

## Bristol, North Somerset and South Gloucestershire Audit, Governance and Risk Committee

Minutes of the meeting held on 20<sup>th</sup> May 9.30am in the Executive Boardroom,  
South Plaza, Bristol

### Minutes

<b>Present</b>		
John Rushforth	Committee Chair, Lay Member Audit and Governance	JRu
John Cappock	Lay Member, Strategic Finance	JC
Nick Kennedy	Independent Clinical Member Secondary Care Doctor	NK
<b>Apologies</b>		
Jon Hayes	Clinical Chair, BNSSG CCG	JH
<b>In attendance</b>		
Julia Ross	Chief Executive	JR
Sarah Truelove	Chief Financial Officer	ST
Jon Lund	Deputy Chief Finance Officer	JL
Rob Moors	Associate Director Chief Finance Officer	RM
Steve Freeman	Head of Financial Services	SF
Sarah Carr	Corporate Secretary	SC
Jenny McCall	Head of Internal Audit, Audit South West	JMcC
Elias Hayes	Manager, Audit South West	EH
Barrie Morris	Director, Grant Thornton	BM
Michelle Burge	Manager, Grant Thornton	MB

	<b>Item</b>	<b>Action</b>
01	<p><b>Apologies</b></p> <p>The above apologies were noted. It was noted that NK and JR would need to leave the meeting early. It was agreed to reorganise the agenda to allow for the External Audit papers and Annual Report and Accounts to be discussed with all present. JC was welcomed to the Committee.</p>	
02	<p><b>Declarations of interest</b></p> <p>There were no new declarations of interest and no declarations of interest arising from the agenda.</p>	

	Item	Action
03	<p><b>Minutes of the previous meeting, matters arising and actions arising from previous meetings</b></p> <p>The minutes were agreed as a correct record. The action log was reviewed:</p> <ul style="list-style-type: none"> <li>• 26/09/18 item 7.1 ref 3 remained open</li> <li>• 26/09/18 item 7.9 ref 1 the Governing Body Assurance Framework (GBAF) had been discussed with the Executive Team and at a Governing Body Seminar; the GBAF would be presented to the June Governing Body meeting. The action was closed.</li> <li>• 26/09/18 item 7.10 ref 1 discussions were ongoing; proposed dates for the meeting would be shared with the External Auditors who had offered venue facilities. The action remained open.</li> <li>• 20/2/19 item 5.1 ref 1 data assurance had been raised with Trusts. A performance management framework paper had been received by the System Delivery and Oversight Group. The action was closed.</li> <li>• 20/02/19 item 5.3 ref 1 risk areas were included in appendix B of the plan presented to the meeting. The action was closed.</li> </ul> <p>All other due actions were closed.</p>	JRu
04	<p><b>Identification of any other business not on the agenda</b></p> <p>There was no other business</p>	
05	<p><b>External Audit Findings Report</b></p> <p>BM introduced the report and tabled amendments to pages eight and twenty-three of the report. The External Audit was substantially completed and outstanding actions would be completed before 24<sup>th</sup> May. It was anticipated that an unmodified and unqualified opinion would be issued in relation to the Financial Statements. An ‘except for’ value for money conclusion would be issued; taking into account the CCG did not have fully costed savings plans to achieve breakeven for 2019/20.</p> <p>The CCG had challenged the conclusion which had been referred to the External Auditor’s National Consistency Panel. The Panel’s decision was that the conclusion was consistent with those issued to other CCG’s. JRu asked what progress had been made on the 2019/20 plan. ST explained further actions had been identified. Discussions were ongoing with NHSE and the system continued to report a gap.</p>	



	Item	Action
	<p>It was confirmed that the External Auditor had not been required to exercise its statutory duties. Attention was drawn to the approach to materiality; this was in line with the plan.</p> <p>MB confirmed that the External Audit agreed that the CCG was a going concern with no material uncertainties. No significant risk relating to revenue was identified. A difference of £1.4 million between the administration allocation and the disclosed allocation had been identified; an adjustment in the final accounts reflected this. The difference related to funding that was passed through the CCG. One issue was identified in respect of management override of controls. The action had been tested and assurance provided that it was correct and reasonable; a recommendation was made in respect of this.</p> <p>There were two outstanding queries to resolve relating to Operating expenses: purchase of secondary healthcare. Further work to review all documentation would be completed. JR sought clarification of the impact of these mismatches. BM confirmed these were reported to the National Audit Office as standard; the External Auditor accepted the position adopted by the CCG, subject to the completion of the further work.</p> <p>One unadjusted item was noted; this related to an activity query notice issued to NBT. The position had been accepted by the External Auditor. JRu asked for an update on this. ST explained discussions regarding the contract position were ongoing, noting the combined regulators had asked that contract negotiations were suspended whilst the overall system financial position was clarified. JC asked what the implications would be if the agreed positions of the organisations differed. It was explained that for both organisations the issue did not meet the threshold of materiality. BM commented that Grant Thornton was the External Auditor for NBT and the matter would be discussed at the NBT Audit Committee. NK queried the number of mismatches. It was explained that these were not unusual for an organisation of this size and a number of the mismatches were presentational matters.</p> <p>No risks relating to opening balances had been identified. The outstanding queries had been resolved. Two non-material control issues were highlighted relating to the signing of contracts and</p>	

	Item	Action
	<p>agreements. The findings in relation to accounting policies were highlighted. JRu asked about the two amber ratings given. MB explained that the amber ratings reflected the finding that the draft accounts required further adjustment and changes to the narrative. It was confirmed that these changes had been made.</p> <p>An unqualified opinion was given in relation to those parts of the Staff and Remuneration Report subject to audit. The CCG had identified four overpayments which were being recovered. The value for money section of the report was highlighted. The findings relating to financial sustainability were noted. The fifth bullet point on page 19 referred to 'the Trust's'. this would be amended to 'the CCG's..'</p> <p>The report concluded that risks to partnership working were sufficiently mitigated and the CCG had proper arrangements in place with its partners. The report noted that the system plan was focused on NHS organisations. MB commented that this recognised that there could be more engagement between local authorities and councillors and the Governing Body. JR sought to clarify this comment noting that a Director of Public Health, on behalf of the three local authorities, sat on the Governing Body and that the CCG met the statutory requirements in relation to Health and Wellbeing Boards, and Health Overview and Scrutiny Committees. The STP held quarterly meetings with Chairs and elected leaders. BM explained that the matter was raised in the report as an area for reflection. It was agreed that this section would be reviewed. It was noted that national guidance for 2019/20 system planning was to focus on health and healthcare. It was noted that the elected leaders of the local authorities would be members of the Healthier Together Partnership Board. It was highlighted that the report findings did not refer to engagement between local authority elected members and the Governing Body.</p> <p>NK asked how the conclusion that the risk was sufficiently mitigated was supported. BM highlighted the narrative in the report and the recognised progress made. It was asked if other parts of the country had made significant progress. It was commented that the Dorset STP had made significant progress; this STP had been established for some time.</p>	<p><b>MB</b></p> <p><b>MB</b></p>



	Item	Action
	<p>There were no issues relating to the independence and ethics of the External Auditors. Attention was drawn to the work to be undertaken regarding the Mental Health Investment Standard. It was asked if this work would be included in the standard year end audit in future. This would be clarified when the audit was completed.</p> <p>Attention was drawn to the report appendices. JR asked that any good practice identified in other communities relating to savings plans was shared with the CCG. BM thanked the CCG Finance team for their excellent support. There were no further questions.</p> <p><b>The Committee received the External Audit Findings Report</b></p>	
06	<p><b>Letter of Representation</b></p> <p>This was a standard letter of representation and there were no additional disclosures.</p> <p><b>The Letter of Representation was signed by the Chief Executive and Chief Financial Officer</b></p>	
07	<p><b>Going Concern Assessment</b></p> <p>ST explained the current position regarding discussions with NHSE. It was understood that changes in the balance of positions between commissioners and providers due to the national focus on provider balance had impacted on the CCG position.</p> <p><b>The Committee agreed the preparation of the CCG financial accounts on a going concern basis</b></p>	
08	<p><b>Approval of the Annual Report 2018/19</b></p> <p>It was explained that the Annual Report had been amended following the May Closed Governing Body meeting. The following amendments were requested:</p> <ul style="list-style-type: none"> <li>• The addition of information about the Improvement and Assurance Framework and the Better Care domain at page 15.</li> <li>• The clarification of trends in the performance measure table</li> </ul> <p>It was asked why cost data was not available for energy use. It was explained the data was considered to be commercially sensitive by the CCG's landlords. This was explained in the narrative. SC thanked colleagues for their support in the writing of the Annual Report.</p> <p><b>The Committee approved the submission and publication of the Annual Report 2018/19 subject to the above amendments</b></p>	SC

	Item	Action
09	<p><b>Approval of the Annual Accounts 2018/19</b></p> <p>ST highlighted the amendments resulting from the disclosures described in the External Audit Report. Clarification of the comment relating to recovered funds was sought. It was explained that this referred to income received after the close of the financial year to the April submission of the accounts. It was agreed that this would be reviewed and amended to reflect the position at the final submission. The team was thanked for their work completing the Annual Accounts.</p> <p><b>The Committee approved for submission and publication the Annual Accounts 2018/19 subject to any agreed amendments</b></p>	RM
10	<p><b>Information Governance Report Update</b></p> <p>CDS attended for this item. JR left the meeting. The report summarised assurance activities related to information governance risks. A number of key assets for further review in 2019/20 were identified. No high risks were identified relating to information flows. Assurance had been received regarding a number of information flows outside of Europe linked to NHS Shared Business Services (SBS). The Information Governance Team had completed site visits at the three bases, reviewing information governance practices in place. No high risks were identified. Awareness raising of information governance issues would continue through staff communications.</p> <p>A summary of information governance incidents was provided. Six incidents were reported; none of these were high risk and externally reportable. Work would be undertaken in 2019/20 to understand if there was a level of under reporting.</p> <p>NK asked if the assurance provided by SBS was robust. CDS confirmed this. NK asked if assurance regarding cyber security was available. CDS confirmed that the SCWCSU had completed penetration tests. ST commented that behaviours such as leaving screens unlocked were a cyber-security issue. It was important to ensure there was a robust culture supporting information governance. ST highlighted communications would encourage the reporting of incidents and near-misses. There was a discussion of the incidents reported. The majority related to a service which had high levels of information sharing. JRu asked if the CCG had lower than expected reporting levels. This was confirmed. JRu asked what the rating of the SBS data flow risk was. It was confirmed that this was low.</p>	



	Item	Action
	<b>The Committee received and noted the report</b>	
11	<p><b>Fraud and Bribery Policy</b></p> <p>EH explained that the policy had been updated to include definitions of terms and information on sanctions. JRu asked that the Response Plan section was reviewed to include consultation with the Audit Chair. It was agreed that the Local Counter Fraud Specialist section would be revised to include regular reporting to the Audit, Governance and Risk Committee. JC asked what arrangements were in place for whistle blowing and how these were publicised. EH explained that the CCG had separate Raising Concerns arrangements for staff to raise concerns not relating to fraud. Information on fraud and bribery reporting was shared with staff through the staff internet and Directorate meetings. Fraud and Bribery awareness was included in induction. ST explained that the 2019/20 plan include evaluations to test the level of staff awareness.</p> <p><b>The Committee reviewed the policy and, with above amendments, recommended it to the Governing Body for final approval</b></p>	
12	<p><b>Corporate Risk Register and Governing Body Assurance Framework</b></p> <p>It was noted that the Corporate Risk Register (CRR) was received at the regular meetings of the Governing Body committees and reviewed monthly within directorates. The CRR would be revised and updated for 2019/20. The Governing Body Assurance Framework (GBAF) 2019/20 would be presented to the June Governing Body meeting</p> <p>NK asked if risks were reviewed appropriately. ST explained that work was underway to ensure there was cross directorate challenge and review. JMcC commented that the CCG was in a good position and the planned worked would enhance its risk management arrangements. JC welcomed the inclusion of the target risk and asked if this was subject to review. ST confirmed it was part of the 2019/20 refresh. JL asked if there was an internal process to review the directorate risk registers. It was confirmed that the cross working described would include regular review of directorate registers.</p> <p>JRu noted that the risk relating to the mental health provider included a recommendation that risk score was reduced and</p>	



	Item	Action
	<p>removed from the register. JRu commented that the rationale for this was not clear in the register. It was agreed to raise this with the team and to ensure that these issues were picked up in the review process. ST noted that the sustainability of the provider was one of the CCG Governing Body Assurance Framework priorities for 2019/20.</p> <p><b>The Committee received the Corporate Risk Register</b></p>	SC
13	<p><b>Annual Review of Committee Effectiveness</b></p> <p>It was noted that there was a positive response which included responses from attendees. It had been highlighted that some questions were less appropriate and the questionnaire would be revised to reflect this.</p> <p>There was a discussion on the review of meeting effectiveness. The Remuneration Committee had recommended that a consistent approach to this should be adopted across the committees of the Governing Body. JRu asked that this was taken forward. It was agreed that members would provide comment on the approach. JRu sought the views of the external and internal auditors. It was noted that there were similar approaches used in other organisations.</p> <p>JRu asked the external and internal auditors for their view on the effectiveness of the Committee. BM explained that effectiveness depended on the quality of papers and the questions and challenges made. BM commented that the level of question; the level of challenge was right. JMcC commented the questions drew out key aspects of papers.</p> <p>Committee reports to the Governing Body were discussed. Minutes were placed at the end of the agenda. It was noted that chairs were given the opportunity to highlight key points. It was agreed to work with the Governing Body Chair support the reporting by committee chairs.</p> <p><b>The Committee considered the collated response and agree the next steps above</b></p>	<p>SC</p> <p>SC</p> <p>SC</p>
14	<p><b>Losses and Compensation Payments</b></p> <p>SF drew attention to the overpayments relating to the incorrect application of pay rates. Work was underway with HR to resolve the issue. Individuals had been informed and steps to recover overpayments were being implemented. Actions to strengthen</p>	

	Item	Action
	<p>controls were being taken to prevent future occurrences. These included monthly payroll cross checks by the Finance Team. Internal Audit would conduct a review to assess potential risks to controls across the payroll process. The cases related to local remuneration arrangements outside of Agenda for Change. JRu asked if there were potential risks to controls relating to Agenda for Change payroll arrangements. ST explained that no issues relating to these arrangements had been identified. The Internal Audit review would have a wide remit to look at all aspects payroll arrangements to understand any weakness in control. A further report would come to the next meeting of the Committee. JC asked over what period would overpayments be recovered. It was explained that the recovery period would reflect the period of overpayment.</p> <p><b>The Committee received and noted the findings of the report</b></p>	
15	<p><b>Redundancy Provisions</b></p> <p>The provision in the 2017/19 Annual Accounts for potential redundancies arising from the CCG restructuring was highlighted. Of the four potential cases two had received payments, one individual had found an alternative position and one further provision was carried over to 2019/18.</p> <p><b>The Committee received and noted the findings of the report</b></p>	
07.3	<p><b>Waiver of Detailed Financial Policies</b></p> <p>JRu sought further assurance regarding the waiver for specialist software. It was agreed to circulate more detail relating to the waiver. Future reports would include more detail about waivers.</p> <p><b>The Committee received the report and noted the waiver</b></p>	<p>SC SC</p>
16	<p><b>Audit, Governance and Risk Committee Work plan</b></p> <p>It was agreed to:</p> <ul style="list-style-type: none"> <li>Remove the Section 30 referral letter from the work programme.</li> <li>The CRR item would include a programme of directorate deep dives into their risk management processes. The first directorate to present would be the finance directorate.</li> </ul> <p>There was a discussion about system risks. It was noted that the GBAF had an objective relating to system leadership. It was noted that work was underway to develop a shared risk register and this could include an assurance framework. It was agreed that at an appropriate time the Committee would receive an item describing the assessment and management of system risks</p> <p><b>The Committee received the work plan</b></p>	<p>SC</p> <p>SC</p> <p>ST</p> <p>ST</p>



	Item	Action
17	<p><b>Internal Audit Annual Report 2018/19</b></p> <p>JMcC drew attention to the areas where Internal Audit had supported the CCG and the key outcomes including: the review of corporate governance arrangements, the internal audit framework for delegated primary care commissioning arrangements, and the review of the system financial recovery plan. The report included the delivery of the 2018/19 audit and assurance plan and the delivery of recommendations. Performance information for the year was reported, as was the Internal Audit function compliance with Public Sector Internal Audit Standards.</p> <p>JRu commented that it would be helpful to include in the review of the audit and assurance plan the assurance rating given. JRu sought clarification about the number of recommendations reported. JMcC explained that during the year 23 recommendations were made in the completed audits. Of these, 21 recommendations were due and 15 had been implemented or partially implemented. The 25 recommendations reported on the table referred to the total number of recommendations, including those related to the 2017/18 work programme. These recommendations related to CHC and PHB arrangements. The CCG had undertaken a review of CHC and management arrangements. The audit recommendations would be closed once the review recommendations were fully implemented by Autumn 2019. Recommendations due at the end of March/April 2018/19 were being implemented. It was noted that it was important to set realistic implementation dates that took into account year-end requirements on capacity.</p> <p><b>The Committee received the Internal Audit Annual Report</b></p>	
18	<p><b>Governing Body Assurance Framework Head of Internal Audit Opinion</b></p> <p>JMcC explained that an overall assurance rating of Significant Assurance had been given. It had been a positive year with the control environment remaining sound during the first year of operation. The ratings for each review were given in the report. Attention was drawn to the third party assurances. It was explained these reports did not identify specific CCGs. The ESR IT controls third party assurance report had been received with no issues identified. An updated Head of Internal Audit Opinion would be provided to reflect this and the Governance Statement would be updated. There would be discussions regarding future assurances from NBT regarding payroll services.</p>	JMcC /SC



	Item	Action
	<p>JRu sought clarification of the statement that weaknesses were appropriately managed. JMcC explained this referred to evidence that management was taking appropriate actions; this was standard wording. JRu commented that the statement implied weaknesses were not being addressed. These would be considered in the revised Head of Internal Opinion.</p> <p><b>The Committee received the Head of Internal Audit Opinion</b></p>	<p><b>JMcC</b></p>
<p>19</p>	<p><b>Counter Fraud and Security Management Annual Report 2018/19</b></p> <p>NK left the meeting. EH drew attention to the inform and involve work completed that included staff induction, fraud awareness presentations at directorate meetings, awareness raising through posters, fraud newsletters and the CCG staff bulletin. The prevent and deter work undertaken was highlighted. Proactive exercises included the joint internal audit of conflicts of interest management and the Providers of NHS Services review. This would be completed in 2019/20. National and Local Alerts had been issued and circulated. The two cases referred for investigation were detailed in the report. One case had been concluded with no further action to be taken. The second case remained open. JRu asked if there were any potential liabilities relating to alerts concerning individuals. It was explained that the alerts were confidential and were recommended by NHSE. The same format as patient alerts was used; this national framework was supported by the police. JC asked if there was traction with the police. It was confirmed that there was positive involvement and liaison with the police. It was confirmed that the alerts were issued by NHSE and reviewed regularly and withdrawn when no longer valid.</p> <p>The Security Management Report was highlighted. The Health and Safety Policy, Security Management and Lone Working Policies would be presented to the Governing Body for approval. Awareness raising activities with staff were highlighted. Responses to staff concerns were highlighted; a street safety document, with tips from the police, had been developed and would be included in the staff handbook.</p> <p>JC asked if the CCG was able to demonstrate an improved position as a result of the actions undertaken. ST explained that this could not currently be measured. The plan for 2019/20</p>	



	Item	Action
	<p>included more evaluation of awareness of fraud and security issues. This would provide evidence to support the review tool.</p> <p>JRu asked if awareness of fraud issues would be tested within GP practices. It was explained that the Counter Fraud service for GPs was provided by the NHSE Counter Fraud service. It was agreed to invite to a future meeting the local NHSE counter fraud representative to discuss the roles and responsibilities.</p> <p><b>The Committee received the Counter Fraud and Security Management Annual Report</b></p>	ST/SC
20	<p><b>Internal Audit and Counter Fraud Interim Report</b></p> <p>JMcC explained two reports were presented. These were reports where an assessment was given and not an opinion. The Data Security and Protection Toolkit: Evidence Review was highlighted. This had been a positive review and the ongoing work to ensure that the CCG met with all requirements and implemented good practice was noted. JRu commented on the improved position compared to previous years. The Primary Care Commissioning Framework: Finance was noted. NHSE assurance ratings had been used and a rating of full assurance had been given. JRu asked if fraud arrangements were part of the audit. JMcC explained this was not the case.</p> <p>The draft reports were noted. These would be issued following final responses and executive sign off. The work in progress report would be finalised for the end of May. It was agreed that the reports would be circulated to the Committee once signed off.</p> <p><b>The Committee received the Internal Audit and Counter Fraud Interim Report</b></p>	
21	<p><b>Counter Fraud Plan 2019/20</b></p> <p>It was explained that the plan had been updated following the February Committee meeting. JRu asked how awareness would be measured. It was explained that a questionnaire would be shared with staff to test awareness and understanding. It was asked if the responses would be benchmarked against other organisations. This was confirmed. <b>The Committee approved the Counter Fraud Plan 2019/20</b></p>	
22	<p><b>Security Management Plan 2019/20</b></p> <p>The Committee received the plan.</p> <p><b>The Committee approved the Security Management Plan 2019/20</b></p>	

	Item	Action
09	<p><b>Committee Effectiveness</b></p> <p>Members considered the checklist and agreed the meeting had been effective.</p>	
10	<p><b>Item without the presence of the Internal and External Auditors</b></p> <p>The Committee asked for an update on the procurement of Internal Audit services. JL confirmed that there were five applications at the phase one stage. One had dropped out; four were going through to the next stage. It was confirmed that information about the second stage would be shared with the participants. The timescale for the moderation process was discussed.</p>	<b>JL</b>

