

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

Minutes of the meeting held on 19th December 2018 at 12pm in the Executive Boardroom, South Plaza, Bristol

Minutes

Present		
John Rushforth	Committee Chair, Lay Member Audit and Governance	JRu
Peter Marriner	Lay Member Strategic Finance	PM
Nick Kennedy	Independent Clinical Member Secondary Care Doctor	NK
Apologies		
Sarah Truelove	Chief Financial Officer	ST
Rob Moors	Deputy Chief Financial Officer	RM
In attendance		
Steve Freeman	Head of Financial Services	SF
Sarah Carr	Corporate Secretary	SC
Jenny McCall	Head of Internal Audit, Audit South West	JMcC
Russ Caton	Manager, Audit South West	RC
Barrie Morris	Director, Grant Thornton	BM
Lucy Powell	Corporate Support Officer (note taker)	LP

	Item	Action
01	Apologies The above apologies were noted.	
02	Declarations of interest There were no new declarations of interest and no declarations of interest arising for 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 7 ref 10 John Rushforth (JRu) confirmed that he had raised the idea of an Audit Chair meeting for STP 	



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	<p>organisations with other local Audit Chairs who had been in agreement. JRu noted that once a meeting date was established, agenda items would be canvassed from the Audit, Governance and Risk Committee members. Barrie Morris (BM) offered use of the Grant Thornton offices for this meeting and the Committee thanked BM for the use of the external space.</p> <p>All other actions recommended closed were closed</p>	
04	<p>Identification of any other business not on the agenda PM highlighted that Gloucestershire CCG had trialled a web based risk system. Sarah Carr (SC) offered to research web based options for managing risks.</p>	SC
05.1	<p>Internal Audit Progress Report Russ Caton (RC) outlined the 4 audit reports issued and noted that these had been positive. The remaining audits were reported to be progressing to Audit Plan timescales. The Terms of Reference had been drafted and were awaiting Executive Director sign off. It was reported that some audits had had timescales extended following discussions with managers but not significantly enough to affect the plan.</p> <p>The Corporate Governance report showed significant assurance. Some recommendations were in place; these were minor process amendments.</p> <p>The Financial Management and Strategic Planning report was reported to have a satisfactory assurance level following delay in sharing budgetary information to budget holders. This had been due to the workforce transition and lack of clarity around who the relevant budget holders were. RC noted however that significant budgets had been reported to Executive Directors. The Committee discussed the lack of budget holder meetings and JRu asked how workforce resource was being managed. Steve Freeman (SF) explained that following a recruitment drive by the CCG a full team of management accountants were now in place and supporting processes had been developed to improve communication between the team and budget holders. JRu requested that a comprehensive system for budget holder reporting be put in place and reported at the next meeting. JM noted that the Internal Auditors felt assured that budget holder</p>	ST



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	<p>reporting would improve once the identification of budget holders had improved.</p> <p>The Committee discussed the ledger processes set by NHS England and the lack of flexibility at a local level to input more detailed financial information.</p> <p>The Committee discussed the Better Payment Practice Code and SF confirmed that invoice reports were checked daily and staff with outstanding invoices were contacted and reminded to check and code these. SF also confirmed that any large value invoices were monitored by himself and managed appropriately. RC highlighted that the CCG accrued for large invoices on hold so there would be no impact on the accounts. JRu requested that a paper be presented to the February meeting outlining the Better Payment Practice Code achievement.</p> <p>The Committee reviewed the Savings Plan audit report and RC highlighted significant improvement on the savings plan process, and outlined the more structured approach to monitoring savings and associated risks. RC noted that where savings plans were not achieving as expected appropriate monitoring was taking place through the Strategic Finance Committee. RC also highlighted that any slippage in expected savings was regularly reviewed for mitigations. The Committee discussed the 2019/20 savings and noted that plans had been developed for next year as forward planning had begun earlier this year.</p> <p>The Committee discussed the sustainability funding potential, noting that should the CCG reach target deficit then the gap would be closed by Commissioner Sustainability Fund allocation. The Committee were assured that the current mitigations of the risks to target deficit were sufficient and were informed that discussions were ongoing with NHS England regarding the Sustainability Funding. With all assumptions realised, the CCG was expected to receive the funding.</p> <p>The Committee discussed the Financial Management and Planning audit. Internal Audit highlighted that budgetary discussions have occurred at Governing Body level. Sarah Carr (SC) explained that Operational Planning had been scheduled as a seminar item for early 2019 and this was expected to be aligned</p>	<p>ST</p>



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	<p>with the Commissioning Intentions and budget allocations, particularly in key areas such as Urgent Care. RC noted that following the merger these conversations were improving and that robust processes had been developed throughout the year.</p> <p>PM highlighted the outstanding audit recommendations and asked whether the extensions provided for some of the these had affected the reports. RC explained that 18 outstanding recommendations was a significant improvement and a clear process had been put in place by the CCG to escalate these. RC clarified that the extensions had not affected the reports and had been put in place to allow for specific processes to be developed and evidenced. RC reminded the Committee of the importance for the CCG to provide evidence that the recommendations have been actioned.</p> <p>The Committee received the Internal Audit Interim Report</p>	
05.2	<p>Internal Audit Report 2017-18</p> <p>Jenny McCall (JM) outlined the report noting that this had been shared with all members of the South West consortium. JM highlighted that the current focus for Audit South West was for sustainable improvement and shared learning between the consortium members.</p> <p>The Internal Audit Plan had been shared with Sarah Truelove and would be presented to the Committee for approval in February.</p> <p>The Committee received the Internal Audit Annual Report</p>	
06.1	<p>External Audit Plan 2018-19</p> <p>Barrie Morris (BM) presented the plan to the Committee and outlined the areas the Audit would focus on including operating expenses in relation to provider contracts the CCG holds, development of processes following the merger and Primary Care commissioning. It was noted that the materiality was based at £20m to reflect the newly created organisation as well as the current financial position. The Committee were informed that the audit would start on the 25th April 2019.</p> <p>The Committee discussed the Value for Money arrangements. BM highlighted that the key focus would be on the financial sustainability of the CCG and the partnership working within the Sustainability Transformation Plan.</p>	



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	<p>BM highlighted the current audit relating to North Bristol Trust short stay admission data which was being undertaken by Grant Thornton but noted that this was unrelated to the audit planning.</p> <p>Nick Kennedy (NK) queried whether the remuneration of the senior officers would prove a risk to the CCG. BM clarified that if the remuneration values were misstated and not corrected, it would impact on the audit. SC noted that the remuneration report was currently being developed as part of the annual reporting process.</p> <p>JRu asked how the additional audit work around delegated commissioning would factor into the audit fees. BM highlighted that there would be an elevated fee this year not only because of delegated commissioning aspect but also to reflect the additional work to review the post-merger processes and governance.</p> <p>The Committee received the External Audit Plan</p>	
06.2	<p>External Audit Progress Report and Sector Update</p> <p>BM noted that the Audit had not yet begun but the plan had been received by Sarah Truelove.</p> <p>SC agreed to circulate the sector report to the Governing Body for information.</p> <p>The Committee received the External Audit Progress Report and Sector Update</p>	SC
07.1	<p>Annual Accounts Process</p> <p>Steve Freeman (SF) updated the Committee on the progress of the annual report and annual accounts. Key members of staff had attended seminars on the new guidance, and this was being reviewed following the inclusion of some new standards. It was noted that the new standards did not affect the annual accounts section.</p> <p>SF explained that the closing balances from the three legacy CCGs had been loaded onto the new BNSSG CCG ledger, verified by the financial services team and reviewed by Internal Audit. The opening balances had been reconciled at the start of the year and reconciled again each month.</p>	



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	<p>The financial services team had prepared the timetables for the month 9 and annual accounts submission. However, the processing timetable from Shared Business Services had not yet been received. SF noted that as an additional task this year, the team would be required to consolidate the 2017/18 comparatives for the month 9 submission. The team were currently preparing the supporting working papers and information required for this.</p> <p>SF reiterated that work on the remuneration report had started and the 'Greenbury' pension letters would be issued in December.</p> <p>The Committee received the report and noted the progress on the Annual Accounts</p>	
07.2	<p>Annual Report and Governance Statement Process</p> <p>SC presented the report noting that the month 9 templates had been received and work has begun to identify the areas of significant concern to be included. This information would provide part of the Governance Statement and the CCG leads have been contacted to provide this. JRu queried what type of concerns would be flagged. SC clarified that anything that created a pressure on the system would be included. The templates would be submitted on the 18th January 2019 as part of the interim report and shared with the Chief Executive, Deputy Chief Executive and Audit, Governance and Risk Committee Chair.</p> <p>It was noted that the Audit, Governance and Risk Committee would be asked to review the annual Governance Statement at the February meeting. SC explained that due to the Governing Body timetable it was expected for approval of the annual report and accounts to be delegated to the Audit, Governance and Risk Committee May meeting.</p> <p>SC noted that the Annual Report template had been received and had been circulated to contributors to complete. The structure of the report remained the same; including the performance reporting, members reporting and accountability elements. The CCG would also be producing a user friendly summary along with summary videos on the website. SC highlighted the three areas of importance outlined by NHS England; involving patients, reporting on inequalities, and sustainability and noted that the CCG would provide data and strong narrative in these areas. The draft annual report would be sent to NHS England and the Auditors on the 18th</p>	



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	<p>April 2019. JRu queried why the report would be issued to NHS England. SC explained that they needed to report to the National Audit Office as well as provide a check that the CCG had covered the salient points. SC noted the valuable feedback received previously from both External Audit and NHS England in producing the annual report and accounts.</p> <p>The Committee noted the process for the production of the Annual Report and Governance Statement</p>	
07.3	<p>Management of Declared Interests and Review of Conflicts of Interest and Gifts and Hospitality Policies</p> <p>SC presented the paper explaining that these were policies for review and recommendation for approval at Governing Body.</p> <p>SC highlighted the numbers of returned declarations of interest stating that only 9 declarations were outstanding from GP Partners. The Committee congratulated SC on this achievement. The outstanding GP Partners had been contacted and forms requested again. The Committee discussed the incentives the CCG can utilise to receive declarations from the practice partners. SC assured the Committee that the team were working closely with the Area Teams to assure compliance.</p> <p>The Committee reviewed the conflict of interest training compliance rates. SC noted that as part of the induction process, new starters would complete statutory training such as this as part of an induction day. SC highlighted that of the mandated decision makers who were required by NHS England to undertake the training, only one staff member was outstanding. However, this person had undertaken the training but this was not showing as completed on their electronic training record. It has been requested that they complete the training again.</p> <p>The Committee discussed the policies and SC highlighted that the Conflict of Interest Policy highlighted the statutory requirement for a conflict of interest guardian. This was noted as being the Audit, Governance and Risk Committee Chair.</p> <p>The Committee discussed the responsibilities of meeting Chairs in terms of declaring interests at meetings. NK suggested that the checklist developed for Chairs be circulated to the Governing Body Sub Committee Chairs and wording added to the agendas</p>	



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	<p>as a reminder to check for interests. SC outlined the current wording added to all agendas and explained that further information for Chairs would be part of the Governance handbook which was being developed.</p> <p>The Committee reviewed the Policies and highlighted some minor typographical errors which SC agreed to amend.</p> <p>The Committee reviewed and recommended the policies to the Governing Body for approval</p>	SC
07.4	<p>Governing Body Assurance Framework</p> <p>SC presented the paper to the Committee highlighting the change in one of the risks which had been reflected in the updated paper.</p> <p>SC assured the Committee that the Governing Body Assurance Framework was discussed at all Committee meetings in terms of whether members recognise the risks and are in agreement with the scores. It was noted that members regularly challenge and the assurance framework was updated accordingly. SC noted that at the Governing Body meeting in January 2019, the principle objectives would be reviewed to ensure that these are still relevant and appropriate six months on.</p> <p>The Committee discussed the Assurance Framework and Risk Register in terms of the joint STP work and discussed how this would affect development of the documents and the extent to which the CCG risk register reflected the risks of local stakeholders and providers. BM noted that External Audit would review external risks and how these could impact on the local healthcare system. The Committee agreed that the possibility of including external risks to the assurance framework and risk register should be considered.</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>	
07.5	<p>Corporate Risk Register</p> <p>SC highlighted the risks that had been added and removed from the Corporate Risk Register noting that work was ongoing with</p>	



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	<p>the Risk Register leads to provide common narrative and consistency of wording.</p> <p>SC noted that following challenge at the last Audit, Governance and Risk Committee, the score related to risk MDPCC12 had been increased to reflect the discussion. However, the risk score may change at a later date to reflect the improved data access through the improvement and assurance framework.</p> <p>JRu assured the Committee that the Corporate Risk Register was discussed regularly particularly around the risks and mitigations. JM highlighted that as part of the audit opinion the Corporate Risk Register would be reviewed as to how the CCG used the document to add value.</p> <p>The Committee discussed the layout of the Corporate Risk Register and SC suggested considering whether it would be beneficial for the individual risk scores to be tracked on the risk register with trends highlighted.</p> <p>The Committee received the Corporate Risk Register</p>	
08.1	<p>Losses and Compensation Payments</p> <p>SF noted that since the paper was written, a payment plan had been agreed for one of the outstanding balances and so there was only one remaining overpayment outstanding which would be managed by the dedicated NBT overpayments team.</p> <p>SF noted that the overpayments related to unprocessed termination forms due to late submission to payroll. RC noted that this was a common issue throughout the NHS.</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>The Committee requested that for future reports the name of the company procured be included in the report for assurance purposes.</p> <p>The Committee received the report and noted the waiver</p>	SC



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08.5	<p>Audit, Governance and Risk Committee Workplan</p> <p>JM noted that the counter fraud plan would be presented at the February meeting, it was agreed to amend the workplan to reflect this.</p> <p>The Committee received the work plan</p>	SC
09	<p>Committee Effectiveness</p> <p>Members considered the checklist and agreed the meeting had been effective.</p>	

Lucy Powell
Corporate Support Officer
December 2018

