

**MINUTES OF THE  
NHS RUSHCLIFFE CCG AUDIT COMMITTEE  
NHS NOTTINGHAM WEST CCG AUDIT AND GOVERNANCE COMMITTEE  
NHS NOTTINGHAM NORTH AND EAST AUDIT AND GOVERNANCE COMMITTEE  
NHS NOTTINGHAM CITY AUDIT AND GOVERNANCE COMMITTEE  
MEETING AS A COMMITTEE IN COMMON  
29 March 2018 at 9.00am**

Clumber Meeting Room, Easthorpe House, 165 Loughborough Road, Nottinghamshire NG11 6LQ

**Present**

<b>NHS Rushcliffe CCG</b>	Ann Greenwood Ian Blair	Lay Member for Audit (Chair from item 18/61) Lay Member for PPI
<b>NHS Nottingham West CCG</b>	Tim Woods Carol Knott	Lay Member for Audit (Chair to item 18/60) Lay Member
<b>NHS Nottingham North and East</b>	Terry Allen Janet Champion Mike Wilkins	Lay Member for Audit Lay Member for PPI Lay Member
<b>NHS Nottingham City</b>	Tim Woods Sue Clague Suma Harding Jonathan Bemrose	Lay Member for Audit Lay Member Lay Member (from 9-30am) Chief Finance Officer, Greater Nottingham CCGs
<b>In Attendance</b>	Lucy Branson Hazel Buchanan Joanna Clarke Sian Gascoigne Claire Page Lynne Sharp Richard Walton	Director of Corporate Development NCCCG Director of Operations, NNE 360 Assurance, Counter Fraud 360 Assurance, Internal Audit 360 Assurance, Internal Audit Head of Governance and Engagement, RCCG and NW KPMG External Audit

	<b>Action</b>
<b>AC/CIC/18/043 Welcome and Apologies for Absence</b>	
Mr. Woods welcomed everyone to the four Greater Nottingham CCGs' Audit Committees meeting as a committee in common. A round of introductions took place.	
Apologies were received from Mr. Crawley, KPMG.	
<b>AC/CIC/18/044 Declarations of Interest</b>	
i) The Chair reminded Committee members and anyone in attendance participating in the meeting of their obligation to declare any interest they might have on any issues arising at the meeting which might conflict with the business of NHS Rushcliffe CCG, NHS Nottingham West CCG, NHS Nottingham NHS Nottingham North and East CCG and NHS Nottingham City CCG or any items on this agenda.	

<p>ii) Declarations declared by members of the Committee were listed on the CCG's Register of Interests. The Register was available either via the Head of Governance or the CCGs website:</p> <p>NHS Rushcliffe CCG - <a href="http://www.rushcliffeccg.nhs.uk/your-ccg/freedom-of-information/publication-scheme/">http://www.rushcliffeccg.nhs.uk/your-ccg/freedom-of-information/publication-scheme/</a></p> <p>NHS Nottingham West CCG - <a href="http://www.nottinghamwestccg.nhs.uk/about-us/publication-scheme/">http://www.nottinghamwestccg.nhs.uk/about-us/publication-scheme/</a></p> <p>NHS Nottingham North and East CCG - <a href="http://www.nottinghamnortheastccg.nhs.uk/contact-us/freedom-of-information/conflicts-of-interest/">http://www.nottinghamnortheastccg.nhs.uk/contact-us/freedom-of-information/conflicts-of-interest/</a></p> <p>NHS Nottingham City CCG – <a href="http://www.nottinghamcity.nhs.uk/images/stories/docs/GoverningBody/180206 - Q3 - Nottingham City CCG Register of Interests Web.pdf">http://www.nottinghamcity.nhs.uk/images/stories/docs/GoverningBody/180206 - Q3 - Nottingham City CCG Register of Interests Web.pdf</a></p> <p>There were no further declarations of interest for this agenda. The Chair confirmed that all four Audit Committees were quorate.</p>	
<p><b>AC/CIC/18/045 Minutes from meeting on 17 January 2018 – NHS Rushcliffe, Nottingham West and Nottingham North and East CCGs Audit Committees meeting as a Committee in Common</b></p>	
<p>The minutes were accepted as a correct record.</p>	
<p><b>AC/CIC/18/046 Matters Arising not elsewhere on the Agenda</b></p>	
<p>i) <b>18/030 – External Audit Plan and Fees</b> In relation to the terms of reference for additional work on the impact of the cyber-attack. Mr. Allen reported that this had now been completed. It was a strong piece of work and had been reported and provided assurance to the IGMT Committee.</p> <p>ii) There were no further matters arising.</p>	
<p><b>AC/CIC/18/0047 Internal Audit Progress Report</b></p>	
<p>Miss Page presented the Progress Report for the South Nottingham CCGs highlighting the following key messages:</p> <ul style="list-style-type: none"> <li>• <b>Information Governance Toolkit (p5)</b> – this was now complete and a <b>FULL ASSURANCE</b> opinion had been given for the three South Nottingham CCGs.</li> <li>• <b>Conflicts of Interest</b> – the annual audit was now complete with a <b>SIGNIFICANT ASSURANCE</b> opinion for the three South Nottingham CCGs.</li> <li>• <b>HFMA NHS Audit Committee Handbook (p10)</b> – a revised edition had been published exploring the most common new arrangements for working together with a new chapter on partnership working.</li> <li>• <b>Public Sector Internal Audit Standards (p10)</b> – CIPFA had been commissioned to undertake an assessment of compliance against the standards. The report had not yet been issued but feedback was positive.</li> <li>• <b>QIPP PMO</b> – terms of reference had been issued.</li> </ul>	

Mr. Woods noted the number of recommendations outstanding for the South Nottingham CCGs and that none were high risk. Mr. Bemrose added that the CCGs had a good track record for completing actions relating to recommendations. It was noted that each CCG had different mechanisms for tracking progress and that this would be consolidated as part of the Greater Nottingham alignment.

#### **Head of Internal Audit Opinion (HOIA) – South Nottingham CCGs**

Miss Page presented the HOIAs for Rushcliffe, Nottingham West and Nottingham North and East CCGs highlighting that these were draft as at 13 March 2018. She noted that all three CCGs had **SIGNIFICANT ASSURANCE**.

In response to a question from Mr. Allen about Nottingham City's HOIA, it was confirmed that this was also a significant assurance opinion.

Mr. Woods commented that this was really positive given the transition and that staff should be commended for sustaining this level of achievement during a period of such change.

Mrs. Gascoigne informed the Committee that work had started on scoping the extended follow up review on the Partnership Working – Managing Transformation STP/ACS Governance audit which had a Limited Assurance opinion when issued. This would focus on mitigating the original risks identified in the 2016/17 review.

Miss Page concluded by stating that the HOIAs would be updated and combined with the Internal Audit Annual Report ready for approval and submission with the audited Annual Report and Accounts on 29 May 2018.

The Committee **NOTED** the Internal Audit Progress Report.

#### **2018/19 Internal Audit Workplan**

Miss Page presented the workplan stating that it was a plan covering the four Greater Nottingham CCGs; that the collective total days had remained the same at 308, however they had been distributed equally meaning a reduction from 105 to 77 days for Nottingham City and an increase from 69 to 77 for each of the South Nottingham CCGs.

Mr. Woods noted that a significant proportion of the work would be the responsibility of the Operations Directorate and although this was not unexpected, it was important to understand how this would be delegated.

A discussion took place on principle risk areas not covered by the plan. It would be important for the workplan to be fluid and responsive during the transitional period and that there was an understanding of where assurances could be gained from elsewhere. It was noted that the contingency could be used for anything not currently in the plan and that there was always an option to purchase more days.

In response to a question from Mr. Allen about benchmarking, Mrs. Gascoigne stated that it was difficult to be specific as the number of days for other CCG clients varied depending on whether their workplan was stand-alone or whether they collaborated with other CCGs. Mr. Walton added that he felt it was comparable to a Trust allocation which would be around the 300 day mark.

<p>Mrs. Gascoigne added that there might be efficiencies later once the transition to Greater Nottingham had taken place.</p> <p>The Committee <b>APPROVED</b> the Internal Audit Plan 18/19.</p>	
<p><b>AC/CIC/18/048 360 Assurance Charters</b></p>	
<p>Mrs. Gascoigne presented the Charter highlighting that it set out the purpose and authority of and responsibility for internal audit and was consistent with the Definition of Internal Auditing, the Code of Ethics and the PSIAS. It should be read in conjunction with the Service Level Agreement.</p> <p>The Committee <b>NOTED</b> the Charter.</p>	
<p><b>AC/CIC/18/049 Counter Fraud Annual Work Plan 2018/19</b></p>	
<p>Ms. Clarke presented the Counter Fraud Work Plan highlighting that the CFO had been consulted in preparing the plan. The overall level of resources had been reduced but the CCGs were still in a robust position with their combined days.</p> <p>The Committee <b>APPROVED</b> the Counter Fraud Annual Work Plan 2018/19.</p>	
<p><b>AC/CIC/18/050 Counter Fraud Self-Review Tool 2018/19</b></p>	
<p>Ms. Clarke reported that the individual self-review tools had been combined and that the overall score was 'Green'. There was still some work on the Risk Assessment to do which would come to the next meeting.</p> <p>In response to a question from Mrs. Greenwood, Ms. Clarke confirmed that the indicators with an amber rating were not high risks, but required further work to be done. She also confirmed that changes had been made to previously red rated indicators where CCGs had not had incidents to demonstrate compliance.</p> <p>The Committee <b>APPROVED</b> the Counter Fraud Self-Review Tool 2018/19.</p>	
<p><i>Ms. Clarke left the meeting at 9-50am.</i></p>	
<p><b>AC/CIC/18/051 External Audit Joint Progress Report</b></p>	
<p>Mr. Walton presented the External Audit Progress Report highlighting that it was based on the interim visit and that all work was on track. He confirmed that his team had taken on Nottingham City's audit and that was on track also.</p> <p>A meeting had taken place with the NHS England North Midlands team with regard to primary care co-commissioning and the collation of evidence for expenditure at each CCG. This approach had been agreed across the Nottinghamshire/Derbyshire area to aid consistency. Mr. Walton added that this work had been ongoing throughout the year.</p> <p>In addition the risk assessments had been updated for consistency across the four CCGs. The Agreement of Balances (AOB) exercise reported in the paper suggested that this risk had been increased and resulted in an update to the plan. Mr. Walton confirmed that AOB was and remained a significant risk and that this had not increased or changed. Mr. Bemrose confirmed that the month 9</p>	

<p>exercise had not highlighted any issues.</p> <p>The remainder of the paper was a technical update. With regard to the Data Security and Protection requirements, Mrs. Gascoigne reported that 360 Assurance would be undertaking an exercise during quarter 1.</p> <p>Mr. Woods noted that good progress was being made.</p> <p>The Committee <b>NOTED</b> the External Audit Joint Progress Report</p>	
<p><b>AC/CIC/18/052 Annual Report and Accounts; 18/054 Accounting Policies</b></p>	
<ul style="list-style-type: none"> <li>• <b>NHS England Year-End Assurance Roles</b> Members reviewed the NHS England letter and noted its content.</li> <li>• <b>Annual Accounts Timetable</b> Members noted the reporting timetable including the two submission dates.</li> <li>• <b>Notes to the Financial Statements including Accounting Policies</b> In response to a question from Mr. Walton regarding Nottingham City Accounting Policies, Mr. Bemrose reported that Audrey McDonald was leading on work which would identify where there was a different accounting treatment previously.</li> </ul> <p>The Committee <b>APPROVED</b> the Accounting Policies</p>	
<p><b>AC/CIC/18/053 Finance Update: NHS England Financial Management 2017/18 Letter</b></p>	
<p>Mr. Bemrose presented the letter highlighting the key areas of financial management which would impact on the CCGs' financial positions:</p> <ul style="list-style-type: none"> <li>• Releasing the 0.5% system risk reserve to the bottom line to help offset the expected deficit position in the provider sector</li> <li>• Category M drugs rebate (short stocks of generic drugs) returned to CCGs</li> <li>• CQUIN Risk Reserve to be released to providers</li> </ul> <p>Mr. Bemrose confirmed the CCGs would be adhering to all the instructions in the letter.</p> <p>The Committee <b>NOTED</b> the Finance update.</p>	
<p><b>AC/CIC/18/055 NHS Property Services Letter 22 March 2018.</b></p>	
<p>Mr. Bemrose reported on a letter he had sent to NHS Property Services setting out the intentions regarding the final 2017/18 position for NHS Nottingham West, Rushcliffe and Nottingham North and East CCGs.</p> <p>He highlighted the position taken in previous years where proper billing models had not been received and that the CCGs did not agree the NHSPS debt figures for 2015/16. He continued that the CCGs had received billing models for 16/17 which were paid in full with the exception of the deduction of an overpayment by Rushcliffe CCG of £100k the previous year.</p>	

<p>For 17/18 the CCGs had started to pay NHSPS on the 16/17 model with payments made for the first 6 months of the year. However, the CCGs were instructed to stop paying which continued to be the situation at the date of this letter – 22 March 2018. Even if revised billing models were to be received, there would be insufficient time to agree these positions.</p> <p>Mr. Bemrose confirmed that the CCGs' position was that:</p> <ul style="list-style-type: none"> <li>• There was no debt/balance to pay for 15/16 or 16/17;</li> <li>• For 17/18 the CCGs would make full payment as per the 16/17 billing model which for clarity was: NNE - £480k; NW - £283k; Rushcliffe - £1,804k.</li> </ul> <p>Mr. Walton added that from an external audit perspective, they would consider the approach taken and generally agree with what the CCGs have done.</p> <p>Mr. Allen confirmed his support for this approach. In response to a question regarding Nottingham City, Mr. Bemrose confirmed that the figure was £2.2m and that payment would be made based on historical PCT figures as no billing model had been received.</p> <p>The Committee <b>NOTED</b> and <b>SUPPORTED</b> the approach taken; and <b>NOTED</b> the external audit comments.</p>	
<p><b>AC/CIC/18/056 Service Auditor Reports</b></p>	
<ul style="list-style-type: none"> <li>• <b>Arden Gem CSU</b> - Mr. Bemrose reported that it was inconsistent across the four CCGs, however the CCGs did not procure many services from the CSU overall. The main area was HR and given the low number of staff, this was a low risk area for the CCGs.</li> <li>• <b>Capita</b> – this was for payments for primary medical services and had been raised as a risk previously. As the CCGs could not rely on the SAR for assurance, substantive testing of invoices and transactions would take place. The sample was ready for audit scrutiny and the CCGs were in a better position than in previous years.</li> </ul> <p>Mr. Allen commented that the Capita failings two years on were significant.</p> <p>The Committee <b>NOTED</b> the reports.</p>	
<p><b>AC/CIC/18/057 Conflicts of Interest: Self-Certification Q4 and Annual returns</b></p>	
<p>The Committee <b>NOTED</b> the Quarter 4 self-certifications and Annual Returns submitted to the NHS England North Midlands team for NHS Nottingham West, Rushcliffe and Nottingham North and East CCGs.</p>	
<p><b>AC/CIC/17/0058 Financial Governance</b></p>	
<p>Mr. Bemrose reported the following for NHS Nottingham West, Rushcliffe and Nottingham North and East CCGs:</p> <ul style="list-style-type: none"> <li>• Losses and Compensation Payments – there were no payments made since the last meeting.</li> <li>• Use of Company Seal – there was no use of the company seal since the last meeting</li> </ul>	

<ul style="list-style-type: none"> <li>• Waiver of Standing Orders: there were two Exemption Requests from Nottingham West CCG for noting: <ul style="list-style-type: none"> <li>- Provision of procurement advice Horizons New £41,500 starting 12 February 2018 – fixed contract price for commissioned piece of work;</li> <li>- Urogynaecology pathway – extension of existing supplier contract (NHS Nottinghamshire Healthcare Foundation Trust) starting 1 April 2018 for 12 months £58,508.</li> </ul> </li> </ul> <p>The Committee <b>NOTED</b> the three reports.</p>	
<b>AC/CIC/18/059 Items for escalation to Governing Body/Officers</b>	
<ul style="list-style-type: none"> <li>• Items for escalation to Governing Body/Officers – there were no items to escalate.</li> <li>• Risks identified during the course of the meeting – no further risks were identified.</li> </ul>	
<b>AC/CIC/18/060 Any Other Business</b>	
<ul style="list-style-type: none"> <li>i) Mr. Bemrose reported that there were different processes in place for Nottingham City and the three south Nottingham CCGs and that he was to meet with 360 Assurance to align these.</li> <li>ii) There was no further business.</li> </ul>	
<i>The meeting closed at 10-30 am.</i>	
<b>Date and Time of the Next Meeting</b>	
10 May 2018 at 09.00 at Stapleford Suite, Stapleford Primary Care Centre, Church Street, Stapleford, NG9 8DB	

**Signed**

by: ..... Mr. T. Woods  
..... Mrs. A. Greenwood  
..... Mr. T. Allen

**Date:**