



**MERTON CLINICAL COMMISSIONING GROUP
GOVERNING BODY**

Date of Meeting: 27th July 017

Agenda No: 10.1

Attachment: 11

Title of Document: Approved Minutes of the Audit & Governance Committee	Purpose of Report: For Note/Discussion
Date, author details: As per details on each attachment.	
Executive Summary: The minutes of the following meeting are attached: 16.03.17; 23.05.17. This item will also include a verbal summary from the Committee Chair regarding key issues, risks and mitigations.	
Key sections for particular note (paragraph/page), areas of concern etc: Whole document	
Recommendation(s): For Note & Discussion	
Committees which have previously discussed/agreed the report: N/A	
Financial Implications: N/A	
Implications for CCG Governing Body: N/A	
How has the Patient voice been considered in development of this paper: N/A	
Other Implications: N/A	
Equality Assessment: N/A	
Information Privacy Issues: N/A	
Communication Plan: All formal committee minutes are posted on the CCG's website as part of the Governing Body papers	



MINUTES

MERTON CLINICAL COMMISSIONING GROUP AUDIT AND GOVERNANCE COMMITTEE

Thursday 16th March 2017
3.15pm to 4.15pm
Meeting Room 6.2, 120 the Broadway, Wimbledon SW19

In attendance:

Members:

Peter Derrick (PD)	Lay Member and Chair of the Audit & Governance Committee
Claire Gummatt (CG)	Lay Member, Patient & Public Engagement Lead
Julie Hall (JH)	Independent Nurse Member
Stephen Powis (SP)	Secondary Care Consultant

In Attendance:

Andrew Moore (AMo)	Acting Chief Officer (part of the meeting)
Chris Moreton (CM)	Acting Chief Finance Officer
David Cotter (DC)	Associate Partner Corporate Affairs and Assurance
David May (DM)	Internal Audit - RSM
Mike Harling (MH)	Counter Fraud - RSM
Sarah Ironmonger (SI)	Grant Thornton, External Audit
Ade Oyerinde (AO)	Grant Thornton, External Audit
Yvonne Hylton (YH)	Note Taker, SECSU

Apologies:

None

NO.	AGENDA ITEM	BY
1	<u>Welcome and apologies</u> The Chair (PD) welcomed all present to the meeting advising that he had invited the Acting Chief Officer to attend this meeting.	
2	<u>MCCG Declaration of Interest</u> CG requested that her role of Chair of Primary Care Commissioning Committee be added to her entry. With the incorporation of the above amendment the Committee AGREED the register as a full and accurate record of all interests declared.	
3	<u>Gifts and Hospitality Register</u> As a public body, Merton CCG has a duty to ensure fairness and honesty in its relationships with suppliers, contractors, service providers and service users or any other person or organisation with whom MCCG have (or might have) business connections.	

	<p>All examples of hospitality and gifts being offered or accepted since the inception of the CCG in April 2013 are recorded on the register.</p> <p>The Audit and Governance Committee NOTED the register.</p>	
4	<p><u>Minutes of the meeting held on 21.11.16</u> The minutes were APPROVED as an accurate record of the meeting.</p>	
5	<p><u>Action Log/Matters arising</u> All actions were completed and discharged from the register.</p>	
6	For Approval /Note	
6.1	<p><u>Board Assurance Framework (BAF)</u> DC presented the BAF to update the Committee on changes since the last meeting.</p> <p>Risk 1032, relating to primary care has been removed from the Governing Body Assurance Framework. It has been replaced with risk 1042 as a more accurate representation of the primary care risk currently facing the CCG.</p> <p>Risk 1012 has been reduced from amber to green following the appointment of a named GP for safeguarding.</p> <p>PD asked that Objective 3 is updated to reflect the SWL Alliance, LDU and STP. DC said that the corporate objectives are being finalised and the BAF for 2017/18 for presentation to the Committee in June 2017.</p> <p><u>Recommendation</u> The Audit and Governance Committee APPROVED the BAF for formal approval by the Governing Body.</p>	TH/DC
7	For information	
7.1	<p><u>Tender Waiver – RSM</u> DM (Internal Audit) and MH (Local Counter Fraud Specialist) declared an interest in this item.</p> <p>CM introduced the paper which recommends a one year extension to the RSM Internal Audit and LCFS Contract. The existing contract expires on 31 March 2017. Due to the current co-terminosity of the internal and external contract's expiry across SWL, it is recommended that the Internal Audit and LCFS contract be extended. All CCGs in SWL have considered this proposal and have reached the same conclusion in the interests of business continuity.</p> <p>The extension will be on the same commercial terms as the existing contract.</p> <p>The Audit and Governance Committee AGREED the tender waiver to extend the contract with RSM for one year.</p>	
7.2	<p><u>Freedom of Information Report Q3 (201617)</u> CM has reviewed the report and has no concerns.</p>	

	<p>In Q3 MCCG had a 100% response rate for all applicants to receive a response within 20 working days which is a good achievement.</p> <p>The Audit and Governance Committee NOTED the Q3 report.</p>	
8	Audit Reports	
8.1	<p><u>External Audit Plan</u> AO presented the external audit plan and referred the meeting to risks where further information was required for the year-end assessment.</p> <p>PD commented on the risk related to co-commissioning advising that there is a significant governance risk in that Primary Care issues and decision-making has not yet been fully integrated with the CCGs committee structure.</p> <p>PD sought assurance in the event that the STP concept of budget control total does not correspond with the statutory financial requirement for CCGs. SI said that the Audit Opinion for regularity will be based on the NHS Statutory Responsibility.</p> <p>The Audit and Governance Committee NOTED the update</p>	
8.2	<p><u>Internal Audit Update</u> DM presented the update which comprised of three parts:-</p> <ul style="list-style-type: none"> - Internal Audit Strategy 2017-2020 - Internal Audit Progress Report 2016-17 - Draft Head of Internal Audit Opinion <p><u>Internal Audit Strategy Plan</u> In approving the internal audit strategy, the committee is asked to consider the following:-</p> <ul style="list-style-type: none"> - Is the audit committee satisfied that sufficient assurances are being received within the annual plan (appendix A) to monitor the organisation's risk profile effectively? - Does the strategy for internal audit (as set out at appendix B) cover the organisation's key risks as they are recognised by the audit committee? - Are the areas selected for coverage this coming year appropriate? - Is the audit committee content that the standards within the charter in appendix D are appropriate to monitor the performance of internal audit? <p>The plan is flexible to take into account any changes to risks or new risks in-year requiring Internal Audit input. Any changes to the plan will be approved by Management and the Audit and Governance Committee.</p> <p>Under the new STP arrangements some changes to governance and management are anticipated. Taking account of the Merton and Wandsworth Local Delivery Unit the aim for Year 1 is for audits for Merton</p>	

	<p>and Wandsworth CCGs to be undertaken at the same time.</p> <p>The Committee APPROVED the proposal and the Year 1 plan will be expanded to include WCCG recommendations</p> <p>From 2018/19 the plan is indicative as the contract for Internal Audit is not agreed.</p> <p>JH highlighted risk in the LDU Safeguarding Team which is higher than first expected. CG proposed, due to the urgency of the risk, that it is discussed at EMT and Clinical Quality Committee and assured through internal audit. The Committee AGREED the proposal.</p> <p><u>Internal Audit Progress Report</u> The report provides updates on the progress to date against the 2016/17 internal audit programme, and provides an update on the progress of implementing previously agreed management actions resulting from our follow up review.</p> <p>There has been one final internal audit report issued since the last audit committee relating to GP Overpayment (6.16/17).</p> <p>The report was specifically requested by Management due to concerns identified and a number of control weaknesses were highlighted. The CCG has made good progress in implementing the outstanding management actions and as demonstrated by the management action tracker, there are no overdue management actions.</p> <p>There are 3 Audits to be completed by 31.3.17:-</p> <ul style="list-style-type: none"> - Board Assurance Framework – now complete - Primary Care Commissioning – 22.3.17 - Conflicts of Interest - 20.3.17 <p><u>Draft Head of Internal Audit Opinion</u> The opinion based on work undertaken up to 23 February 2017 is that</p> <p><i>“The organisation has an adequate and effective framework for risk Management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.”</i></p> <p>The draft opinion takes into account the GP Overpayment. The Committee felt that the weight given to this in the draft opinion appeared somewhat disproportionate to its real significance.</p> <p>DM agreed to feedback the challenge to Nick Atkinson to liaise directly with CM.</p> <p>The Audit and Governance Committee NOTED the report</p>	
8.3	<p><u>Counter Fraud Report</u> MH presented the LCFS progress report.</p> <p>A counter fraud and anti-bribery presentation to the South West London</p>	

	<p>Practice Nurse and HCA Conference on 20 December 2016. Staff from Merton CCG was in attendance.</p> <p>The LCFS has reviewed the current processes in place relating to the pre-employment checks undertaken for all new staff employed by the CCG. This compliance based exercise assesses the CCGs' practices against the standards set by NHS Employers for pre-employment checks. The CCGs' procedures were found to satisfy the required standard and are in accordance with best practice.</p> <p>Counter fraud information, notices and, where appropriate, alerts are posted to the CCG for onward dissemination, including the December 2016 edition of our 'Notice Fraud' newsletter.</p> <p>A local proactive exercise into Conflicts of Interest is planned in conjunction with Internal Audit in March 2017.</p> <p>In accordance with NHS Protect requirements, the 2016/17 annual Self review tool (SRT) will be completed. This will comment on how the delivery of counter fraud service within the year adhered to NHS Protect's standards for Commissioners in relation to fraud and bribery.</p> <p>The LCFS will meet with the CFO to discuss the work to be carried out in the 2017/18 counter fraud workplan.</p> <p>The Audit and Governance Committee NOTED the progress report.</p>	
9	Any Other Business	
9.1	<p><u>Date of next meeting:</u> Tuesday 23rd May 2017 (Annual Report and Accounts only) Tuesday 20th June 2017 (Full Audit and Governance Committee meeting)</p>	

The minutes of the meeting held on 16th March 2017 are approved as an accurate record of the meeting.

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Chair of the Audit and Governance Committee

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Date



MINUTES

MERTON CLINICAL COMMISSIONING GROUP AUDIT AND GOVERNANCE COMMITTEE

Tuesday 23rd May 2017
10am to 11am
Meeting Room 5.1, 120 the Broadway, Wimbledon SW19

In attendance:

Members:

Peter Derrick (PD)	Lay Member and Chair of the Audit & Governance Committee
Claire Gummatt (CG)	Lay Member, Patient & Public Engagement Lead
Julie Hall (JH)	Independent Nurse Member (by telephone)
Stephen Powis (SP)	Secondary Care Consultant (by telephone)

In Attendance:

Sarah Blow (SB)	SWL Accountable Officer (by telephone)
James Murray (JM)	SWL Chief Finance Officer (by telephone)
James Blythe (JB)	Managing Director
Neil McDowell (NMc)	LDU Finance Officer
Chris Moreton (CM)	Acting Chief Finance Officer
David Cotter (DC)	Associate Partner Corporate Affairs and Assurance, NELCSU
David May (DM)	Internal Audit RSM
Sarah Ironmonger (SI)	External Audit, Grant Thornton
Ade Oyerinde (AO)	External Audit, Grant Thornton
Michelle Wallington (MW)	Communications and Engagement Lead
Orla Mooney (OM)	Senior Financial Accounts, NELCSU
Yvonne Hylton (YH)	Committee Secretary, NELCSU (Minutes)

Apologies:

Mike Harling, Counter Fraud RSM

NO.	AGENDA ITEM	BY
1	<u>Welcome and apologies</u> The Chair welcomed all present and those joining by telephone, as noted above, to the meeting.	
2	<u>MCCG Declaration of Interest</u> The register of Members interests was agreed as an accurate record and no further interests were declared in relation to the items on the agenda.	
3.	<u>Action Log</u> The action log noted.	
4.	MCCG Annual Report and Accounts 2016-17	
	The annual report and accounts covers the year 2016/17. The format of	

	<p>the report is prescribed in guidance and the external auditors have reviewed the document, and changes have been made in light of their comments.</p> <p>NHSE have also reviewed the annual report and RAG rated it green. Their recommendations have been included in the report.</p> <p>The Audit and Governance Committee is asked to review the report and recommend that the report is formally approved by the Governing Body at its meeting on 25 May.</p> <p>An addendum schedule was tabled at the meeting which described the final changes to the annual report and accounts that were made after the circulated draft was printed.</p>	
4a	<p><u>SELCSU Service Auditor Report</u> The Service Auditor Report (SAR) was presented to provide assurance of the quality of services provided by the SELCSU.</p> <p>DM advised that the report feeds into the Head of Internal Audit Opinion. The report has been reviewed by the Head of Internal Audit and no significant issues were identified.</p> <p>JHa asked if a succinct Merton extract could be provided to give assurance to the CCG and OM agreed to feed this back to the team.</p> <p>The Audit and Governance Committee NOTED the report</p>	
4b	<p><u>NHS Shared Business Services (SBS) Service Auditor Report 2016/17</u> The Service Auditors Report was presented for note by the Committee.</p> <p>SI advised External Audit had checked the report and identified no material changes for the audit. DM said that Internal Audit had no concerns.</p> <p>The Audit and Governance Committee NOTED the report</p>	
4c	<p><u>Annual Internal Audit Report 2016/17</u> DM introduced this item advising that for the 12 months to 31 March 2017 the Head of Internal Audit Opinion for MCCG is as follows:-</p> <p><i>“The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective”.</i></p> <p>DM said that all actions agreed with management during 2015/16 have been implemented and there were no overdue actions for implementation as at 31 March 2017.</p> <p>In reference to the wider value adding delivery, RSM have attended a meeting of the SWL CFOs to discuss the Internal Audit Plan and provide advice on benchmarking and joint working. In addition RSM hosted a cyber-security workshop in August 2016. The CCG was invited to attend and learning and slides from the workshop were shared with the CCG.</p> <p>All internal audit indicators were achieved in 2016/17.</p>	

	<p>PD referred to the feedback from the Committee that the weight given to the GP overpayment in the draft Head of Internal Audit Opinion was disproportionate to its real significance; DM said that the comments were feedback to the Head of Internal Audit and the reason that there were no changes made were discussed with the CFO.</p> <p>The Audit and Governance Committee NOTED the annual internal audit report.</p>	
4d	<p><u>MCCG Annual Report and Accounts 2016/17</u></p> <p><u>Annual Report 2016/17</u> Michelle Wallington introduced the annual report including the governance statement for 2016/17.</p> <p>The Committee agreed the following changes for presentation to Governing Body on 25 May.</p> <ul style="list-style-type: none"> - Under the Chairs introduction the date for the Talking Healthcare Forum to be changed to 29th June; - Page 118 the date of the IG Toolkit to be changed to 2017/18; - Page 117 reference to MCCG hosting the Community Services Contract to be amended to reflect the Contract was with Central London Community Healthcare (CLCH) from 1 April 2016. <p>PD said that the report was very well written and SB thanked MW and her team for their work in producing the report.</p> <p>MW left the meeting</p>	
4e	<p><u>Annual Accounts 2016/17</u> CM presented the MCCG Annual Accounts for 2016/17.</p> <p>The Auditor's Opinion of the financial statements will be inserted for presentation to Governing Body.</p> <p>PD referred to the provision against costs assured with debtors (P19) and asked how many debtors were involved. CM said that this mainly relates to an issue at the Nelson Health Centre.</p> <p>SB questioned the related party transactions where two executive directors have been added and asked if all Primary Care Medical Services expenditure should be reflected in the report. NMc said that this would be expected and agreed that the full contract would be reflected for Governing Body on 25 May.</p> <p>CM highlighted a journal change related to an increase of both Income and Expenditure of £6k. This is due to a re-coding rebate from the Audit Commission from an expenditure code to an income code. This change has no effect on the net reported position.</p>	
4f	<p><u>Audit Findings Report</u> For 2016/17 MCCG received an Unqualified Auditor's Opinion for:-</p> <ul style="list-style-type: none"> - Financial statements 	

	<ul style="list-style-type: none"> - Regularity - Value For Money <p>The auditor's opinion takes into account achievement of the £0.6m deficit control total and £2.1m surplus due to the release, in common with all CCGs, of the 1% reserve in Month 12.</p> <p>SI drew the Committee's attention to an internal control issue related to an employee contract which was not available for review for one of the samples tested. In response a management action has been agreed for a full review of all employee contracts in 2017/18.</p> <p>A Risk assessment carried out between February and March 2017 identified two significant risks related to:-</p> <ul style="list-style-type: none"> - Financial outturn and sustainability - Transformation and Governance. <p>Based on the work performed by the CCG the Audit concludes that the CCG are aware of the challenges and has proper arrangements in place to address the risks.</p> <p>PD said that the report was fair and balanced and he thanked SI and AO.</p> <p>The Audit and Governance Committee AGREED a recommendation for formal approval of the Annual Report and Accounts by the Governing Body at its meeting on 25 May 2017.</p> <p>SB said that this was a very good outcome for MCCG and thanked the Finance Team for their work, PD added his thanks to CM.</p> <p>SP left the meeting</p>	
4g	<p><u>Letter of Representation</u></p> <p>The letter of representation will be signed by the Chair of the Audit and Governance Committee and Accountable Officer following approval by the Governing Body on 25 May.</p>	
4h	<p><u>Consistency Statement</u></p> <p>The signed consistency statement signed by the Accountable Officer and CFO will be submitted to NHSE by 31 May 2017.</p>	
5	Any Other Business	
5.1	Date of Next Meeting: Monday 5 th June 2017, 11.30am to 1.30pm, Meeting Room 5.1, 120 the Broadway, Wimbledon	
	Meeting closed at 10.45am	

The minutes of the meeting held on 23 May 2017 are approved as an accurate record of the meeting

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Chair of the Audit and Governance Committee

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Date