

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

Minutes of the meeting held on 20th February 2019 at 2pm in the Executive Boardroom, South Plaza, Bristol

Minutes

Present		
John Rushforth	Committee Chair, Lay Member Audit and Governance	JRu
Nick Kennedy	Independent Clinical Member Secondary Care Doctor	NK
Apologies		
Rob Moors	Deputy Chief Financial Officer	RM
In attendance		
Sarah Truelove	Chief Financial Officer	ST
Steve Freeman	Head of Financial Services	SF
Sarah Carr	Corporate Secretary	SC
Jenny McCall	Head of Internal Audit, Audit South West	JMcC
Mike Croker	Manager, Audit South West	MC
Elias Hayes	Manager, Audit South West	EH
Barrie Morris	Director, Grant Thornton	BM
Michelle Burge	Manager, Grant Thornton	MB

	Item	Action
01	Apologies The above apologies were noted.	
02	Declarations of interest NK explained he had been appointed to the new merged Devon CCG Governing Body. There were no other new declarations of interest and no declarations of interest arising from the agenda.	
03	Minutes of the previous meeting, matters arising and actions arising from previous meetings The minutes were agreed as a correct record. The action log was reviewed: <ul style="list-style-type: none">• 26/09/18 item 5 ref 2. This had been raised at the Quality Committee. The action was closed.	

	Item	Action
	<ul style="list-style-type: none"> • 26/09/18 item 5 ref 3 it was confirmed that targets had been circulated. ST explained that the CCG was meeting the NHS England Service Improvement Plan. The action was closed. It was agreed to share this with the Internal Auditors to close off the audit recommendations. • 26/09/18 item 7.1 ref 3 remained open. • 26/09/18 item 7.7 ref 1 was closed. • 26/09/18 item 7.9 ref 1 the Governing Body Assurance Framework (GBAF) would be discussed with the Executive Team and at a Governing Body Seminar; the action remained open. • 26/09/18 item 7.10 ref 1 discussions were ongoing; the action remained open. <p>All other actions were closed.</p>	ST
04	<p>Identification of any other business not on the agenda</p> <p>It was agreed that further information regarding meetings dates would be circulated.</p>	
05.1	<p>Internal Audit Progress Report</p> <p>JMcC presented the report highlighting the three final reports, and the audit work in progress. Attention was drawn to changes in timescales for the Clinical Governance (Complaints) and IT Security Governance audits. The terms of reference for the IT Security Governance audit have been reviewed and updated for executive approval. The overdue internal audit recommendations were noted. A number of overdue audit recommendations related to audits for the predecessor CCGs and Continuing Health Care, Personal Health Budgets and Better Care. Revised completion dates had been agreed. It was noted that the CCG was reviewing arrangements in these areas which impacted on the closure of the audit recommendations. Discussions had been held with senior CCG staff to ensure that staff took forward recommendations promptly, particularly those with a red RAG rating.</p> <p>The two overdue recommendations arising from the Financial Management and Financial Systems Audits had been partially implemented at this point. It was confirmed that there was regular dialogue with the CCG to progress the recommendations and that evidence was sought by auditors to enable recommendations to be closed. NK sought clarification of the RAG rating. It was confirmed that the CCG risk scoring matrix was used to assess recommendations.</p>	



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	<p>The Committee reviewed the summary audit reports completed for Performance Management, Risk Management and Conflicts of Interest. MC explained that the Performance Management Audit had resulted in an assurance level of satisfactory. The findings and two recommendations were highlighted. The first recommendation related to the regular challenge of Trusts' Data Quality Improvement Plans. The second recommendation was that performance reporting to committees was reviewed to ensure there was no unnecessary duplication. ST explained that a whole system performance management framework was being developed and the report would be considered in this context. JRu asked if there was review of data received from GPs. It was explained that this data was not within the scope of the audit. The audit had focused on the main acute providers. JRu commented that the review of GP and AQP data would be an area for future focus.</p> <p>JRu asked what to what extent the CCG was aware of the Trusts' own assurances regarding data quality. BM asked if this would be part of the system wide performance management framework. ST explained that system wide performance management framework would be involve an element of peer review; an open book approach enabling the CCG to gain assurances from the Trusts' own internal assurances was not envisaged as part of the system performance management framework at this point. BM asked if an approach to gain these assurances would be to embedded requests for assurance on data quality arrangements within the contract. It was agreed that this would be raised with the Trusts and that the system wide review would consider this.</p> <p>The Risk Management Audit had been given an assurance level of significant. The audit was based on a desk top review of the arrangements in place. There were no recommendations. JRu asked whether the management of risk was embedded in the culture of the CCG and that the Risk Management Framework was used as a management tool across the CCG. ST explained that Directorates used the Risk Management Framework; a key issue was to ensure that risks were not managed in silos and that where risks overlapped these were managed across Directorates. It was explained that the CCG wanted to strengthen management of risk further. J McC commented that it was positive that the CCG wanted build on and refine its risk management; the next</p>	<p>ST</p>



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	<p>review would look in greater depth at the application of the framework. NK noted that the CCG had a solid foundation to build on. JMcC commented that a frequent issue for organisations was ensuring a consistency of scoring of risks and describing controls and actions. JRu asked if the Directorate Risk Registers were shared across the organisation. SC explained that this was an area for further action and would be taken forward as part of the review of the Risk Management Framework. It was reported that Verto was being explored as digital risk reporting tool. NK commented that it would be helpful for committees to see the range of risk registers. BM asked if the audit finding was that there was confidence that all significant risks had been identified, or that the arrangements were robust. It was confirmed that the audit focused on the arrangements. BM asked if there was a further review to provide assurance that all significant risks were identified. JRu noted that the audit function looked at the systems and processes to confirm that they were fit for purpose; the identification of risks was a management function. The CCG would take confidence in the processes and systems and had taken all the steps that could be reasonably expected.</p> <p>The Managing Conflicts of Interest was discussed. This audit had been given an overall assurance level of significant. There were three recommendations which had been addressed. It was noted that there was an issue relating to NHSE guidance related to training and the CCG had taken a best practice approach.</p> <p>The Committee received the Internal Audit Interim Report</p>	
05.2	<p>Draft Internal Audit Strategy and Plan 2019-20</p> <p>JMcC explained that there had been discussions with the CCG and the plan reflected the GBAF and Corporate Risk Register (CRR) in January. The plan covered core areas and areas within the GBAF such as locality transformation. The plan was high level overview and more detail would be included in the scope and objectives of the individual audits. It was confirmed that the plan would be reviewed by the executive team.</p> <p>JRu asked whether the number of days allocated to the Conflicts of Interest Audit was necessary given the positive level of assurance given in the 2018/19 audit. It was explained that the scope of the audit was mandated by NHS England. It was explained that in-depth testing of declared interests against</p>	



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	<p>registrations with Company House was completed. It was agreed to review extending the management sample review of declared interests. Other comments included:</p> <ul style="list-style-type: none"> • the management of conflicts of interest in localities would be an area for future review • whether sufficient time had been allocated to the Primary Care Finance audit given the complexity of the area. • Commissioning care home services • arrangements for investigations relating to clinical governance • system wide single budgets and the Aspirant Integrated Care System • IT investment decision making process • The inclusion of AQP's within the acute care commissioning audit and the addition of an audit of this area in 2021/22 • Primary care commissioning and Primary Care Networks <p>It was noted that the draft plan was indicative and would be amended to reflect discussions.</p> <p>There was a discussion about workforce issues and the risk across the system. It was noted that this was a core issue for the system. There was a system wide focus on work force planning. An area for further exploration by Audit Chairs would be how internal audit planning could be aligned across the system.</p> <p>NK raised clinical governance issues reported by providers. It was noted that the CCG needed to be assured that that it was managing any concerns. This would be within the commissioning processes.</p> <p>The Committee received and commented on the draft plan</p>	SC
05.3	<p>Draft Counter Fraud Plan 2019-20</p> <p>EH drew attention to appendix B and the risk areas where exercises could be carried out. These procurement risk assessment and individual patient placements. Further information was sought on the collusion/patient choice issue referred to in the paper. This related to optical care and referral from primary care to secondary care providers and the risk of contract collusion. The management of referrals had now been move to the CCG's Referral Management function. It was confirmed that no evidence of collusion had been identified.</p>	



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	<p>JRu asked about the environment assessment process. It was confirmed that the fraud environment risk assessment for 2019-20 had been completed and there would be further discussion with the executive team. The assessment was based on national and local risks. JRu asked that the final plan included the risk areas identified. It was asked how the outcomes of the inform and involve activities would be measured. It was explained evaluations based on the national standards were used.</p> <p>The Committee received and commented on the draft plan</p>	EH
05.4	<p>Draft Security Management Plan 2019-20</p> <p>EH explained that the draft plan built on previous years with a greater focus on physical risk assessments. It was confirmed that the CCG had staff that would be covered by a Lone Working policy. The allocation of days relating to provider arrangements was queried. It was asked how the CCG gained assurance during procurement exercises on provider arrangements. It was explained that the service liaised with contract managers to ensure that arrangements were in place prior to placing contracts.</p> <p>The Committee received and commented on the draft plan</p>	
05.5	<p>Internal Audit Charter</p> <p>The charter was presented for information. JRu commented that future charters could include client responsibilities.</p> <p>The committee received the charter</p>	
06.1	<p>External Audit Progress Report and Sector Update</p> <p>BM explained that the planning processes for the Financial Savings Audit had been completed. The interim field visit had looked at the consolidate of accounts of the three former CCGs. A liaison meeting had been held to discuss the current financial position and likely outturn to inform the Value for Money Risk Assessment.</p> <p>There was a discussion of the Mental Health Improvement Spend (MHIS) work reported. This was a pilot for NHSE; the purpose of the work was to understand how figures were determined and assess the underlying evidence and undertake sample checks. JRu noted the expectation was that expenditure would increase and asked about the efficient use of the resource. ST commented that the CCG had a mental health control centre and it was</p>	



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	<p>important to improve the efficiency of services. the scope of the proposed audit would be set by NHS England. The work would be delivered in summer 2019. The main External Audit would commence on 24th April. The sector update was noted.</p> <p>The Committee received the External Audit Plan</p>	
06.2	<p>ISA 240 Assurance Letter</p> <p>The papers were presented for information. Questions were invited on the Assurance Letters; there were none.</p> <p>The Committee received the ISA 240 Assurance Letter</p>	
06.3	<p>Benchmarking 2017-18 Annual Report</p> <p>BM explained that the paper reviewed the former CCG's Annual Report 2017-18 and compared the content with CCG's nationally. BM commented that the message was encouraging with the reports comparing well. MB explained that the report, and more detailed background reports were shared with the aim of informing the Annual Report for 2018-19. The committee welcomed the report. JRu noted the comments on embedding a patient led culture. It was confirmed that more information on the CCG's work with patients and the public would be included in the 2018-19 report. It was agreed to share the report with contributors to the Annual Report and highlighted the positive messages.</p> <p>The Committee received the ISA 240 Assurance Letter</p>	SC
06.4	<p>CCG Key Issues Bulletin</p> <p>The paper was for information. The key issues were noted.</p> <p>The Committee received the Bulletin</p>	
07.1	<p>Annual Accounts Process</p> <p>SF provided an update on the Annual Accounts process. The required comparisons had been completed for the Month 9 submission. Briefing on the process would be shared with the External Auditors. Work to complete the Remuneration Report had been scheduled and had commenced. Pension information had been received. The timetable allowed for quality control. It was asked if there was sufficient capacity within the team. It was explained that temporary cover was available to cover vacancies.</p> <p>The Committee received the report and noted the progress on the Annual Accounts</p>	
07.2	<p>Draft Annual Governance Statement Process</p>	

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	<p>SC explained that this was the first draft statement. It was noted that there was further information to add to the draft, including information about the key risks, and the outcome of audits. The control issues highlighted in the draft statement were taken from the Month 9 statement; it was noted that these would be refined. The committee was asked to consider whether the requirements set out in the NHSE template had been addressed.</p> <p>JRu asked if there would be a reference to the NHS England Assurance Meetings in the Governance Statement. It was confirmed that there was a section that referred the Leadership domain which was to be completed. Further reference would be made in the Annual Report main body. It was agreed that web links to committee terms of reference would be added to the draft. There was an error in the section relating to the Governing which stated that it provided assurance: this would be amended to received assurance.</p> <p>BM suggested that the risk management audit was referred to within the risk management section and other areas where appropriate. ST asked if the External Auditors had examples of best practice from other organisations. BM highlighted the significant level of mandatory requirements and the importance of balancing this with the local environment. JMcC commented that it was important that the organisation was recognisable within the statement. It was commented that the statement was reflective of the CCG.</p> <p>The Committee reviewed and commented on the draft Governance Statement</p>	<p>SC</p> <p>SC</p>
07.3	<p>Draft Revised Constitution</p> <p>SC highlighted the inclusion of provisions in the draft constitution to enable the Governing Body to approve minor amendments to the Constitution. Examples of significant changes to the constitution that would be reserved to the membership were included in the paper. Attention was drawn to the approval process. The Standing Financial Instructions and statutory committee terms of reference were appended to the Constitution and would therefore require CCG membership approval of any changes without the inclusion of the provisions delegated authority to the Governing Body to approve minor changes. JRu</p>	



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	<p>noted that the GPs on the Governing Body had a key role, as they represented the membership.</p> <p>It was commented that it was important that the membership was approached when were significant changes were proposed. It was asked how it would be determined if a change was significant. It was explained that the Governing Body, advised by the Audit, Governance and Risk Committee would decide whether a change was significant. This would be added to the Committee Terms of Reference. NK commented that the membership needed to be assured that the Governing Body was acting appropriately. It was noted that the GPs had an important role on the Governing Body and the membership could challenge a decision. It was agreed that further examples and assurances would developed for the membership engagement. It was agreed to provide more information on the role of the chief executive in recommending changes to the governing body.</p> <p>JRu highlighted an inconsistency at 3.4.11 a, Standing Orders, and a requirement for a 75% majority for a no confidence vote. It was agreed to review and revise all inconsistencies. There was a discussion about the roles of the GPs on the Governing Body and their relationship with the localities. It was noted that their role was as a member of the Governing Body and not as a locality representative. It was commented that this could be reinforced in the role descriptions. It was agreed to share further detailed comments with SC.</p> <p>The Committee reviewed the draft revised CCG Constitution and commented on its provisions</p>	<p>SC</p> <p>SC</p> <p>SC</p> <p>ALL</p>
07.4	<p>Draft Standing Financial Instructions (SFIs)</p> <p>It was noted that the SFIs were now part of the CCG Constitution. it was explained that the main changes to the SFIs related to references to EU procurement law.</p> <p>The Committee reviewed and commented on the draft Standing Financial Instructions</p>	
07.5	<p>Management of Declared Interests and Review of Conflicts of Interest and Gifts and Hospitality Policies</p> <p>SC highlighted the findings of the Conflicts of Interest audit. The actions to achieve 100% training compliance for all CCG staff were noted. JRu noted that the reference to the signing of</p>	



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	<p>quarterly returns was by the Chief Executive and the Chair of Audit.</p> <p>The Committee received the paper</p>	
07.6	<p>Governing Body Assurance Framework</p> <p>The issue of workforce was considered and concerns relating to primary care workforce noted. It was commented that the ambition was to develop an assurance framework for the Primary Care Commissioning Committee. It was noted that primary care workforce sat in the locality section of the GBAF. The principal objectives and risks would be reviewed by the Governing Body and this would provide an opportunity to revisit the key risks. It was noted that the risk ratings were reducing which reflected the position in the year. The review would be held before the May Governing Body</p> <p>The Committee reviewed the Governing Body Assurance Framework and agreed that assurance could be provided to the Governing Body that it was valid and suitable for the Governing Body's requirements</p>	
07.7	<p>Corporate Risk Register (CRR)</p> <p>The committee considered whether a risk relating to arrangements to conducting investigations should be added to the CRR. It was agreed to raise this with the executive. NK commented on the inclusion of national risks relating to EPRR. It was noted that these risks appeared on the Community EPRR risk register. This was part of the national assessment process. ST noted that it was important to be aware of risks that were identified through external assessment.</p> <p>The Committee received the Corporate Risk Register</p>	ST
07.8	<p>Review of Committee Terms of Reference</p> <p>It was noted that the Terms of Reference would be amended to include the review of the Constitution, Standing Orders, and Scheme of Reservation and Delegation.</p> <p>The Committee commented on the Terms of Reference</p>	
07.9	<p>Annual Review of Committee Effectiveness</p> <p>It was explained that a questionnaire would be shared with all members and attendees. The responses to these would be collated and a report produced with an action plan as appropriate. It was agreed that this would be completed by email.</p>	SC



	Item	Action
08.1	<p>Losses and Compensation Payments</p> <p>There was a discussion regarding salary overpayments. Confirmation that actions were being explored to prevent overpayments. It was noted that turnover during transition had been an issue. ST commented that it was important to monitor the position and work with manager to raise awareness of process and proactively follow up issues. Line management training had been introduced. It was noted that the issue was not related to HR processes.</p> <p>The Committee received the report</p>	
08.2	<p>Redundancy Provisions</p> <p>The Committee received the report</p>	
08.3	<p>HMRC Compliance Check on Governing Body Payments</p> <p>The Committee received the report</p>	
08.4	<p>Waiver of Detailed Financial Policies</p> <p>There was a query regarding the waiver reported. It was agreed to discuss this outside of the meeting. It was reported that a further single action tender was to be reported. The template for requesting waivers would be amended to ensure that it was return to the corporate secretary</p> <p>The Committee received the report and noted the waiver</p>	
08.5	<p>Audit, Governance and Risk Committee Work plan</p> <p>The Committee received the work plan</p>	
09	<p>Committee Effectiveness</p> <p>Members considered the checklist and agreed the meeting had been effective.</p>	