

**MINUTES OF WILTSHIRE AUDIT AND ASSURANCE COMMITTEE MEETING
HELD ON TUESDAY, 15 MARCH 2016 AT 09:30
AT SOUTHGATE HOUSE, DEVIZES**

Present:

Peter Lucas	PL	Chair, Lay Member
Mark Smithies	MS	Secondary Care Doctor
Dr Anna Collings	AC	GP Vice Chair, NEW

In Attendance:

Simon Truelove	STr	Chief Financial Officer
David Noyes	DJN	Director of Planning, Performance and Corporate Services
Duncan Laird	DL	External audit, KPMG
Lynne Baber	LB	Internal audit, PwC
Natalie Tarr	NT	Internal audit, PwC
Barry Hards	BH	Security Management Specialist
Diana Hargreaves	DJH	Board Administrator

Apologies:

Christine Reid	CR	Vice Chair, Lay Member
Paul Travers	PT	Security Management Specialist
Steve Perkins	SP	Deputy Chief Financial Officer
Susannah Long	SL	Governance and Risk Manager

Item Number	Item	Action
AAC/16/03/01	<p>Welcome and apologies for absence</p> <p>PL welcomed everybody to the meeting noting the apologies above and introducing BH to the Members.</p>	
AAC/16/03/02	<p>Declarations of Interest</p> <p>Members were reminded of their obligation to declare any interest they may have on any issues arising at the meeting which might conflict with the business of Wiltshire CCG.</p>	
AAC/16/03/03	<p>Previous Minutes</p> <p>Audit and Assurance Committee meeting held 12 January 2016.</p> <p>The minutes were agreed as an accurate record.</p>	
AAC/16/03/04	<p>Matters Arising</p> <p>None.</p>	

AAC/16/03/05	<p>Action Tracker</p> <p>AAC/15/01/05 STr said that, although the BCF issue had been resolved, the accounting issue that had been flagged up through audit had not. STr was meeting Michael Hudson tomorrow and will decide after that whether it is necessary for PL, as Audit Chair, to write to the Council to request a meeting to resolve the issue. For 2016/17, the CCG has ensured that the BCF will be tightly managed, thus de-risking the CCG's position. ONGOING.</p> <p>AAC/16/01/13 This has not yet been required but will be in the future. ONGOING.</p> <p>AAC/16/01/13 This has not been done: however, does need to be carried out.</p> <p>AAC/16/01/14 Done. COMPLETE.</p> <p>AAC/16/01/15 PL has raised this with JCu. COMPLETE.</p>	<p>STr</p> <p>AC/PwC</p> <p>PwC</p>
	ITEMS FOR DECISION	
AAC/16/03/06	<p>Review of HR Policies</p> <p>DJN informed the Committee that the AAC had previously agreed the seven core policies, which were now due for review. The policies themselves had not been brought to the Committee as there had been no substantive changes.</p> <p>The Committee received the report and agreed the HR Policies.</p>	
AAC/16/03/07	<p>Records Management Strategy</p> <p>STr introduced the paper with the amendments to the year-old strategy highlighted in green text.</p> <p>Under 3.7, PL asked how often the management audits would be carried out. STr responded saying that evidence of the audits was a requirement of the Information Governance Toolkit. The way the CCG files were structured would be improved, which would facilitate the ability to audit the file structure.</p> <p>The Committee received the report and agreed to recommend the Records Management Strategy to the Governing Body for approval.</p>	
AAC/16/03/08	<p>Social Media Policy</p> <p>DJN presented the paper with the Social Media policy, providing the CCG employees with guidance on the use of social media tools to help achieve business goals.</p> <p>PL congratulated Sarah MacLennan on the paper and asked if there had been any issues with social media thus far. DJN responded saying that there had not and STr said that cyber security was more of a risk to the CCG than social media.</p> <p>The Committee received the report and approved the Social Media Policy.</p>	

ITEMS FOR DISCUSSION		
AAC/16/03/09	<p>AAC Self-Assessment Checklist</p> <p>PL explained to the Members that there had been no opportunity to meet to discuss the Checklist. This would be an agenda item on the next AAC meeting in May.</p>	PL
AAC/16/03/10	<p>Review Annual Governance Statement</p> <p>The Annual Report is being drafted and will be circulated outside of this Committee, by SL, for comment.</p>	SL
AAC/16/03/11	<p>Internal Audit Progress Report 15/16</p> <p>NT introduced the report updating the Committee on the progress of 2015/16 internal audit reviews and stating that they were on track with the work needing to be done.</p> <p>DJN said that more notice of impending audits would be appreciated by staff and the finalised Internal Audit annual workplan will be circulated to Executive Management Team members. Members agreed that audit is important for testing the controls operated by the CCG, in order to safeguard the organisation.</p> <p>The Committee received and discussed the report.</p>	NT/DJH
AAC/16/03/12	<p>Internal Audit Tracker 15/16</p> <p>NT presented the report informing Members about outstanding internal audit recommendations reported in the tracker. Additional columns had been included in the summary sheet and, although some progress had been made, there was some way to go with closing off some of the recommendations.</p> <p>PL expressed concern about the number of recommendations still in progress. Although this was symptomatic of management working very hard, the tracker needed to be cleaned up, as well as the day job needing to be done.</p> <p>DJN said that 3 of the 4 recommendations under Business Continuity Planning should be cleared tomorrow. There would not now be a lease for the CCG's occupancy of Southgate House and DJN does not feel that this is a threat to business continuity: therefore the Chair agreed that this action is now closed.</p> <p>DJN asked that Bryannie Thurston from PwC visit staff to gather evidence so that some of the old recommendations can be cleared.</p> <p>The Committee received and discussed the report.</p>	PwC PwC
AAC/16/03/13	<p>Internal Audit Draft Plan and Fee 16/17 (taken after item 14)</p> <p>LB presented the report stating that the CCG was currently over-budget and it was therefore necessary to re-balance to a plan for 100 days, from 118. The Members discussed the number of days attributed to the auditable units in the plan and reduced them to fit within the allotted</p>	

	<p>budget. PwC would amend the plan and re-submit to STr for approval.</p> <p>The Committee received and discussed the report.</p>	PwC
AAC/16/03/14	<p>Internal Audit Draft Annual Report 15/16 (<i>taken after item 15</i>)</p> <p>LB presented the report, informing Members of the highlights around the Head of Internal Audit Opinion (Significant Improvement Required), based on the scope of work that PwC has been looking at. LB continued by reassuring the Members that the issues that have been raised are not indicative of pervasive weaknesses across the system.</p> <p>On Page 6, the total number of findings in the Low column should read 6 and not 65.</p> <p>STr said that NHS England had wanted to see the draft internal audit opinion report a few weeks ago and thanked PwC for producing the draft so quickly in response. The report will be submitted to NHS England by Friday this week, once it has been agreed by the Committee today. PwC will need to change the Audit plan to reflect that the Internal Audit Opinion Report will be expected to be submitted to NHS England by February in future years.</p> <p>LB explained to the Committee that the Opinion Report was one source of assurance among many and PwC will add wording in the report introduction to support how the CCG has used PwC in terms of looking at areas of risk and pointing PwC towards those areas of work with which the CCG is not comfortable, inevitably leading to a higher opinion finding. PL to articulate the concerns and frustrations raised by Members around the process through the Audit Chairs' network.</p> <p>MS expressed concern that the content of the report was not being discussed by the Committee and asked what remedial action was being taken by the CCG in relation to the high classification against HR – Objective Setting and Appraisals. Reminders had been issued to ensure that objectives were being set throughout the organisation: the framework was in place for this to happen, so it would be an issue of compliance if the activity was not being carried out.</p> <p>DJN said that sickness absence rates were low and staff turnover was not significantly high, suggesting staff were content. However, it would be even more important to support staff with the advent of the Sustainability and Transformation Plan and the Accountable Care Organisation.</p> <p>MS asked whether contract performance was a financial threat and in response STr said that the core business of commissioning healthcare in Wiltshire was strong. The management information coming out of the softer services was sketchy and the issue was how to present this information to the relevant groups.</p> <p>The Committee received and discussed the report.</p>	<p>PwC</p> <p>PwC</p> <p>PL</p>
AAC/16/03/15	<p>Internal Audit Final Reports (<i>Taken after item 12.</i>)</p> <p>NT presented the reports that are the final reports relating to the internal</p>	

	<p>audit reviews of Core Financial Systems and Procurement, both of which have been rated as medium risk overall, with one high risk rated finding noted in the Procurement report.</p> <ul style="list-style-type: none"> • Core Financial Systems STr agreed that the recommendations would be easy to implement. • Procurement STr explained to the Committee the context in which the high and medium risk findings re contracting had been applied. <p>Members commented:</p> <ul style="list-style-type: none"> • MS suggested that there may be an advantage to sharing the back room functions with organisations that had experience of providing detailed cost reporting within contracts. However, the impact on staff of out-sourcing would need to be considered • The STP will be the catalyst to drive some of this work as every single line of expenditure will be scrutinised in order to reduce the costs of our services • If there was the opportunity for primary care practices to work together, this would reduce the size of bureaucracy • The CCG needs to have a contract register in place <p>NT said that there were many areas of good practice that had been identified.</p> <p>The Committee received and discussed the reports.</p>	
AAC/16/03/16	<p>External Audit Technical Update</p> <p>DL introduced the report updating Members on key technical issues that had occurred since the last technical update in January 2016.</p> <p>The Committee received the report.</p>	
AAC/16/03/17	<p>External Audit Draft Plan and Fee 15/16</p> <p>DL talked to the summary page on the report, setting out the audit plan for 2015/16, including the proposed audit approach, risk assessment and areas of focus.</p> <p>The Committee received the report.</p>	
AAC/16/03/18	<p>Health and Safety Compliance Report</p> <p>DJN presented the report on the management arrangements for Health and Safety within the CCG, compliance with legislation and approved codes of practice and key issues to be addressed.</p> <p>Members complimented SL on a good piece of work.</p> <p>The Committee received the report.</p>	
AAC/16/03/19	<p>Review Board Assurance Framework (BAF) and Risk Register (RR)</p> <p>DJN presented the BAF and RR.</p>	

	The Committee received and discussed the BAF and RR and agreed to recommend the Top 10 risks to the Governing Body.	
AAC/16/03/20	<p>Security Management Services Progress Report 15/16</p> <p>BH gave the Committee a verbal update on progress to date.</p> <ul style="list-style-type: none"> ➤ The previously reported suspected theft of a laptop was incorrect as the laptop had been borrowed and then returned, without following the correct process ➤ NHS Protect have said that commissioners will be required to submit Self Review Tools (SRTs) during 16/17 and that from 17/18 NHS Protect will be conducting quality assurance inspections of commissioners for the first time. Providers (mainly FTs) have had to submit SRTs for some years now and they have similarly been subject to quality assurance inspections ➤ The number of Commissioner Security Standards has now increased from 11 to 15. This is mainly in the area of Strategic Governance, specifically around the processes where commissioners are required to seek assurance from their providers to ensure they meet the security standards that apply to them, as per the clauses within the NHS Standard Contract. This will include the review of providers' own SRTs which will be shared with the commissioners ➤ As the role of NHS Protect changes, ensuring provider compliance with the standards has become a contractual responsibility that now falls to the commissioner. Consequently, included within the new Commissioner Standards are specific standards in relation to this <p>The Committee received and discussed the verbal report.</p>	
AAC/16/03/21	<p>Security Management Services Annual Draft Plan 16/17</p> <p>The Committee received the plan.</p>	
AAC/16/03/22	<p>Annual Work Plan 16/17</p> <p>The Committee received the plan.</p>	
	ITEMS FOR NOTING	
AAC/16/03/23	<p>Information Governance Group meeting minutes</p> <p>The Committee received and noted the minutes.</p>	
AAC/16/03/24	<p>Aged Debtors and Creditors Report</p> <p>STr took Members through the CCG's receivable and payable position.</p> <p>The dispute with NHS England over the out of county placement has been resolved, which has helped the CCG's financial position. The dispute with Wiltshire Council re Section 28 continues: STr has a meeting with Michael Hudson at which it was hoped that a response to the offer of a 50/50 split would be forthcoming.</p>	

	The Committee received and noted the report.	
AAC/16/03/25	Losses and Special Payments Report None.	
AAC/16/03/26	Competitive Tender Waivers None.	
AAC/16/03/27	Any Other Business The Committee gave STr delegated authority to sign-off the Toolkit submission on behalf of the CCG. There will be an Extraordinary AAC meeting on 19 April 2016 from 09:30 – 10:30hrs in the Conference Room, Southgate House. There was no further business discussed and the meeting closed at 11:10hrs.	

ITEMS FOR INFORMATION - The following papers are for information only and will not be discussed at the meeting. Printed copies can be made available to members. Should you have any questions regarding any of the papers, please contact the author.

Date of next Audit and Assurance Committee Meeting: 17 May 2016 09:30 – 11:30hrs