dashboards, finance, etc. and to ask appropriate managers to attend as necessary.

David Stacey felt that the arrangements put in place would prove suitable. He said he would send a copy of structures for those CCGs who had been part of the Wave One Authorisation Process. Keith Wood advised that dialogue was taking place amongst SEL Audit Chairs.

Sandra Wakeford asked about assurance in relation to the risk register. Simon Evans-Evans explained that the risk register is considered by managers and scored 1-25 on level of severity. Any risks rated 1-6 are reviewed by managers, those rated 6-9 are reviewed by Directors, those rated over 9 reviewed by the Executive Management Committee and any

	<p>rated over 15 reviewed by the Governing Body. The Audit and Integrated Assurance Committee would have sight of all risks rated 9 and above. Simon Evans-Evans said that staff had been trained in the identification and classification of risks. A Corporate Governance and Risk Manager would join the CCG in January 2013, they would ensure consistency in relation to the risk management framework.</p> <p>Simon explained that the Bexley CCG corporate objectives would look at strategic issues and consider whether plans were likely to falter. This approach would enable risks and objectives to dovetail.</p> <p>To sum up, Keith said that strategic risks should be brought to the Audit and Integrated Assurance Committee, along with operational risks rated above 9. The Executive Management Committee would ensure risk ranking was consistent and appropriate; project risks were managed by the Project Manager unless the risk was significant; project risks were managed through the line management structure but when these became a departmental risk they would be elevated. The Finance Working Group would receive information on projects and any concerns would be elevated to the Star Chamber. Simon Evans-Evans said that assurance could be provided from deep dives and the internal auditors regarding the assurance framework.</p> <p>Keith Wood asked for a clear indication of how significant projects would be managed and assessed for 13/14. He understood that project risks sat within programmes of work but wanted to see what sat below each programme. Simon Evans-Evans explained that Clare Ross would have various project managers managing the programmes of work.</p> <p><b>Action: David Stacey to provide structures for wave 1 CCGs.</b></p> <p>The terms of reference were <b>agreed</b>.</p>
<p><b>5/12</b></p>	<p><b>STANDING ITEMS FOR AGENDA</b></p> <p>Standing items were suggested::</p> <ul style="list-style-type: none"> <li>• Assurance Framework</li> <li>• Internal and External Audit Reports</li> <li>• Cyclical focus each meeting, e.g. <ul style="list-style-type: none"> <li>○ Quality and Safety/Provider Performance</li> <li>○ Clinical Governance/Information Governance</li> <li>○ Performance Management</li> <li>○ Provider dashboards</li> <li>○ Outcomes framework</li> <li>○ Finance</li> <li>○ Organisational Development</li> <li>○ Commissioning Intentions</li> </ul> </li> </ul> <p>Keith Wood suggested that each area was covered twice yearly, with two topics on each agenda, so that assurance could be given to the CCG Governing Body.</p>

	<p>Theresa Osborne suggested that with effect from 2014 meetings would need to be held to sign off the annual accounts in draft form, after audit and prior to sign off. Audit would also need to present their findings. It was agreed that the draft should be factored into a normal business meeting and an additional meeting would need to be scheduled for the signing off of the annual accounts.</p> <p><b>Action: Theresa Osborne to liaise with Christine Taylor regarding dates.</b></p>
<b>6/12</b>	<p><b>ANNUAL WORKPLAN</b></p> <p>Internal Audit reports would be received throughout the year, with the recommendation database on the agenda at each meeting. The Commissioning Support Unit and CCGs had devised a list of what they would be taking forward and these areas should become standing items.</p>
<b>7/12</b>	<p><b>BUDGET SETTING PROCESS 2013/14</b></p> <p>Theresa Osborne explained that when NHS SE London had conducted the original budget setting this was at a high level. Bexley had conducted further budget setting as part of a 10 year plan in relation to TSA. There was a gap of £10.5m in relation to 2013/14 butsteps had been taken to address this. A paper had been presented to the Executive Management Committee in October, this included a detailed plan for 2013/14 using TSA assumptions and updated national assumptions. QIPP schemes are being put to close the gap and Directors had discussed any improvements or pressures. Theresa said that the budget setting had been conducted in respect of 100% of the budget, however, due to the baseline exercise it was estimated that the future budget would only amount to 80%. An exercise was taking place to remove the budgets of those areas that the CCG would no longer be responsible for.</p> <p>Theresa Osborne felt that there was sufficient QIPP to cover the gap but acknowledged that there could be risks prior to year end in respect of Continuing Healthcare claims. She was working on the assumption of a 1% surplus. Keith Wood asked about staffing within the Finance team. Theresa explained that four of the previous BSU Finance team had transferred employment to the CSU, but they were still the same staff based locally and Theresa was responsible for those staff in line with the SLA. Sarah Blow also Chairs regular Board to Board meetings with the CSU and CCG Chief Officers.</p> <p>Simon Evans-Evans explained that contract risks and contract monitoring were being shared with the other CCGs so that the six CCGs would have more influence than would be the case individually.</p> <p>Keith Wood was concerned that at present there was no alternative to the CSU and it and therefore the Governing Body required particular assurance in respect of this contract. Theresa explained that the CSU Account Director was invited to Executive Management Committee Meetings so that he could update the CCG on a regular basis and he was also in contact with individual Directors as necessary.</p>



	<p>The draft budget timetable was <b>noted</b>.</p> <p>It was <b>noted</b> that changes might be required when more information becomes available on submission date for the Integrated Plan and the receipt of the Operating Framework.</p> <p>It was <b>noted</b> that the CCG had not yet been informed of its 2013/14 allocation and the process was therefore being undertaken without knowing the level of funding available.</p>
<p><b>8/12</b></p>	<p><b>TRANSITION PLANNING</b></p> <p>Simon Evans-Evans said that the Constitution had been adopted, the Governing Body had recruited to all posts and clinical roles had been allocated. Clinical leads had been allocated for service areas and agreement was being reached regarding the methodology to be used for Localities to report back to the Governing Body. NHS SE London were leading on transition handover and had produced handover sheets. The Governing Body had recently agreed changes to the Commissioning Directorate structure and vacancies were being addressed.</p> <p>The Authorisation Site Visit was due to take place on 11 December, the CCG had 44 reds. Final notification of authorisation would take place in March but it was hoped that an indication of the CCGs status would be given on 11 December, although it was noted that the moderation panel could change assessments made at the site visit.</p> <p>The Organisational Development Plan was being developed and Phase 2 resource would be available from London to use to develop the Governing Body. Work was taking place across SEL to identify areas to be developed and discussion was taking place regarding isolationist roles on Governing Bodies.</p> <p>The NHS Commissioning Board was gradually taking shape and debates were taking place regarding work that CCGs were being requested to undertake.</p>
<p><b>9/12</b></p>	<p><b>INTERNAL AUDIT – 13/14 DRAFT PLAN</b></p> <p>David Stacey explained that the Internal Audit 13/14 draft plan had been written before the TSA and this would need to be updated to ensure completeness. The draft plan had been considered by NHS SE London Joint Audit Committee and they were generally content.</p> <p>Linkage to the Assurance Framework would be necessary. Theresa Osborne said that a meeting with Executive Directors and Sarah Blow was being arranged to discuss the proposed plan. Theresa would bring this to the Audit and Integrated Governance Committee to be held on 14 March.</p> <p>The draft Internal Audit workplan for 2013/14 was <b>reviewed</b>.</p>

	The risks for the newly formed CCG were <b>considered</b> .
<b>10/12 and 12/12</b>	<p><b>EXTERNAL AUDIT AND COUNTER FRAUD UPDATE</b></p> <p>Internal and External Auditors would attend each Audit and Integrated Governance Committee meeting. The NHS Commissioning Board had appointed Grant Thornton as External Auditors. KPMG were providing Internal Audit services. A proposal would be put before the Governing Body, on 20 December 2012, to interview the current Internal Auditors with a view to re-appointing them for 2013. A procurement exercise would be undertaken the following year. A similar process was intended in respect of counter fraud arrangements. The Internal Audit contract was hosted by the Commissioning Support Unit, however Internal Audit had a direct relationship with each CCG. It was agreed that it would be helpful for the Audit and Integrated Assurance Committee to see the proposals prior to 20 December.</p> <p>Discussion took place regarding the Commissioning Support Unit using the same Internal Auditors as the CCGs. However, David Stacey felt that this did not pose a conflict of interest as it was easy to separate CSU and CCG work.</p> <p>Keith Wood said that he needed assurance that Internal Audit would use the same rigour examining the work of their colleagues in relation to CSU provision as would be given to examining the work of another organisation. He felt that the External Auditors might have a view to express. Theresa Osborne said she would email Terry Blackman to seek his views. It was felt that a different Head of Internal Audit should be appointed for the CSU and CCGs if the same Internal Auditors were to be used.</p> <p><b>Action: Theresa Osborne to email Terry Blackman to seek his views regarding the use of the same Internal Auditors for CSU and CCGs.</b></p>
<b>11/12</b>	<p><b>PRIME FINANCIAL POLICIES</b></p> <p>Theresa Osborne explained that the Prime Financial Policies were national policies which had been approved as part of the Constitution of the CCG and had been approved by the Governing Body.</p> <p>The prime financial policies were <b>noted</b> as being approved by the Governing Body.</p>
<b>12/12</b>	<p><b>COUNTER FRAUD UPDATE</b></p> <p>Discussed during item 10/12, see above.</p>
<b>13/12</b>	<p><b>DETAILED FINANCIAL PROCEDURES</b></p> <p>Theresa Osborne explained that the Detailed Financial Procedures set out each area of financial responsibility, what needed to be done and how. The Governing Body had approved the procedures, however the changes in relation to procurement needed to be presented to the Governing Body for approval.</p> <p>Dr Graham Rehling asked whether there were obligations for contractors to</p>

	<p>pay a living wage. It was felt that this was a valid point and Theresa would see whether this was included in the Procurement Policy and the Prime Financial Policies.</p> <p>Sandra Wakeford asked for clarification in some areas. It was confirmed that business cases would go to the Finance Working Group in the first instance. Tenders would be signed off before initiation stage. If a decision was taken not to go out to tender, approval would need to be given by the Chief Officer. The Remuneration Committee would make decisions regarding remuneration, however the CCG would take into account the views of the Remuneration Committee but need not adhere to them. It was felt that the word 'chief' on page 54, point 39.3 should be changed to 'sovereign'. Sandra Wakeford also asked for clarification in relation to page 73 as to whether fraud or corruption is reported to the police. It was explained that there was a distinction between knowledge and suspicion. Counter fraud were trained to gather evidence and would decide whether to call the police. In relation to page 79, point 56.1 it was acknowledged that protection of patients' property no longer sits with the CCG, however the document needed to comply with the NHS Standard Framework, hence its inclusion.</p> <p>Discussion took place regarding the regularity with which policies were reviewed. It was agreed that these should be reviewed yearly and a standing item for March of each year would be a review of Detailed Financial Policies, Scheme of Delegation/Schedule of Matters delegated to officers.</p> <p>The detailed financial policies and revised schedule of matters delegated to officers was <b>approved for submission to the Governing Body Meeting on December 20 subject to the matters identified above</b></p>
14/12	<p><b>SCHEME OF DELEGATION/SCHEDULE OF MATTERS DELEGATED TO OFFICERS</b></p> <p>Theresa Osborne explained that the scheme of delegation/schedule of matters delegated to officers formed part of the CCG Constitution and had been approved by the Governing Body. The Constitution had been adopted and to date 26 of the 28 practices had signed their agreement to the Constitution. The scheme of delegation stated who would be responsible for each of the policy areas. This was supported by the schedule of matters delegated to officers which gave more detail regarding who could sign off various areas. Minor changes needed to be made to the document to align with the version within the Constitution, e.g. Executive Management Team needed to be changed to Executive Management Committee and changes had been made to reflect the approval required in the tendering procedure. The revised document would need to be approved by the Governing Body.</p> <p>The revised schedule of matters delegated to officers was <b>approved</b>.</p> <p>The scheme of reservation and delegation was <b>noted</b>.</p>
15/12	<p><b>ASSURANCE FRAMEWORK AND RISK REGISTER</b></p> <p>Simon Evans-Evans circulated a draft NHS Bexley CCG Board Assurance</p>

	<p>Framework 2012/13 document. This gave details of strategic risks in relation to the CCG's objectives, what measures had been taken to reduce the risk where possible and its rating. The Audit and Integrated Governance Committee would review regularly. Discussion took place regarding the heat maps previously supplied by NHS SE London. It was felt that it would be useful to have a cover sheet to highlight high level risks. It was agreed that managers could be called upon to give an update in order that the Audit and Integrated Governance Committee could give assurance to the Governing Body. Simon Evans-Evans would include a reporting line, in the middle column so that managers could be identified.</p> <p><b>Action: Simon Evans-Evans to include a cover sheet and reporting line and to bring 2013/14 document to 14 March meeting.</b></p>
<b>16/12</b>	<p><b>MALICIOUS LETTERS</b></p> <p>Simon Evans-Evans explained that five malicious letters, making a variety of allegations, had been sent out to 20 people, including the LMC, GPs and Practice Managers. In the main the information in the letters had been extracted from the Annual Accounts, but had been misinterpreted. The letters had probably been written by someone with knowledge of the CCG, one in particular had contained details of the salary of a member of staff, together with on-costs which were accurate. The letters had caused distress to the recipients. The CCG had worked with the LMC and had written to all practices so that receipt of any such letters could be reported to Simon Evans-Evans who would report them to the police. Counter Fraud had been informed. No further letters had been received. Keith Wood said that the contents were risible, however the issues raised had been taken seriously and steps had been taken to investigate and the matter was now closed.</p>
<b>17/12</b>	<p><b>ANY OTHER BUSINESS</b></p> <p>Simon Evans-Evans circulated a revised template which could be used for all papers. This included areas that would link into the CCG objectives and highlight new risks such as legal issues, NHS Constitution, Consultation. It was also proposed that the clinical lead should be included as even though they would not have to write the paper they would need to understand the issues.</p> <p><b>Action: All to feedback comments to Simon Evans-Evans.</b></p> <p>Keith Wood asked whether Internal Audit needed to have a private conversation, this was not necessary on this occasion.</p>
<b>18/12</b>	<p><b>DATE OF NEXT MEETING</b></p> <p>14 March 2013, 12.30pm-3.30pm, Danson Room, 221 Erith Road, Bexleyheath, Kent DA7 6HZ.</p>