Oxfordshire
Clinical Commissioning Group

Oxfordshire Clinical Commissioning Group
Board Meeting

Date of Meeting: 29 November 2016	**Paper No: 16/87a**

Title of Presentation: Audit Committee Minutes 20 October 2016

Is this paper for (delete as appropriate)	**Discussion**		**Decision**		**Information**	✓

Purpose and Executive Summary (if paper longer than 3 pages):

The Board's attention is drawn to the following matters in particular:

OCCG Strategic Risk Register
The Committee needed assurances that the register was being used effectively to drive the business. It was felt that some high-level risks and operational risks were not evident as coming through; furthermore, Lay Members were anxious about strategic risks related to primary care, which should be sustainable and built for transformation. The mitigating actions captured in the Risk Registers didn't manage the risks described to an acceptable level. A well-structured plan to address the current challenges of the primary care was not in place and needed to be developed so that the Committee can gain assurance on the actions the Executive Team planned to take in relation to risk around Primary Care Commissioning.

Conflict of Interest Policy
New statutory guidance had come out in June, and the revised policy had been amended to be compliant with new requirements. The Director further highlighted the provision in the policy in respect to individual declaration of gifts on hospitality registers. The guidance recommended that in the interests of transparency, a register of gifts and hospitality would be kept up and published. There was a requirement to declare gifts/hospitality even in the event when these were declined. The offence was wider than accepting the bribe, and extended to offering one as well. There was also a new requirement for quarterly assessment to be signed off by the Chair of Audit Committee and the CEO of the CCG.

An Implementation Plan had been developed to ensure all the required actions were undertaken.

Concern was expressed that the lines between GP Federations and commissioners were being blurred. Those individuals active in the commissioning agenda could not be active directors of a GP federation, as there needed to be a division of duties. It was agreed that the policy needed extra clarification on the definitions on individuals

in Primary Care commissioning.

Transformation Board and Programme
The Committee commented that the programme structure for Transformation Board required more clarity, in particular in the decision-making area and individual work streams. Significant slippage on the programme and the complexity of its nature was noted. It was felt that the view as well as the lessons learnt had to be communicated to the OCCG Board. The Committee needed to be updated as to the outcome of the review of the programme to enable it to get assurances that proper working mechanisms were in place. The Audit Committee should also be given an update once or twice per year to see if targets were being met so that relevant assurances could be given to the OCCG Board.

It was important to have a clearly defined scope of work, set of deliverables, acceptance criteria within the Transformation Board. The individual work steams should be adequately resourced with the right level of human resources and skills to get the job done within the timeframe. It was agreed that the complexity of the programme resulted in the fact that no individual person could be held accountable

Concerns were also expressed at the level of clinical involvement in the Transformation programme. It was noted that the assurance process required the OCCG to demonstrate clinical acceptance of the proposals; hence clinical leads had been involved in the discussions, and the feedback from locality meetings was also taken into account.

Scheme of Delegation
Scheme of Reservation and Delegation had been revised with changes aimed at minimising ambiguity and bringing together the rules for:

- Commissioning and contracting for primary care services;
- Commissioning and contracting for health care services;
- Non-health care services.

It was confirmed that approval of the CCGs contracts for any commissioning and corporate support in accordance with financial thresholds (outlined in Table 10) was reserved for the Chief Executive.

The Committee endorsed the proposed changes and recommended that the Board adopt the revised Scheme of Reservation and Delegation.

Action Required:

The Board is asked to note the Audit Committee Minutes and to consider if they are receiving sufficient information for assurance.

Author: Roger Dickinson (including title)	**Clinical Lead:** N/A

MINUTES

AUDIT COMMITTEE

20 October 2016, 09:00-11:30

Meeting rooms 3 & 4, Jubilee House

Present:	Adrian Balmer, Manager, Ernst and Young	Mike Delaney, Lay Member	Catherine Mountford, Director of Governance
	Lorraine Bennett, Counter Fraud, Tiaa	Roger Dickinson, Lay Vice Chair – Chair	Jenny Simpson, Deputy Director of Finance
	Sharon Birdi, Senior Audit Manager, Tiaa	Paul Grady, Director, Tiaa	Duncan Smith, Lay Member for Finance
	Miles Carter, West Oxfordshire Locality Clinical Director	Gareth Kenworthy, Director of Finance	Maria Grindley, Executive Director, Ernst and Young
In attendance:	Elena Thorne, Minutes Secretary		

Apologies	David Smith	Joe McManners	

		Action
	Declarations of interest The Audit Committee noted the declaration of interest expressed by Mike Delaney under Single Tender Action Waiver in relation to the contract with Mike Delaney, MFD Partners International, Witney, Oxfordshire.	
1.	**Minutes of the Meeting Held on 30 June 2016** The minutes had been previously circulated by email to the Committee and agreed as an accurate record. The Minutes were now formally approved.	
2.	**Matters arising and Action Tracker** The Action Tracker was reviewed and updated.	
FINANCIAL MATTERS		

3.	**Finance Committee Minutes** The Committee noted the minutes from the meetings held on 19 July and 20 September 2016. The Lay Member for Finance reported that that the last Finance Committee meeting focused on the contracts with Oxford Health NHS Foundation Trust (OHFT) and Oxford University Hospitals NHS Foundation Trust (OUHFT). Following the discussions with the company involved in the financial modelling for the STP Transformation work, the worry was expressed on the size of the gap that needed closing through the Transformation Programme and whether the current approach of moving activity into the community would be sufficient. The Finance Committee should provide assurance to the Audit Committee that the approach was the right one from the financial perspective. Another risk brought to the attention of the Audit Committee members was around proposals to establish a joint venture between OHFT, OUHFT and the GP Federations. A letter had previously been sent by the CEO of the Oxfordshire Clinical Commissioning Group (OCCG) confirming interest in the delivery of integrated services. The Lay Member questioned whether the issues of the financial gap and the delivery model could be resolved before the consultation period started. Assurances were expressed from the Director of Governance in that regard, who also added that the CCG should be consulting on options that were clinically, operationally and financially viable. The proposed period for consultation was from 3 January 2017 until the end of March 2017. It would be useful if the company that produced the financial model for the STP were asked to attend the Finance Committee meeting in November 2016.	**GK**
GOVERNANCE AND RISK		
4.	**OCCG Strategic Risk Register** OCCG Strategic Risk Register including the current status of all strategic risks on the register was shared with the Audit Committee. The Audit Committee was asked to: • Review the changes since OCCG Board meeting on 29 September • Note the increase in risk ratings for risks AF22 Quality and AF25 Finance Allocations • Note changes in mitigation summaries for AF19 Demand and Performance Challenges, AF22Quality and AF25 Finance The Chair of the Audit Committee enquired about the due the date for	

	111 Contract, and if there were any transitional issues, how those were to be resolved and the timescale. The Director of Finance confirmed that the next step involved preparation of the mobilisation plan, at which point the project would shift from procurement and contracting piece into a mobilisation plan. It was requested that assurances had to come back to the OCCG. The Chair of the Finance Committee commented that Lay Members needed assurances that the BAF was being used effectively to drive the business. It was felt that some high-level risks and operational risks were not evident as coming through; furthermore, Lay Members were anxious about strategic risks related to primary care, which should be sustainable and built for transformation. The Chair would like to see those types of risks coming through to the Audit Committee. Further comments were made that the mitigating actions captured in the Risk Registers didn't manage the risks described to an acceptable level. A well-structured plan to address the current challenges of the primary care was not in place. The Chair reflected on the previous meeting between the Non-Executive Directors and the CEO of the OCCG, and stated that Lay Members required assurances from the CEO on the actions the Executive Team planned to take in relation to the Risk Registers especially around Primary Care Commissioning. The Director of Governance agreed that Risk Registers didn't always reflect the concerns expressed by the Lay Member for Finance; however the scale of the risks driving the agenda as well as the mitigating actions taken were always communicated at the directors' meetings. The Lay Member for Finance reflected on his conversation with the company engaged in the financial modelling, stating that he was assured about their experience and clear understanding of the deliverables to close £200m gap in 4-5 years. He further commented on the feedback received from the Primary Care Committee regarding the 2 major planning projects (Bicester and Didcot) and expressed concerns regarding the governance aspect. The Committee noted the changes to the Risk Registers.	
5.	**Update on agreement of SLAs and contracts** The Director of Finance briefed the Committee on the work being carried out in relation to the global contracting approach. **It was agreed that the paper with an update would be circulated to the Committee members after the meeting.** Further update was provided on the agreements with the two main providers (OHFT and the OUHFT) and the GP Federations. Proposals were received from OHFT, the OUHFT and Oxford City Federation,	**GK**

	expressing their interest to explore contractual joint venture arrangements with the view to ultimately form an Accountable Care Organisation. The response from the CEO of the OCCG outlined a number of gateways, including getting together with stakeholders and reviewing a mobilisation plan. The gateways were in advance of 23 December 2016, by which date the contracts were expected to be in place. Further clarifications were requested from the providers in relation to the alliance-type contracts regarding governance and sharing arrangements. The Committee discussed the risks around alliance arrangements and the governance implications. The Lay Member for Finance questioned risk management around the potential joint venture. The Director of Finance commented that the risk was mainly around the engagement to influence the change required to deliver the benefits. Continuing with current arrangements would be a sub-optimal solution; however efforts were being made to find the optimum solution. All federations and relevant parties were included in the correspondence as part of the engagement processes. The Lay Member for Finance questioned the impact of the agreement with SCAS on the following year. The Director of Finance confirmed that a review of their local pricing had already been started. The baseline review for OH had commenced but there are underlying data issues. The Lay Member commented on the existing format of the Risk Registers, which was very broad and generic. The risk facing the CCG at the time of the meeting was very specific; therefore, the articulation of risks needed to become more specific too. It would ensure that the reporting and the mitigating actions were more focused.	
6.	**Counter Fraud, Bribery and Corruption Policy** The Committee was requested to approve the amended policy. The previous version contained unnecessary information which had been removed, while other information had been updated to be in line with NHS Protect guidance. The new document was shorter than the previous version. The Committee approved the amended policy.	
7.	**Quality and Performance Committee Minutes** The Committee noted the minutes of the meetings held on 28 June and 25 August 2016. The Lay Member for Finance referred to the Integrated Performance	

	Report (the minutes of 25 August 2016) which had identified the national targets being missed and the consequent knock-on effect. Having made a significant investment into the OUHFT and facing the situation where the organisation didn't deliver the targets, it was questioned whether the investment was justified, or whether the funds could have been invested elsewhere. The Director of Governance noted that the original discussions and agreements about NHSI A&E trajectory took place between NHSI and the Trust. The Director of Finance further added that if trusts signed up to the trajectory, then the CCG couldn't impose national sanctions. In addition, the CCG held Q2 Assurance Meeting which involved NHSI representative, OUHFT and the CCG. Moreover, there was A&E Delivery Board consisting of commissioners, providers, NHSI and NHS England (NHSE). The problems were likely to arise in circumstances when it wasn't possible to agree the right size capacity and activity plan for the system. The Lay Member for Finance highlighted item 7 (Risk Register) of the Quality Committee meeting of 25 August 2016 concerning Primary Care risks. It was felt that the Quality Performance Dashboard would be beneficial to enable the Chairs of the Finance and Audit Committees to be clear about quality assurance risks.	
8.	**Conflict of Interest Policy** The Audit Committee was asked to approve the revised Managing Conflicts of Interest Policy. The Audit Committee was asked to note • the first quarterly self-assessment • the Implementation Plan The Director of Governance explained that new statutory guidance had come out in June, and the requirement for the policy to be compliant with new requirements. The Director further highlighted the provision in the policy in respect to individual declaration of gifts on hospitality registers. It was recommended that in the interests of transparency, a register of gifts and hospitality would be kept up and published. Another area brought to the attention of the Committee members was the requirement for quarterly assessment signed off by the Chair of Audit Committee and the CEO of the CCG. Furthermore, an Implementation Plan was developed to ensure all the required actions were undertaken. The Chair of the Audit Committee reflected on the past experience where GP practices were not disclosing everything and questioned whether this was rectified. The Director of Governance responded that GP practices were requested to declare interests and they were complying with the requirement.	

	The Lay Member for Finance commented that the lines between GP Federations and commissioners were being blurred. The Director of Governance suggested the following questions for discussion: • Acceptability of Lead GPs who attend locality meetings holding key roles in the GP Federations. • Acceptability of federation representatives participating in locality meetings and being involved in the discussions. West Oxfordshire Locality Director commented on the above suggestions saying that there might not be anyone interested in taking up the practice Lead GP role if people were blocked from doing the federation role as well. The Lay Member for Finance expressed the option that those individuals active in the commissioning agenda could not be active directors of a GP federation, as there needed to be a division of duties. It was agreed that the policy needed extra clarification on the definitions on individuals in Primary Care commissioning. Counter Fraud representative of Tiaa advised that there was a requirement to declare gifts/hospitality even in the event when these were declined. The offence was wider than accepting the bribe, and extended to offering one as well. The Committee approved the revised Managing Conflicts of Interest Policy and noted the first quarterly self-assessment and the Implementation Plan.	
9.	**Transformation Board** The Committee was asked to review the questions on Paper 8 and agree these were the areas they wished to see covered. The Director of Governance reported that Simon Angelides was the Interim Programme Director for Transformation. The programme structure for Transformation Board required more clarity, in particular in the decision-making area and individual workstreams. The Lay Member for Finance noted the significant slippage on the programme and the complexity of its nature. It was felt that the view as well as the lessons learnt had to be communicated to the OCCG Board. The Chair of the Audit Committee also suggested that the Audit Committee needed to be updated as to the outcome of the review of the programme to enable it to get assurances that proper working mechanisms were in place. The Audit Committee should also be given an update once or twice per year to see if targets were being met and relevant assurances could be given to the OCCG Board. The Director of Governance consented with the view.	

	The Chair of the Audit Committee further discussed the way of engaging with GPs and practices and the level of involvement; concerns were expressed that individual practices didn't have knowledge of the Transformation programme. The Director of Governance confirmed that the assurance process required the OCCG to demonstrate clinical acceptance of the proposals; hence clinical leads had been involved in the discussions, and the feedback from locality meetings was also taken into account. Comments from West Oxfordshire Locality Clinical Director were that GPs' interest might have been put off by volumes of paperwork received for the programme, and the fact they didn't feel the programme would have a significant influence on their work. The Lay Member reiterated the importance of having a clearly defined scope of work, set of deliverables, acceptance criteria within the Transformation Board. The individual worksteams should be adequately resourced with the right level of human resources and skills to get the job done within the timeframe. It was agreed that the complexity of the programme resulted in the fact that no individual person could be held accountable. **Action: Distribute the Governance Proposal by S Angelides to Committee members for the review.**	**CM**
10.	**Scheme of Delegation** The Committee was requested to endorse the proposed changes and recommend that the Board adopted the revised Scheme of Reservation and Delegation. The changes were aimed at minimising ambiguity and bringing together the rules for: • Commissioning and contracting for primary care services; • Commissioning and contracting for health care services; • Non-health care services. The Director of Governance discussed the way Scheme of Delegation was addressing the issue of governance and decision-making in relation to procurement. It was confirmed that approval of the CCGs contracts for any commissioning and corporate support in accordance with financial thresholds (outlined in Table 10) were reserved for the Chief Executive. The Committee members discussed the wording of Appendix B, clause 1.1. and agreed that the text required further fine-tuning. It was further suggested by Counter Fraud representative of Tiaa to remove the sentences on pages 18 and 25 related to fraud cases over £15,000. The Audit Committee endorsed the proposed changes.	

EXTERNAL AUDIT		
11.	**In Year Progress Report** The Committee noted the report. **Action: Incorporate External Audit In Year Progress Report into the work plan for the Audit Committee**	**ET**
12.	**CCG Audit Committee Briefing** The Lay Member for Finance noted the section of the Report on Third Party assurances and requested for further information on **how that applied to Oxfordshire.** The Chair of the Audit Committee highlighted the topic of EU Referendum and the impact on regulation of medicines and medical devices, as well as the importation of drugs the cost of which would likely to increase going forward. Further enquiries were made around NHS National Tariff Payment System 2017/18 and whether there was cause for concern around that. The Director of Finance confirmed the risks were present; the initial draft was issued, and the CCG was working through that. It was agreed that Finance Team would monitor the implications of the EU Referendum on the NHS and brief the Audit Committee on the developments.	**MG**
INTERNAL AUDIT		
13.	**In Year Progress Report** Director of Tiaa commented on the timely manner in which responses from the management had been received and “Reasonable” evaluation category allocated the 2 items under review. The Director further added that the audit of the Quality-Care Home Contracts initially scheduled for Quarter 2 had been deferred to Quarter 4 at the suggestion of the CCG management. The earlier discussion between the Director of Tiaa and the Director of Governance about Information Governance review resulted in a decision to undertake Information Governance review as a two stage process. Senior Audit Manager of Tiaa confirmed that increasingly organisations opted for a 2-stage review to allow for remedial actions to take place. The Director updated on the implementation and closure of actions resulting from the audit review in years 2014 – 2015; the actions from 2016 Audit would be closed soon.	

	The Director briefed the Audit Committee members on the progress against the Annual Plan. It was proposed to provide a summary report of Key Financial Assurance review to the Finance Committee meeting. Committee members felt that a virtual meeting of the Audit Committee around the first week of December 2016 would be more appropriate. Further clarifications were provided on the scope of work involved under Contingency area. The scope of the review had been earlier approved by the CCG's Clinical Lead, with primary care being allocated 11 days out of 14. It was suggested to discuss Primary Care topic again during the virtual meeting of the Committee in early December. Senior Audit Manager of Tiaa reported on the work carried out to provide assurance to support that the CCG was compliant with NHS constitution. The overall assurance assessment level was "Reasonable", no gaps had been identified. The areas of transparency, openness and accountability provided good evidence of the CCG being compliant. Recommendations made included triangulating the decisions being taken at CCG level in relation to the constitution and the ways in which results from patient surveys could be used. The Manager further updated on the area of Financial Reporting and Budgetary Control, which was aimed at ensuring that budget planning was based on the CCG Operational plan. The Lay Member for Finance briefly touched on the data quality and the reliance on that data from 3rd parties to reach decisions. It was important that all loops compromising data quality were closed off. It was mentioned that data quality badges were used by some companies. The Director of Finance confirmed that data quality reports were due to be received by the Commissioning Support Unit (CSU), and the data contained in them could be tested in future. The Committee noted the progress of the Internal Audit and approved Plan changes.	
COUNTER FRAUD		
14.	**In Year Progress Report** Counter fraud representative of Tiaa reported to the Committee members that the primary responsibility for all local anti-crime work should remain at the local NHS level. NHS Protect would still have national investigation team, but the investigations would need to reach certain criteria before these could be brought forward. When discussing the item of Personal Health Budget within Risk Assessment, it was reported that significant issues of processes	

	identified at other CCGs would be shared with all relevant CCG staff. In relation to Mileage and Expenses it was noted that manual processes were being replaced by an electronic system. The Committee noted the contents of the Progress Report.	
SECURITY MANAGEMENT		
15.	**In Year Progress Report** The Director of Finance briefed the Committee members on the contents of the report, and confirmed that the work related to Standards Self-Review and NHS Protect assessment was underway. The target submission date was the first week of November 2016. The Committee noted the Report.	
GENERAL AUDIT MATTERS		
16.	**Use of Single Tender Action Waiver** The paper was noted and the declaration of interest from Mike Delaney was noted by the Committee.	
17.	**Audit Committee Work Plan** **Action: Move the Work Plan forward for one year, fix new dates, produce a draft and circulate to all parties.**	**ET**
18.	**Any Other Business** There being no other business, the meeting was closed.	
19.	**Date of Next Meeting** **21 February 2017, 13:00-16:00, Conference Room A**	