

NHS Bristol, North Somerset and South Gloucestershire Clinical Commissioning Groups Audit, Governance and Risk Committees Meeting In-Common

Minutes of the meeting held on Monday 19th February 2018 at 12pm, South Plaza,
Bristol

Draft Minutes v1

Present		
Ryan Richards	Chair of meeting, Lay Member & Chair of Audit, North Somerset CCG	RR
Danielle Neale	Lay Member, Chair of Audit Bristol CCG	DN
John Rushforth	Lay Member, Chair of Audit South Gloucestershire CCG	JRu
Kathy Headdon	Lay Member & Vice Chair, North Somerset CCG	KH
Apologies		
Kath Payne	Practice Manager Representative, North Somerset CCG	KP
Martin Gregg	Lay Member, South Gloucestershire CCG	MG
David John	GP Representative, North Somerset CCG	DJ
Janet Biard	Practice Manager Representative, South Gloucestershire CCG	JB
Richard Laver	Governing Body Representative Bristol CCG	RL
In attendance		
Sarah Truelove	Chief Finance Officer, BNSSG CCGs	ST
Jeanette George	BNSSG Director of Corporate Services (Interim)	JG
Jenny McCall	Head of Internal Audit South West	JMcC
Russ Caton	Audit Manager, Audit South West	RC
Mike Vaughton	Deputy	MV
Sarah Carr	Corporate Secretary, BNSSG CCGs (note taker)	SC

	Item	Action
1	<p>Apologies The above apologies were noted. Sarah Truelove (ST) was welcomed to the meeting.</p>	
2	<p>Declarations of Interest There were no declarations of interest.</p>	
3	<p>Minutes of the Previous Meetings of Audit Committees and Matters Arising The minutes were agreed as a correct record. Danielle Neale (DN) noted the inclusion of the committee effectiveness checklist on the agenda and that this should in future be at the end of the agenda.</p> <p>ST noted that the South Gloucestershire CCG Audit Committee self Assessment Questionnaire for 2016/17 was included in the papers. ST commented that the Audit Committees would expect to complete a similar, more extensive annual review. Jeanette George agreed that an annual review of effectiveness would be completed; the committee effectiveness checklist was an additional review for each meeting. ST</p>	

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	<p>noted that it would be best practice to review a broader range of questions for an annual review in line with the HMFA questionnaire. It was noted that a committee annual review was to be presented to the March meeting of the Governing Bodies and a general set of questions for consideration had been circulated to facilitate this. Members discussed the review, noting the timescales for the report to the Governing Body. Kathy Headdon (KH) observed that the general review questions were being used by other committees. It was agreed that members would review the general questions circulated and provided comments to Sarah Carr by the 23 February. The detail Audit Checklist would be circulated to all the members of the BNSSG Audit Committees and invite them to reflect on the separate meetings and in-common meetings. It was agreed that the questionnaire would not be shared with the former Bristol CCG Associate Lay Members.</p> <p>DN drew attention to page two of the minutes and the recommendation that a front sheet highlighting key issues discussed was added to minutes and asked if this would commence from this meeting? John Rushforth (JR) noted this approach was adopted at the Quality Committee. It was agreed that this would be adopted from this meeting.</p> <p>Members reviewed the action log noting that a number of actions were due to be completed for the March meeting. ST provided an update on Action 07/12/17 15. A briefing paper on the Connecting for Care programme was being prepared by the team to explain the aims and objectives of the programme. This would be circulated to members and if appropriate added to the agenda of the March meeting. JR reported that a letter regarding payroll and HMRC requirements had been sent by the Chair of South Gloucestershire CCG and that Action 07/12/17 15 was closed. All other actions were closed.</p>	<p>ALL</p> <p>SC</p> <p>RR</p> <p>ST</p>
4	<p>Director of Finance and Audit Chair Updates</p> <p>ST informed members that her main area of focus had been the 2018/19 operational planning process, and noted that the Internal Audit report on the CCGs' Savings Plans related to this. The aim for 2018/19 onwards was to achieve more through transformation across the wider community and it was important that there was confidence that the CCGs plans addressed the core issues and were deliverable. There would be a meeting of the Directors of finance across the BNSSG health community to discuss key principles. There were four 'task and finish' groups each with a schedule of work. ST reported that the level of engagement was positive and the aim was to <i>develop</i> realistic targets across the community. JRu asked if discussion would include governance and the principles underpinning the process. ST confirmed that this part of the discussion planned, noting that it was important as savings would fall across organisations. The Senior Responsible Officers for each work stream represented the range of organisations involved came from across organisations involved. The overarching</p>	

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	<p>STP governance would be discussed at March meeting of the Committees and then presented to the Governing Body. JRu commented that it would be helpful to bring together the Audit Committees across the community at some point, to discuss this collectively.</p> <p>DN and JRu gave an update on the South West Audit Chair's meeting. JRu and DN had given a presentation on the merger of the three CCGs which the membership had found helpful, as a number of CCGs were considering collaborative arrangements. The level of lay membership involvement in STP processes in general had been discussed at the meeting. A presentation had been made on the impact of the Autumn Budget Statement on the NHS and an analysis of the level of real investment being made compared to the level needed and the gap in investment over the following five years.</p>	ST
5	<p>Review of Committee Effectiveness This item had been discussed at item 3 of the agenda.</p>	
	<p>Internal Audit Progress Report</p> <p>Members discussed the Internal Audit Interim Reports for each CCG. Russ Caton (RC) explained that it had been agreed with Glyn Howells that four audit reports in the papers would be presented to this meeting. It was explained three of these reports were completed. The Incident Management Report did not include management responses as the manager concerned had been on leave. A draft of this report was presented in the papers and the management responses were being followed up. It was highlighted that a full copy of the Savings Plan internal audit report was included in the papers given the 'Limited' level of assurance provided. RC highlighted progress against the remaining audits which would be reported to the March meeting of the Committees. Lead CCG managers were aware of timescales and the process.</p> <p>DN commented on the outstanding recommendations reported in the Bristol CCG Internal Audit Interim Report, noting that new completion dates had been agreed for two of the outstanding recommendations although the new completion dates had passed. DN asked what the escalation process was where actions were not completed to agreed timescales. RC explained that the Internal Audit team now liaised with Steve Freeman who tracked progress against recommendations. Where issues arose these were raised with the Chief Financial Officer. This approach had reduced the number of outstanding recommendations. ST explained she had discussed issues including the approach to the timely completion of the Audit Plan with Internal Auditors. These discussions had included providing clarity about the timing of audits and their timescales. ST observed that it was important to have a robust follow up and escalation process that involved officers responsible for actions with clear escalation to Executive Directors and the Chief Financial Officer. JRu commented that it was critical that the</p>	

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	<p>executive owned the recommendations.</p> <p>RC flagged the addition of the cyber security audit following the discussion at the previous meeting. The Committees agreed that this audit would go forward.</p> <p>Members discussed the Savings Plan Audit Report and RC highlighted the 'limited' assurance opinion. The audit found that turnaround systems established were driven by the Turnaround Director; on their departure there had been a decrease in emphasis until the appointment of the Interim Chief Financial Officer. The audit identified a number of areas where the turnaround process required further action. These included strengthening communications between the turnaround groups, the Senior Responsible Officers and the PMO to ensure a shared understanding and awareness of key issues and the actions required to address these.</p> <p>Ryan Richards (RR) commented that the audit opinion was disappointing. He noted that the audit report presented a positive body of recommendations. RR asked how many of the recommendations had been identified by the CCGs and had actions in place. RC confirmed that there were a number of recommendations that CCG officers had identified; particularly in relation to coordination and the PMO.</p> <p>JRu asked whether the limited assurance arose from issues in the systems of control or the non-achievement of the savings total. RC confirmed that the opinion resulted from issues regarding the systems of control. JRu asked whether the savings plans had generated cash savings and robust risk assessments of the savings achievable were in place. RC explained that the audit had found that some risk assessments had not been sufficiently challenged. JRu observed that challenge needed to be consistent. RC drew attention to the recommendation that the PMO provided this consistent challenge. JRu asked why the PMO had not provided this challenge consistently. RC explained that this had not been the role of the PMO which had an administrative function. This function had changed in the latter part of the year. ST commented that senior finance officers were now aligned to the control centres and challenge and review was an important part of their role. The PMO and Turnaround Steering Group had a significant amount of senior finance input to reinforce that authority. JR sought assurance that the PMO had necessary competency to undertake this role. RC commented that the PMO had the necessary experience and knowledge to make this challenge. ST drew attention to the management response to first recommendation and explained that Glyn Howells would take both a coaching role and ensure there was challenge for the 2018/19 plan. RC observed that the 2017/18 plans had not been fully defined at the start of the year which had an impact on delivery. ST commented that the plans for 2018/19 were not yet</p>	<p>RC</p>

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	<p>sufficiently robust and that actions to ensure defined plans were in place were in place. ST informed members that additional support had been offered by NHSE to review plans.</p> <p>DN commented on the proposed review of the Turnaround Steering Group terms of reference and asked how this would link to the Strategic Finance Committee and the Governing Body. RC explained that the overlap between the Finance Committee and the Turnaround Steering Group and whether there was a clear demarcation of roles had been considered. DN noted that it was important to strengthen this link was strengthened and asked the CCG management to ensure the clarity between the two..</p> <p>JRu noted that the majority of actions were to be completed by April. JRu asked if, on their completion, the audit opinion would be satisfactory. RC explained that the audit would be reviewed in May. Evidence would be sought to support the completion of the actions. RR noted that a number of actions were described as on-going. RR asked that dates were set so enable the Committees to receive assurance that actions had been completed. RC commented that this had been challenged. Recommendation five was highlighted and members sought clarification of the management response. It was explained that the response reflected the software system used. ST commented that it a system could be established that did not depend on the software system. The management response should reflect this. RR asked that an update on this was provided at the March meeting of the Committees. RC explained that those recommendations with management actions described as on-going would be reviewed at the same time as other recommendations to ensure action had been taken. Jeanette George commented that the Terms of Reference for committees of the single CCG were being developed and the link between the Turnaround Steering Group and the Strategic Finance Committee would be discussed with ST.</p> <p>Members discussed the Corporate Governance Phase Two report. The internal audit conclusion was satisfactory; the processes put in place were operating appropriately, noting that this was based on a limited number of meetings. Issues had been raised in relation to conflicts of interest and how they had been managed, it was noted that the new structure would resolve these issues.</p> <p>DN welcomed the report and the noted the areas for development identified. Noting the recommendations regarding the CCGs' Remuneration Committees, DN asked that this report was shared with the membership of those Committees for discussion. DN asked that the issue of conflicts of interest highlighted in the report were resolved prior to the next meeting of the Remuneration Committees. It was noted the Remuneration Committees were not due to meet again in this financial</p>	

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	<p>year. The recommendation regarding the management of conflicts of interest would be addressed for the new CCG. JG highlighted that appropriate corporate support to the Committee had been included in the terms of reference. RR agreed that this was an important issue and suggested that this matter alongside the Savings Plan were highlighted in the key message from the Committee meeting. DN noted the recommendation relating to the presentation of the minutes of the Remuneration Committees to the Governing Bodies. This concern had been highlighted previously. KH commented that a summary of key decisions made would be helpful to provide assurance to the Governing Bodies. JG explained that a summary report would be presented to the Governing Bodies in March. JRu commented that the report should be shared with the committee members before submission to the Governing Bodies. JG explained that the report was purely a summary of the decisions taken and was not an annual report. JG commented that the committee terms of reference for the single CCG would be presented to the March meeting of the Governing Bodies for review and comment and that the recommendations in the audit had been reflected in these terms of reference.</p> <p>JR commented on the management response to the final recommendations relating to best practice and asked for a more detailed response and report on this to be presented back to the Audit, Governance and Risk Committee. JG explained that further work would be done to review the best practice recommendations and details would be returned to the committees. It was noted that the capacity within the corporate team needed to be taken into account in relation to delivering the best practice recommendations.</p> <p>Members considered the Better Care Fund (BCF) Internal Audits. RC explained that a clear governance structure was in place. Issues raised in the North Somerset CCG audit included the clear circulation of information relating to the BCF throughout the CCGs; in particular the circulation of minutes and the formal reporting of the outturn position to the Governing Body and a clear statement in the contract relating to under spend monies. It was noted that this differed across the three CCG's contracts.</p> <p>JRu noted that the audit opinion was satisfactory. JRu highlighted the recommendation that the BNSSG CCG Governing Body should ensure that it received assurance that the BCF provided value for money and asked if this should change the audit opinion. RC explained that reasonable CCG systems were in place; the issue was that the resources were deployed by the local authority and their systems did not match the NHS systems. A breakdown of expenditure by individual patient was not possible and this applied across the local authorities. Noting that the issue related to information at an individual patient level, JRu asked if assurance was available that funding was being used and</p>	

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	<p>value was being delivered at a wider level. RC confirmed that reports were received that identified how funding was used. JR asked if these detailed outcomes achieved? RC commented that this was not always evident. JR asked if this changed the audit opinion. RC explained that the audit opinion took into account that information came from the local authorities.</p> <p>Members discussed the BCF and the contract relationship with local authorities. It was noted that there issues relating to the development of Better Care nationally and that the establishment of a single CCG was an opportunity to use the learning identified in the report. It was noted that this was a shared enterprise with the local authorities and that it would be informative to complete a joint audit across the CCG and local authorities. ST commented that she had met with two of the Section 151 officers, and had discussed how the CCG would work with the local authorities. ST noted that there was a willingness to work together focusing on the wider care sector and shared learning. ST agreed to consider commissioning work that would include the BCF as part of the wider transformation agenda.</p> <p>It was noted that the outstanding recommendations highlighted in the North Somerset Internal Audit report would be included in the 2017/18 main accounting audit.</p> <p>Members considered the South Gloucestershire Internal Audit Interim Report noting that the report Corporate Governance Arrangements and Savings Plans Report were shared across the three CCGs. It was noted that the BCF differed however the same key issues were shared. The Outstanding actions were identified and it was noted that a new date had be agreed for one these. It was noted that one response had not been received and this would be escalated. It was recommended that where there was a consistent lack of response managers should be required to attend Committees to explain the position. Jenny McCall (JM) confirmed that this had been discussed with ST.</p> <p>Members considered the Bristol Internal Audit Interim Report noting that the reports for Corporate Governance Arrangements and Savings Plans were shared reports. The outstanding recommendations relating to CHC were highlighted and it was explained that an audit of this area was underway and auditors were working with the management lead to confirm that actions were in place. The recommendation relating to financial planning related to the turnaround steering group and would be addressed through Savings Plan audit actions. DN commented that in relation to the summary of the internal audit plan included in the reports it would be helpful to include the schedule month for reporting.</p> <p>The North Somerset CCG Audit, Governance and Risk Committee received the North Somerset CCG Interim Audit Report</p>	

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	<p>The South Gloucestershire CCG Audit, Governance and Risk Committee received the South Gloucestershire CCG Internal Audit Interim Report</p> <p>The Bristol CCG Audit, Governance and Risk Committee received the Bristol CCG Internal Audit Interim Report</p>	
6	<p>Internal Audit Plan 2018/19</p> <p>JMcC explained that the plan had been updated following the comments made at the previous meeting. A three year strategic plan was being developed that would be shared with ST and the CCG executive team. This plan would include timescales. A commissioning audit had been included.</p> <p>JRu asked whether the proposed savings plan audit would require the 15 days indicated. It was explained that the proposal was for a more detailed audit and not a follow up. JRu asked if systems would have changed sufficiently to warrant a new audit. ST commented that the rationale for a new audit was that as the CCG transitioned to developing savings across the wider community there would be shift in systems. There would be savings that would be delivered within the CCG control centres, and as the broader partnership approach to savings developed it was important to look at the systems and process for delivering and monitoring these savings. JRu commented that an audit that focused on a particular area would be helpful. JRu asked if the reference to provider management referred to all providers or whether the intention was to focus on a particular area. RC explained that this would be agreed with the Director of Commissioning and Chief Financial Officer in terms of the scope of the audit.</p> <p>JRu highlighted comment in the plan that the audit topic for the potential HR, Other Corporate Systems /IT Governance audit topic would be ‘as directed by management’. JRu commented that the audit plan was held by the Audit Committee and that the final plan should be received and agreed by the Audit Committee. ST explained that the plan was still draft and the executive team would be asked to comment on this draft and the plan would be returned to the Audit Committees in March for final sign off. The plan was presented to this meeting for further comment.</p> <p>JRu asked if primary care commissioning should feature in the audit plan. RC commented that this could be included in the proposed commissioning audit. JRu noted that primary care commissioning had a wide impact and included governance processes. ST asked if members wished to use the time allocated for a strategic commissioning audit to review primary care commissioning. This was agreed. It was noted that the days allocated were indicative and that the balance of days across</p>	

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	<p>audits could be revised. KH commented that a review of integrated commissioning would also sit within strategic commissioning. ST suggested that this could be an area for review in year two of the three year audit plan. JRu asked whether there was an opportunity to review prevention and the work undertaken with Public Health colleagues. ST commented that this was an area to consider as part of joint working with local authorities in year two of the three year plan.</p> <p>The Bristol CCG, North Somerset CCG and South Gloucestershire CCG Audit, Governance and Risk committees received the draft plan</p>	
7	<p>Audit South West Public Sector Internal Audit Standards External Quality Assessment and Internal Audit Charter</p> <p>JMcC explained that the report provided further information about the external quality assessment as requested at the December meeting. The Charter demonstrated that the actions highlighted in the report had been taken forward.</p> <p>The Bristol CCG, North Somerset CCG and South Gloucestershire CCG Audit, Governance and Risk committees received the report</p>	
7	<p>Update on Finance Transition Plan</p> <p>Mike Vaughton (MV) tabled an update on the merger transition plan for finance. The committees noted that:</p> <ul style="list-style-type: none"> • The CCGs had established a transition working group that met weekly and was chaired by the Director for Transition; this group included senior officers representing finance, communications and corporate services. The Deputy Chief Financial Officer was a member of the group. • A detailed transition plan was in place that included a finance work stream. This plan was updated weekly. • The initial work programme focused on the governance agenda and transition to new HR structures. The focus now was on the key financial tasks to complete three sets of annual accounts, establish a new ledger and banking arrangements finalise the operational plan and budgets for 2018/19. There was a detailed financial work plan. • The Transition programme maintained a detailed risk register. <p>MV reported that the CCG was now working with the NHS England South Central Regional team. There was a particular focus on delegated primary care commissioning.</p> <p>MV highlighted progress made including:</p> <ul style="list-style-type: none"> • The agreement of a new payroll provider; a termination notice had been to SBS. It was explained that a break in the two year contract with SBS had been negotiated. SBS had committed to providing the 	

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	<p>information required to establish a new payroll. The new payroll would be operated by NBT.</p> <ul style="list-style-type: none"> The new organisation name and code had been confirmed by NHS E as Bristol, North Somerset and South Gloucestershire CCG; the code was 15C. <p>ST provided a brief update on the Financial Recovery Plan; NHS E colleagues were meeting to discuss the submitted updated Financial Recovery Plan and approve the merger of the CCGs. This would move the CCG from inadequate to 'requires improvement'.</p> <p>Work was on-going across the three CCGs to review and identify contracts for novation to the new CCG. A significant number of contracts terminated on 31st March. NHS E had indicated that contracts with the national standard terms would not require novation. All suppliers would be contacted, notifying them of the new organisation and its relevant details. Detailed work was in place to establish the new ledger in line with the Constitution and Scheme of Reservation and Delegation.</p> <p>MV highlighted the key deliverables and the risks and mitigating actions. The risk relating to loss of finance staff was noted; the financial accountant for North Somerset and South Gloucestershire had left the CCGs and a plan had been agreed to manage the position. The two finance teams would be maintained of the end of year period with the Bristol team overseeing the Bristol accounts and the South Gloucestershire and North Somerset team overseeing those accounts. Additional support had been attained to produce the South Gloucestershire CCG working papers. The Risk regarding potential failures by key partners related to SBS. MV reported that he was part of a regular regional teleconference lead by the NHSE the Deputy Regional Finance Director as a number of systems in NHSE South Central were going through a merger process.</p> <p>DN asked where the review of delegated financial limits sat in the transition plan. MV explained that the Constitution included a high level Scheme of Delegation and Detailed Financial Policies would be presented to the Governing Body in April. These had been cross referenced to the Constitution. A detailed scheme of delegation would then be prepared in line with the delegated authority of the Chief Financial Officer. DN asked if this was not approved until the April Governing Body would the CCG be acting ultra vires. ST explained that this had been considered and it would be explained at the March meeting of the Governing Bodies how the CCG would operate until the meeting on the 3rd of April.</p> <p>The merger of the teams was discussed. It was explained that there were different ways of working across the teams and that these</p>	

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	<p>approaches were coming together under the new structure. ST commented that regular meetings of the senior finance team and the wider finance team were taking place to ensure good, clear communication across the team. It was noted that there positive opportunities with the merger. ST explained that an away day would be held in March to plan staff development. A finance manual and budget manager training would be provided to the wider management team.</p> <p>The Bristol CCG, North Somerset CCG and South Gloucestershire CCG Audit, Governance and Risk Committees noted the update</p>	
8	<p>Update on the Final Accounts Process and Timescale</p> <p>MV presented the timetable for the final accounts process. Support had been secured from Peter Smith on the detailed technical analysis required. The annual report was being led by the CCG communications team. The annual governance statement was being developed by Laura Davey.</p> <p>The Bristol CCG, North Somerset CCG and South Gloucestershire CCG Audit, Governance and Risk Committees noted the update</p>	
9	<p>Anti-Fraud, Bribery and Corruption Policy</p> <p>Jeanette George presented the draft policy, developed by the Counter Fraud service. The policy would be presented to the March meeting of the Governing Bodies for approval. KH commented on the reference to associated policies and asked whether the Working with the Pharmaceutical Industries policy was separate to the Gifts and Hospitality policy. It was understood that this was a separate policy; this would be confirmed. MV commented on the importance of the policy and ensuring that staff awareness. SC explained that the previously policies had been circulated to all staff by email with the requirement to confirm that the policy had been received and read. It was agreed to use this approach. It was agreed that further comments would be shared with JG.</p> <p>The Bristol CCG, North Somerset CCG and South Gloucestershire CCG Audit, Governance and Risk Committees agreed the presentation of the policy to the Governing Bodies</p>	
	<p>Points of Discussion to Raise at Governing Body</p> <p>RR commented that he would share with DN and JRu the key points raised at the meeting. The minutes of this meeting would not be presented to the March Governing Bodies and it was agreed that RR would provide an update on the key issues at that in-common meeting.</p>	