

**Oxfordshire Clinical Commissioning Group
Board Meeting**

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| Date of Meeting: 31 March 2016 | Paper No: 16/29a |
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| Title of Presentation: Audit Committee Minutes 23 February 2016 |
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| Is this paper for (delete as appropriate) | Discussion | ✓ | Decision | | Information | ✓ |
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Purpose and Executive Summary (if paper longer than 3 pages):

Attention is drawn to:

Timetable for 2015/16 Report & Accounts

The Committee were satisfied that an appropriate and achievable process for the year end had been set between OCCG, CSU and Ernst & Young culminating in:

- Draft accounts submission to NHSE 9am 22 April
- Audit Committee review of Final audited accounts 24 May
- Board receive Final audited accounts 26 May
- Final audited accounts submission 12am 27 May

Financial Governance Failure

A number of accruals were transacted at the end of 2014-15. These have been released from the balance sheet in 2015-16 and offset the actual costs incurred/income received in 2015-16 that relate to the 2014-15 financial year. However, two entries were posted as non-reversing journals on the balance sheet and so have not been released into the position (net adverse impact of £1.7m). In addition, some accruals have not been sufficiently visible in the Prescribing cost centres and in the pooled budgets and have also not yet been fully released into the position (favourable impact of approx. £1.2m). While the non-reversing entries on the balance sheet are large enough to be a cause for thorough review, all of these entries fell below the materiality level set by External Audit for 2014-15 (£6.4m). The net loss position was £0.5m. In order to mitigate the impact on the CCG financial position, the CSU have reduced their annual charge to the CCG in 2015-16 by £0.5m.

As a result, controls will be enhanced for the 2015-16 audit and going forward:

- The CSU has committed to employing additional financial accounting resource for March to May to ensure that there is adequate resource available over the closure period to facilitate review and sufficient check/challenge.
- Communication between the CSU teams will be improved so that there is more informed review of the balance sheet. The CCG will commit more time/resource to review the information provided and joint quarterly review meetings would be held.

Ernst and Young, noted that the information in the paper would impact on the audit

strategy. It was agreed that accruals would be included with the year-end accounts submitted to the Audit Committee meeting on 20 April.

Business Intelligence

Proper provision of IT and Business Intelligence was key to the efficient delivery of “Oxford System” and integrated commissioning. These continued to be considered at a high strategic level. The Transformation Board had been working on an initiative with the Academic Health Sciences Network (AHSN) on proposals for an interoperability platform for which national funding was available but the access for research risks were still to be worked through.

The OCCG had good alignment with the national Digital Roadmap – particularly on interoperability. It was noted that data collection in general would need to be streamlined urgently, particularly if OCCG were to go ahead delegation of Primary Care commissioning.

A new service specification on Business Intelligence was being agreed with the CSU.

Integration of Commissioning

The Committee had indicated its concern over the proposed governance structure for integrated commissioning and following its request a Board Workshop on the subject had been held. Concerns remained but the issue is temporarily in abeyance pending local government proposals for devolution being resolved.

Sponsorship Policy

A policy on sponsorship by the pharmaceutical and other commercial interests was considered and approved with delegated authorisation limits

The objective of this Policy is to:

- Guide the CCG in achieving its objectives and delivery of national and local priorities by building effective and appropriate working relationships with the commercial organisations.
- Inform and advise staff of their main responsibilities when entering into joint working arrangements with such organisations - maintaining appropriate ethical standards in the conduct of NHS business
- Ensuring that in working with the commercial sector, staff are fully aware of the impact of the project on other NHS stakeholders.

Action Required:

The OCCG Board is asked to noting the Minutes.

NHS Outcomes Framework Domains Supported (please delete tick as appropriate)

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| | Preventing People from Dying Prematurely |
| | Enhancing Quality of Life for People with Long Term Conditions |
| | Helping People to Recover from Episodes of Ill Health or Following Injury |
| | Ensuring that People have a Positive Experience of Care |
| | Treating and Caring for People in a Safe Environment and Protecting them from Avoidable harm |

Author: Roger Dickinson, Audit Chair
(including title)

Clinical Lead:

MINUTES

AUDIT COMMITTEE

23 February 2016, 13.00 – 16.30

Conference Room B, Jubilee House

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| Present: | Adrian Balmer, Manager, Ernst and Young | Roger Dickinson, Lay Vice Chair – Chair | Catherine Mountford, Director of Governance |
| | Sharon Birdi, Senior Audit Manager, ttaa | Paul Grady, Director, ttaa | Jeanette Oakley, Finance Service Line Lead, CSU |
| | Miles Carter, West Oxfordshire Locality Clinical Director | Gareth Kenworthy, Director of Finance | Brian Sharkey, Counter Fraud Specialist, ttaa |
| | Mike Delaney, Lay Member | Graz Luzzi, Specialist Medical Advisor | Jenny Simpson, Deputy Director of Finance |
| | | | Duncan Smith, Lay Member for Finance |
| In attendance: | Ros Kenrick, Minutes Secretary | | |

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| Apologies | Debbie Hudson, Ernst and Young | | |
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| | <p>Declarations of interest Lay Member declared that he had an interest in item 17 through the Social Impact Bond. There were no other new declarations of interest.</p> | |
| 1. | <p>Minutes of the Meeting Held on 22 October 2015 had been circulated by email to the Committee and agreed as an accurate record for submission to the Board meeting on 28 January 2016. The Minutes were now formally approved.</p> | |
| 2. | <p>Matters arising and Action Tracker <i>Matters arising:</i> <i>Horton Independent Sector Treatment Centre (ISTC):</i> The building is owned by NHS Property Services (NHSPS), but the land by Oxford University Hospitals Foundation Trust (OUHFT). The land lease would expire in August 2016 at which point the building would revert to OUHFT. NHSPS could look to Oxfordshire Clinical Commissioning Group (OCCG) to recover the outstanding cost of the building (c£6m). OCCG would challenge this. The matter had been escalated to NHS England.</p> | |

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| | <i>Action tracker:</i> Updates on actions would be recorded on the tracker. | RK |
| 3. | <p>IM&T and BI strategies update Director of Finance reported that there would be no paper to this item because there were relevant meetings due in the near future. Business Intelligence Strategy (BI): A new service specification for the Commissioning Support Unit (CSU) to provide data analysis was being prepared. Information Management and Technology (IM&T) strategy: This was on plan. An end of year report would be brought to an Audit Committee meeting when ready.</p> <p>Director of Finance reported that there was a national initiative entitled the Digital Roadmap, for which OCCG had submitted an initial document describing its footprint as Oxfordshire. This had been accepted. There was good alignment between OCCG's IM&T strategy and the Digital Roadmap. Oxfordshire already scored well against the interoperability requirements through the Oxfordshire Care Summary and the Community of Interest (CoIN) system for GPs. The aim of the Digital Roadmap would be for the NHS to be paper-free by 2020.</p> <p>Oxfordshire's Transformation Board had been working on an initiative with the Academic Health Sciences Network (AHSN) on proposals for an interoperability platform. This was considered to be an exciting concept, but the Committee noted that it included revolutionary ideas including access for research and the associated risks. There was significant national funding available for which Oxfordshire could bid. Action: Director of Finance to provide a paper for the Committee when more information becomes available</p> <p>A small group would meet to consider the governance issues around the Digital Roadmap initiative. It was noted that data collection in general could be streamlined. More collection requirements were added, but older ones were not stopped. If OCCG were to have delegation of Primary Care commissioning, this would have to be streamlined. Action: Director of Finance to update the Committee in April</p> | <p>RK</p> <p>GK</p> <p>GK</p> |
| FINANCIAL MATTERS | | |
| 4. | <p>Final Accounts</p> <ul style="list-style-type: none"> • Timetable: Deputy Director of Finance had provided the timeline for assurance to the Committee. The Committee would meet on 20 April to approve the final accounts. • Month 9 draft accounts: The Month 9 draft accounts were noted. • Month 9 Analytical review: This would be the first year that such a document had been required. • Issues arising from 2014-15: Finance Service Line Lead reported that a repeat of staffing issues encountered last year had been anticipated and that OCCG would have a named substantive member of the CSU staff to work on the year end | |

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| | <p>accounts. An experienced interim had been approached to help in case of sickness absence within the team. Action: Finance Service Line Lead to provide names to External Audit for assurance.</p> <p>Deputy Director of Finance asked the Committee to consider whether the actions proposed in Paper 4d were sufficient. Manager, Ernst and Young, noted that the information in the paper would impact on the audit strategy. He would include any amendments in his progress report to the next meeting. Action: AB. Lay Member for Finance noted that the issues identified in the paper had been a serious governance failure. He requested that in Month 3 there should be a formal consideration of the year-end forecast which would be signed off by the CSU and OCCG. It was agreed that accruals would be included with the year-end accounts submitted to the meeting on 20 April. Action: JS. For 2015/16 quarterly accounts review meetings had been planned.</p> <p>The Committee agreed that, subject to Lay Member for Finance's comments, the actions gave sufficient assurance.</p> <p>Lay Vice Chair thanked the CSU for identifying the governance failure and its contribution to addressing the consequent financial liability.</p> | <p>JO</p> <p>AB</p> <p>JS</p> |
| 18. | <p>Annual Report (The Annual Report was taken at this point because it linked to Item 4.)</p> <p>The plan for development of the Annual Report had been drafted by Head of Communications, CSU and Director of Governance. A draft document would be circulated on 4 April with a deadline of 11 April for responses by email. External Audit approved the timeline.</p> <p>Lay Member for Finance requested that committee reports and the governance statement be aligned. Director of Governance informed the Committee that Governance Manager would be linking with the report writers and reports would all be signed off between meetings to avoid delay.</p> | |
| 5. | <p>Financial Control Environment</p> <ul style="list-style-type: none"> • Update: Audit Committee reviewed the FCE Assessment in August 2015 and agreed final sign off by the Chief Executive before submission to NHS E. The Committee was now asked to review the actions and progress made against them to date. All actions had target dates before March 2016. Of the 19 actions identified, 5 were completed and shown as green, 4 were underway, 4 had not yet reached their target date and 6 were not completed and were rated as red. The Committee encouraged the management team to keep this useful document under review and to build it into OCCG processes; particularly since it was unlikely that there would be a formal review of OCCG's submission. • Long term plan: Director of Finance reported that the Transformation Board would be looking at a high level, system-wide, longer term financial plan. | |
| 6. | <p>Integration of commissioning</p> <ul style="list-style-type: none"> • Delegation of Primary Care: | |

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| | <p>The Joint Committee of the Commissioning Board had considered the guidance and the model terms of reference for the Primary Care Commissioning Committee. . To date, three localities had agreed the proposal. Others would discuss it today. The Chief Executive would sign off the proposal if agreed by all localities.</p> <ul style="list-style-type: none"> • Developing the governance structures for integrated commissioning: <p>Director of Governance reported that while current legislation was unaltered, it was proposed that decision making would lie with the Health and Wellbeing Board (HWB). Reporting and sub-committee structures would need to be developed. It was proposed that there would be a single integrated Health and Social Care management team reporting to HWB.</p> <p>It was likely that the current pooled budget would remain the same, or slightly increased. Member practices did not support pooling all the NHS and Social Care funding at this point in time.</p> <p>Committee members were concerned about the governance and risk to OCCG. They raised the question of where the Transformation Board would fit into the proposed new structure. Chair noted that to date nothing had been finalised and that there was still an opportunity to steer the direction of travel. The Committee discussed whether an options paper should be submitted for discussion. Chair and Director of Governance would be meeting after this meeting and would discuss the serious concerns of the Audit Committee around these proposals. Committee members, although supportive of integrated commissioning, requested that the structural proposals be discussed further at a Board workshop.</p> <p>The Committee noted the paper with serious reservations. Action: Director of Governance and Lay Vice Chair to discuss and bring back a proposed governance structure</p> | <p>CM/RD</p> |
| <p>7.</p> | <p>Re-procurement of External and Internal Audit</p> <p>Director of Finance reported that there had been slippage on the internal audit question. It was not now likely that OCCG would be able to jointly procure with neighbouring CCGs. This meant that it would be a challenge to push the re-procurement through in the timeframe. He would be discussing any bridging requirements with Director, tiaa. Director of Finance would also look into the possibility of joining with Oxfordshire County Council's (OCC) internal auditors in light of the integrated commissioning. Action: Director of Finance to circulate his recommendations on the approach OCCG should take on the re-procurement of internal audit</p> <p>OCCG had a longer timeframe in which to re-procure external audit.</p> | <p>GK</p> |
| <p>8.</p> | <p>Update on agreement of SLAs and contracts</p> <p>The IAPT five-year contract had been agreed. The Mental Health Outcomes Based Contract five-year contract had been agreed. The CSU contract had been extended for 18 months under the current terms and conditions, with a six month notice clause. This would allow</p> | |

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| | for flex should integration require changes. NHS E had agreed that OCCG could take this approach. 2016/17 contract negotiations were delayed because the national contract guidelines had just been released. No tariffs had been published to date. | |
| 9. | Finance and Investment Committee Minutes The Committee noted the minutes from the meeting held on 19 November 2015. | |
| GOVERNANCE AND RISK | | |
| 10. | <p>OCCG Strategic and Operational Risk Registers</p> <p><i>AF21: Significant transformational change is required of the health and social care system in Oxfordshire over the next five years. There is a risk that this will not take place because individual organisations do not have the capacity to manage these changes or the resources to deliver them. In addition, there may be external challenges which make it more difficult to deliver those changes. The Committee wondered whether the risk level was sufficiently high, given the concerns about lack of governance and process at the last Board workshop.</i></p> <p><i>AF19: There is a risk that the range of current demand and performance challenges will affect the Oxfordshire Clinical Commissioning Group's (OCCG) ability to deliver NHS Constitution pledges and optimum care pathways, in particular A&E waiting times, Cancer waiting times, Referral to Treatment Time (RTT) waiting times and Delays in Transfer of Care (DTC); this may lead to poor patient experience, reduced confidence in the NHS and incur additional financial pressure. The Committee questioned the risk rating given performance figures that would indicate that constitution targets might not be met by March.</i></p> <p><i>AF20: There is a risk that the different organisations within the health and social care system do not work together effectively in a coordinated way for the benefits of patients and the efficient use of resources. It was noted that there had been cross-organisational engagement at Chief Executive level, but this had not been as effective at other levels.</i></p> <p><i>AF18: There is a risk that the primary care transformation required to link in with new models of care will not be delivered leading to continued pressures on the current services (and sub optimal care). The Committee noted significant concerns about the sustainability of primary care and the challenges with new models of care being introduced.</i></p> <p><i>772: There is a risk to the continued capability and capacity of SCAS to provide Emergency ambulance services due to difficulties recruiting and retaining appropriately qualified staff. The risk rating had changed from 15 to 6. The Committee asked Director of Governance to look into the reason for the change. Action: Director of Governance. The Medical Director of SCAS had attended OCCG's Executive Team meeting earlier today. The Quality Committee had been focusing on the issues and had escalated them in a first exception report with remedial action</i></p> | CM |

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| | <p>plan.</p> <p>Director of Governance informed the Committee that issues around the Chipping Norton hospital would not appear in the OCCG risk register because the process had been overseen by OCC.</p> <p>At the Quality Committee meeting in December 2015 it was agreed that individual projects would hold their own risk registers. Only if any were considered sufficiently high would they be added to the OCCG risk register. It was questioned whether the Prime Minister’s Challenge Fund (PMCF) risks should be added.</p> <p>It was suggested that as well as the full risk descriptions all risks should be given short titles that would be easier to refer to; for example “DTCO”.</p> <p>Action: Director of Governance to add all queries identified in this item to the agenda of the next Directors’ Risk Review meeting.</p> | CM |
| 11. | <p>Sponsorship policy</p> <p>Minor changes had been made to the existing document. OCCG had no sponsorship arrangements in place. The discussion included:</p> <ul style="list-style-type: none"> • Sign off of £50-£100k for the Director of Governance. This was in line with her current permissions; • The Chief Executive appeared to have no role in the process • Gifts of £20 should be refused – the Committee suggested that needed to ensure that the focus was on declaring all gifts received regardless of value; • The paper refers to the pharmaceutical industry, but should apply to all industries. • Joint working with the AHSNs could mean that OCCG could be party to sponsorship without being directly aware of it. Director of Governance should consider this issue. <p>Subject to the comments above, the Sponsorship Policy was approved.</p> | |
| 12. | <p>Quality & Performance Committee Minutes</p> <p>The incorrect minutes were submitted to the Committee. It was agreed that, in order to see the most recent minutes, should they be in draft, they would be circulated to the Committee for information only.</p> | |
| EXTERNAL AUDIT | | |
| 13. | <p>Audit Plan: Director, Ernst and Young, presented Paper 11. He noted concerns about the change in policy over the Better Care Fund (BCF) and would undertake a joint audit with OCC to agree shared accounting. Some assurance had been noted around the CSU’s improved capacity, but more resilience assurance was required. There was concern over the potential NHSPS charge over the ISTC Horton site. Director, Ernst and Young would be discussing this with Director of Finance and Deputy Director of Finance.</p> <p>EY Sector Briefing: The briefing noted:</p> <ul style="list-style-type: none"> • concerns about the sustainability of small English hospitals (under £200m), all of whom were forecasting a deficit; | |

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| | <ul style="list-style-type: none"> • changes in public sector rates of pay; • exception only reporting in the value for money guidance. <p>The questions for the Audit Committee were addressed as follows:</p> <ol style="list-style-type: none"> 1. Has the CCG considered how the use of technology can be used to drive improvements in both efficiency and digital inclusion? This had been discussed at item 3. 2. Are arrangements in place to ensure that accounting requirements in respect of the Better Care Fund are reflected in the 2015-16 final accounts? This had been discussed at item 13. 3. Does the CCG have appropriate arrangements to monitor discrimination and what steps has it taken or can it take to promote diversity? and 4. Do you understand what changes your CCG is planning to make in response to any new NHS-wide whistleblowing policy? OCCG has a whistleblowing policy in place and Human Resources (HR) would be reporting to Audit Committee on discrimination monitoring. This would also form part of the internal audit of HR. 5. Has the CCG considered and responded to the Cancer Drugs Fund consultation? This would not have a big impact on OCCG. <p>Action: Lay Member for Finance and Director of Governance would consider how to follow up on the questions.</p> | EDS/CM |
| INTERNAL AUDIT | | |
| 14. | <p>In Year Progress Report</p> <p>Senior Audit Manager presented Paper 12. One audit had been completed: Review of Clinical Procurement and Contract Management – substantial assurance. Other audits were progressing. Progress against to 2015/16 audit plan was reasonable. All recommendations had been implemented. A management response was required for the continuing healthcare audit. Director of Finance would pick this up.</p> <p>A draft Head of Internal Audit Opinion had been included in the paper. The overall opinion was currently reasonable.</p> | |
| COUNTER FRAUD | | |
| 15. | <p>In Year Progress Report</p> <p>Counter Fraud Specialist reported that the 2016/17 work plan would be prepared following receipt of the delayed NHS Standards for Commissioners. Publicity material had been provided for new staff. The Counter Fraud Risk Assessment carried out at the beginning of the financial year was currently being reviewed as part of the agreed work on the Counter Fraud Work plan. New risks identified would be discussed with the Director of Finance and proactive review(s) would be agreed by the LCFS. Fraud risks associated with Co-Commissioning were currently being identified and would be included in the fraud risk assessment.</p> | |
| 16. | <p>Pooled Budgets audit</p> <p>The Pooled Budgets audit had been a challenge. It had gained reasonable assurance based only on the controls operating within OCCG because no response had been received from OCC. Audit</p> | |

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| | Committee members were concerned that a rating of reasonable would not give the full picture to Board. OCC was not being held to account and there were fundamental governance issues. Action: Director of Finance to take these issues further and provide an update to Audit Committee in April. | GK |
| GENERAL AUDIT MATTERS | | |
| 17. | Use of Single Tender Action Waiver The paper was noted. Following the change to the sequence of meetings, OCCG Board would now normally see this paper before Audit Committee. The Committee would continue to receive the paper for information. | |
| 18. | Annual Report – discussed and minuted earlier in the meeting (after item 4). | |
| 19. | Audit Committee Work Plan An additional meeting to sign off the final accounts had been arranged for 20 April 2016. It was confirmed that the meeting in May would be held on 24 th . Items for discussion would be added to the work plan. | |
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| 20. | Any Other Business Counter Fraud: Brian Sharkey had notified OCCG of his retirement. Lay Vice Chair thanked him for the work he had undertaken for OCCG and wished him well for the future. Annual Self-Assessment: The document would be circulated again this year for completion by Committee members. Action: Director of Governance There being no other business, the meeting was closed. | CM |
| 21. | Date of Next Meetings: 20 April 2016, 09:00-10:30 in Room 7, Jubilee House (for Final Accounts sign off) 21 April 2016, 13:00-16:00 in Conference Room B, Jubilee House | |