

**MINUTES OF THE AUDIT COMMITTEE
HELD ON TUESDAY 16 OCTOBER 2012
HOLLYFIELD ROAD, SURBITON**

PRESENT:	Paul Gallagher (Chair) David Knowles Dr Junaid Syed	Lay Member Lay Member Governing Body GP
IN ATTENDANCE:	Nick Atkinson Darriane Garrett Yarlini Roberts Dr Phil Moore Phil Chapman Jo Dandridge	Internal Auditor, RSM Tenon Local Counter Fraud Service, RSM Tenon Finance Manager Interim Chair, Designate Governing Body Project Manager Business Manager
APOLOGIES:	Dr Naeem Iqbal David Smith Colin Edwards Neil Ferrelly Jill Pearce	Governing Body GP Chief Officer, Designate Local Counter Fraud Service, RSM Tenon Chief Finance Officer, Designate Head of Governance & Business Support

12/21 **Welcome and Introductions:** Those present were welcomed to the meeting.

12/22 **Declarations of Interest:** None.

12/23 **Minutes of the last meeting – 24th July 2012**
The minutes of the last meeting held on 24th July 2012 were agreed as an accurate record.

12/24 **Terms of Reference**
The Committee received the previously agreed Terms of Reference and were being asked to review these.

Following discussion the following was agreed:

- To alter the current wording on quorum as follows: '*A quorum shall be two members, of which one must be a Lay Member and one must be a GP*'.
- To include a form of words around compliance with Standing Order, Standing Financial Instructions and scheme of delegation

ACTION: The Terms of Reference would be amended to reflect the actions agreed and would be reviewed again in 3 months' time.

12/25 Key Issues from Finance Sub Committee

Members noted the following key issues from the recent Finance Sub Committee meeting:

- Month 5 financial performance showed the year to date position reflecting an underspend of £1,673 in line with delivery of the required surplus.
- Contingency reserves being used to mitigate over performance on acute services
- Kingston Hospital Qtr 1 position agreed and now looking to reach year end settlement
- Cap and collar proposal with St George's not signed up to as funding was slightly greater than over performance.
- Over performance showing at Queen Mary's for the first time
- Forensic mental health shift

In addition, members noted that subsequent to the Finance Sub Committee meeting, concerns were being raised over Kingston Hospital's in year position and the political nature of their Foundation Trust application.

Members were also advised of the risk around the continuing care retrospective claims and noted that there had been around 800 claims received across the cluster. Locating the paperwork for each of the claims would prove difficult and verifying validity would be a challenge.

12/26 Risk Register

Jill Pearse was not present at the meeting and therefore members went through the latest summary version of the Risk Register.

Members highlighted that in order to do the annual governance statement, there had to be explicit reference to assurance within the Risk Register.

ACTION: Jill Pearse would be asked to add the potential high costs relating to the Continuing Care retrospective claims to the Risk Register.

ACTION: Paul Gallagher and Jill Pearse to meet and go through issues on assurance to be highlighted on the Risk Register.

12/27 Transition Update

Phil Chapman gave a verbal update and reported that he was working with cluster on the safe handover and transfer of functions from NHS SWL to the CCG. There was a list of 250 designated functions and a gradual handover process was taking place between now and the end of December.

Members noted the high risk of those functions where staff were moving on to different organisations and taking away local knowledge and corporate memory.

Nick Atkinson reported that RSM Tenon had completed an audit of statutory duties and functions.

ACTION: It was agreed that transition updates would be a standing agenda item and Phil Chapman agreed to provide a report for each meeting on the localised position and include any perceived areas of risks.

12/28 Commissioning Support Service

Members noted that Henry Wilson, the relationship manager for Kingston CCG would be invited to attend the next meeting and would be asked to provide a report for that meeting.

12/29 External Audit Update

Paul Gallagher advised members that he was meeting the Area Director for Grant Thornton, the successful bidder for the South London area whose service would formally commence on 1st April 2013. An External Auditor would be appointed for Kingston CCG to sit on the Audit Committee in due course.

Members noted that the Audit Commission were still in existence and would continue to provide mandated prices.

12/30 Internal Audit Update

A paper providing an update on internal audit work had been circulated with the agenda papers.

Nick Atkinson highlighted that NHS SWL did not currently have in place a formal documented Performance Management Framework and that there was a risk that staff may not be aware of the process for obtaining the data for the performance return, entering data for the return and signing off the return.

Members were reminded that the contract with RSM Tenon ends on 31st March 2013 and that it would not automatically novate to the CCG.

ACTION: Discussion would be held outside of the meeting on the option to extend the contract for a further year.

12/31 Local Contract Fraud Work Plan

Darriane Garrett attended the meeting on behalf of Colin Edwards and tabled a copy of the NHS Commissioning Board's Code of Conduct: 'Managing conflicts of interest where GP practices are potential providers of CCG-commissioned services'.

Following publication of the Bribery Act, it was considered crucial that Governing Body members discussed business ethics and challenging behaviours and agreed this should take the form of a Seminar which would be facilitated by RSM Tenon.

ACTION: Arrange for RSM Tenon to facilitate discussion on conflict of interest at the next Governing Body Seminar being held in February.

Darriane Garrett also gave a verbal update on the relationship and liability issues with contracts and advised that NHS Protect were not being prescriptive yet for CCGs and therefore a risk assessment needed to be completed.

Members noted the Counter Fraud work plan that had been brought to the last meeting and needed more meat on the bones and to include adherence to the Nolan principles and a reminder of what these principles are.

ACTION: For the next Audit Committee meeting the programme of work would be brought to the meeting to raise awareness with GPs and key groups within CCGs.

12/32 Standing Financial Instructions / Tender Waivers

Members noted that a draft set of Standing Financial Instructions for transition through to CCG had been developed (aka Prime Financial Procedures).

ACTION: A copy of the draft Prime Financial Procedures would be brought to the next meeting for comment.

12/33 Any Other Business

There was no other business.

12/34 Date of next meeting:

11th December 2012 (4.00-5.30pm) - subsequently postponed.
New date set for 20th December (4.00-5.30pm) Hollyfield Road.