

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

Minutes of the meeting held on 24th May 2018 at 10.00am in The Bevan Room,
South Plaza, Bristol

Draft Minutes

Present		
John Rushforth	Committee Chair, Lay Member Audit and Governance	JRu
Peter Marriner	Lay Member Strategic Finance	PM
Apologies		
Nick Kennedy	Independent Clinical Member Secondary Care Doctor	NK
Jon Hayes	Clinical Chair	JH
Mike Vaughton	Deputy Chief Finance Officer	MV
In attendance		
Julia Ross	Chief Executive	JR
Sarah Truelove	Chief Financial Officer	ST
Rob Moors	Assistant Chief Financial Officer	RM
Steve Freeman	Head of Financial Services	SF
Jeanette George	Director of Corporate Services (Interim)	JG
Jenny McCall	Head of Internal Audit, Audit South West	JMcC
Russ Caton	Manager, Audit South West	RC
John Micklewright	Counter Fraud Manager, Audit South West	JM
Barrie Morris	Director, Grant Thornton	BM
Sophie Medwell	Executive, Grant Thornton	SM
Michelle Burge	Auditor, Grant Thornton	MB
Louise Rickitt	Programme Manager	LR
Sarah Carr	Corporate Secretary (note taker)	SC

	Item	Action
01	Apologies JRu welcomed members to the first meeting of the BNSSG CCG Audit, Governance and Risk Committee. The apologies were noted. It was confirmed that the meeting was quorate.	
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	



	Item	Action
	<p>arising from previous meetings</p> <p>The minutes were agreed as a correct record. The action log was reviewed:</p> <ul style="list-style-type: none"> • 07/12/17 6(3) 6(4) ST confirmed that actions to address the recommendations in the Savings Plan Audit had been taken forward. The Turnaround Steering Group Terms of Reference had been amended to formally describe the relationship between the steering group and the Strategic Finance Committee. A full update would be presented to the next meeting. It was agreed to amend the deadline. • 07/12/17 11(1) remained open • 13/03/18 1 and 2 ST confirmed that the risks had been updated and would circulate and updated narrative to members <p>All other actions due were closed</p>	ST
04	<p>Internal Audit Annual Report</p> <p>JMcC presented the Annual Reports for the Bristol, North Somerset and South Gloucestershire CCGs. JMcC highlighted that a good process was in place regarding the implementation of recommendations. The audit work undertaken during the year gave the Audit Committees of the CCGs a timely insight in the savings plan position and the governance arrangements for the CCGs and the proposed arrangements for the merged CCG. Further areas highlighted were the CHC audit and the Better Care Fund Audit. JMcC thanked the CCGs for the support given that enabled the audit work to go forward. The Annual Audit Reports included the Public Sector Internal Audit Standards self assessment and the external review of Audit South West’s compliance.</p> <p>JRu queried the current status for the Partnership Working/ Transition Board Audit Report which was “awaiting management response”. RC confirmed that the report had been distributed and was with ST for comment. JRu asked about the Personal Health Budget Audit Report. RC confirmed that this had been delayed; the lead was to liaise with the Director of Transformation. It was confirmed that there were no issues and that these reports did not impact on the overall opinion given.</p> <p>JR welcomed the overall opinion of “significant assurance” set out in the reports and the positive comments. JR noted that the CCGs had not achieved the £92 million savings plan and half way through the year the CCGs agreed a revised savings plan with NHSE which was achieved. JR asked that the achievement of the revised savings plan</p>	



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	<p>was acknowledged in the report. This was agreed.</p> <p>PM asked about the Cyber Security work. RC confirmed that discussions were underway with MV. PM sought clarity regarding the reference “not yet due”. It was explained that this was a reference to recommendations that were not due to be delivered by the date of the report.</p> <p>The Information Governance Toolkit Reports for the three CCGs were discussed. RC explained that the reports were completed prior to the Information Governance Toolkit submissions to confirm actions to be completed. Confirmation that the actions identified had been completed prior to submission had been received. JRu asked about the timing of the report. It was explained that the Toolkit submission date was the 31st March and the statutory requirement was that the Toolkit was audited prior to the submission. Due to the changing nature of submission the audit was completed earlier to identify areas of improvement prior to submission. It was noted that the Information Governance Toolkit and audit requirements were changing.</p> <p>JRu asked how the CCG gained assurance after submission. RC confirmed that there was no requirement to complete an audit post submission. The 2018-19 plan included an Information Governance audit and as the national statutory position became clear the provision of audit and assurance would be agreed with the CCG. ST commented that this had been discussed at the Governing Body and a report would be presented to a future Governing Body meeting that described the actions required to continue to improve the CCG position. It was anticipated that there would be clarity on the national position over the summer. ST commented that there would be a focus on the CCG Information Asset Owners. PM asked if any issues would arise with NHSE. It was explained that the CCGs had achieved level two which was the expected level of attainment.</p> <p>The North Somerset CCG Continuing Health Audit Report was discussed. The reports for Bristol and South Gloucestershire had been received previously. JRu noted the assurance level provided was satisfactory. The overall conclusion highlighted a number of concerns and JRu asked how the assurance level was assessed given the issues identified. RC explained that operationally the CCG was achieving the required levels and met the requirements. The issues identified related to the framework and controls being</p>	<p>JMcC</p>



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	<p>operated. It was evident that actions were being taken however these were not formal. There were no major concerns. JR commented that the audit comments were helpful and informed members that a full review of the CHC function was underway. JRu asked if the actions to be completed by the 31st May were on track. It was explained that the CHC review would have an impact on the timescales. It was agreed that the CHC team would be asked to identify those actions that be affected. PM asked if the reports needed to be amended to reflect the review and add revised timescales. This was agreed.</p> <p>The Annual Counter Fraud Report for the three CCGs was discussed. JM highlighted the executive summary and the joint work undertaken with Internal Audit in relation to the audit of arrangements to manage conflicts of interest. The counter fraud service was a member of the corporate policy review group and had the opportunity to comment on developing policies. JM drew attention to the summary of investigates. It was noted that the recommendations would be followed up to provide assurance. JRu sought clarity regarding the employers of agency nurses. It was explained that this was related to CHC. It was agreed that more information on the cases would be circulated to members. JRu asked if there were checks in place to ensure that the CCG did not re-employ individuals where concerns had been identified. It was explained that confirmation would be sought. ST commented that it was important to ensure that there was a process for counter fraud that tracked actions and demonstrated when actions were closed. This was agreed for future reports. JRu asked about the investigation into the abuse of position. It was confirmed that it was found that there had been no abuse of position.</p> <p>The Committee received the Internal Audit Reports</p>	<p>ST/RC</p> <p>ST/RC</p> <p>JM</p> <p>JM</p>
05	<p>Head of Internal Audit Opinions</p> <p>JMcC introduced the Head of Internal Audit Opinions issued for each CCG. An opinion of Significant Assurance was given for each CCG. The context for the opinion was set out, and included the close partnership working between the CCGs and the establishment of the STP. The reports reflected the work undertaken that supported the opinion. PM commented on the third party assurance report in respect of the Commissioning Support Unit reference in the reports and the sample size reported. It was agreed to discuss this at item 09. JMcC explained that the service auditor report was completed for all CSU clients and did not provide detailed information explaining</p>	



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	<p>which of the CSU clients were referred to. It was confirmed that the report of the ESR platform had been received.</p> <p>The Committee received the Head of Internal Audit Opinions</p>	
06	<p>Internal Audit Plan 2018-19</p> <p>The plan had been updated to reflect comments. The plan had been received by the CCG management team. It was noted that the plan would be refreshed in year. JR sought clarity on the regularity of audits relating to Weston Hospital and audits relating to cancer pathways. It was explained that these were generic titles and different audits would be completed each year. The scope would be agreed with executives. JRu commented that a number of audit titles were very focused. RC explained that as the plan progressed the areas would change; the audits were based on the CCGs' risk register. JR noted that the CCG risk register was under review and a number of issues were likely to change. JR asked about the process to develop the audit plan. RC explained that the risk register was reviewed which was followed by discussions with the executive team to identify areas of particular concern. Once the plan was agreed discussions with individual executives would agree the scope of audits to develop terms of reference. JR asked how the internal audit work added to the information available to the CCG. RC explained that the audit would look at the processes in place within the CCG to obtain information and identify how robust processes were.</p> <p>PM asked about the date of audits relating to Information Governance and cyber security. ST explained that the cyber security work carried over from the 2017-18 was not shown on the plan. This work would include a focus on staff members' understanding of their responsibilities regarding information governance and cyber security.</p> <p>JMcC explained that interim reports would include the specific details of audits.</p> <p>The Committee received the Internal Audit Plan for 2018-19</p>	
07	<p>External Audit</p> <p>The Committee discussed the External Auditor's Audit Findings Reports for the three CCGs. BM highlighted the key headlines. The audit was substantially complete. There had been a small number of minor queries that had been resolved regarding the Annual Report. BM commented that the Head of Internal Audit Opinion of Significant Assurance was commendable given the period of transition. BM passed on his thanks to the Finance Team members for their support</p>	



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	<p>in completed the audit work.</p> <p>The External Auditors had issued an unqualified opinion in relation to the three Financial Statements. The qualified 'except for' Value for Money opinion reflected the financial position. The commentary acknowledged that the CCG had renegotiated the financial plan with NHSE and had ended the year in an improved position. The External Auditors issued Section 30 letters for the three CCGs. The Regularity Opinion was qualified reflecting the financial position.</p> <p>SM highlighted that there were no changes to the approach to materiality in the Findings Report. Attention was drawn to the risk to the purchase of secondary healthcare that related to a number of mismatches on the Agreement of Balance exercise. The External Auditors were content with the CCGs' position. The External Auditors were content that one Annual Report was published for the three CCGs with the inclusion of the elements at an individual highlighted in the Findings Report. The audit adjustments were set out at appendix B of each report. It was noted that there were specific notes that related to individual CCG's.</p> <p>MB drew attention to the Value for Money findings which reflected the CCGs' financial position and acknowledged the renegotiation of the position with NHSE. The key considerations were highlighted including the planning position in April 2017 and the introduction of the Capped Expenditure process. The Report recognised that arrangements had improved with regards the development of the PMO. The target for 2018-19 was more realistic and plans more developed. There were no concerns relating to the CCGs' working with partners. BM commented that there appeared to be a positive change and progress across the BNSSG STP.</p> <p>JRu asked whether the mismatches reported were picked up at Month Nine. SF it was explained that this was not necessarily the case as misclassifications were not identified at this point.</p> <p>The Committee noted that closing the three sets of accounts for 2017-18 had been a challenging process. The Committee extended its thanks to the Finance Team. JR highlighted that this achievement was at a time of significant internal reorganisation and added her thanks. JR expressed her appreciation of the External Auditor's positive comments.</p>	



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	The Committee received the External Auditor's Audit Findings Reports and approved the Letter of Representation for each CCG	
08	<p>Going Concern Assessment</p> <p>The paper set out the basis for the preparation of the CCGs' financial accounts on a going concern basis. The plan for 2018-19 submitted to NHSE was in line with the control total.</p> <p>The Committee confirmed the preparation of the CCGs' financial accounts on a going concern basis</p>	
09	<p>Approval of Annual Report and Accounts 2017-18</p> <p>ST explained that the Annual Report had been presented in draft form to the May Governing Body meeting. There had been a number of updates to the report reflecting comments and discussions with the External Auditors. The change log was highlighted at appendix two.</p> <p>JRu highlighted that there were a small number of typographical errors to be corrected in the report. In relation to the Annual Accounts JRu noted that the GPMS payments had increased. It was explained that this reflected the transfer of GP payments from NHSE and the associated increase in funding. PM sought clarification of the population increase for Bristol reported and noted that there was a duplicate table.</p> <p>Subject to the amendments highlighted the Committee approved the Annual Report, Accounts and Associated Papers under delegated authority from the Governing Body</p>	ST
10	<p>Audit Committee Report to the Governing Body</p> <p>It was agreed to report back to the Governing Body the findings of the Internal Auditors and the External Auditors which was considered a significant achievement. Assurance was provided regarding the review of CHC arrangements. It was noted that the Section 30 letters had been issued.</p>	JRu
11	<p>Audit Committee Terms of Reference</p> <p>JG was welcomed for this item. The Committee considered the Terms of Reference. The Terms of Reference had been revised to reflect the comments previously made and the internal audit findings. PM noted that NHS Protect was now named the Counter Fraud Authority. JR observed that the membership included the Clinical Corporate lead for Contracts and Finance. This role was undertaken</p>	

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	<p>by the CCG Clinical Chair. This was discussed and it was agreed that a standing invitation would be extended to the Clinical Chair to attend Committee meetings and the membership would be reduced to three. It was noted that the Public Sector Internal Audit Standards needed to be referenced.</p> <p>The Committee approved the Terms of Reference with the agreed amendments</p>	ST
12	<p>Service Auditor Reports (SAR)</p> <p>ST explained that the reports provided assurance on those services that were provided by third parties, primarily the Shared Business Service and the Commissioning Support Unit. The reports related to:</p> <ul style="list-style-type: none"> ▪ Payroll ▪ Financial Ledger ▪ Accounts Payable ▪ Accounts Receivable ▪ Financial Reporting ▪ Treasury and Cash Management ▪ Non-Clinical Procurement <p>There were no significant control issues identified in the SARs for the areas reviewed. Where control weaknesses had been identified the CCG would review the risk for the CCG and agree necessary mitigating actions. The exceptions identified and the CCG risk assessment was set out in appendix one. JRu commented that there no material issues were identified. JR commented that the CCG was focused on the contract with the CSU. PM observed that there had been issues with the transition to the new systems. It was noted that these were being resolved quickly by the finance team with dedicated staff time.</p> <p>The Committee noted the findings from the Service Auditor Reports on Payroll, ledger systems and financial accounting and prescribing</p>	
13	<p>Lessons learned – merger and transition</p> <p>LR attended for this item. ST explained that the report had been prepared so that it could be shared with other CCGs. JR thanked LR and colleagues for the work in preparing the report and the transition work. JR observed that the critical learning from the process was the appropriate level of HR support required. JR highlighted that each CCG had a set of HR policies and a commitment was made to follow the most advantageous organisation change policy. This had</p>	

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	<p>consequences for the job matching process that were unintended. The report also highlighted that the transition went forward with a new executive team.</p> <p>JRu asked if there had been sufficient programme management support in place. JR explained that LR had provided programme management support which was added during the process. LR commented that that a detailed programme approach was adopted with oversight from the Transition Group. BM asked if there elements of the learning that would be monitored. It was confirmed that the outstanding actions had been transferred into to business as usual with supporting actions.</p> <p>Committee members noted the report</p>	
14	<p>Losses and Special Payments There were none to report.</p>	
15	<p>Declarations of Interest Register Members reviewed the Register of Interest. It was noted that all staff were updating their declared interest. It was asked why some boxes were marked in green. It was agreed to clarify this. It was commented that some of the entries required updating. These would be completed. It was agreed to bring the revised Register to the next meeting. JRu asked if the Register was received at the CCG's Committees. It was explained that the relevant section of the Register would be received at the Governing Body and the Primary Care Commissioning Committee. It was agreed to extend this to other committees.</p> <p>The Committee received the Declarations of Interest Register</p>	<p>SC</p> <p>SC</p> <p>SC</p>
16	<p>Any Other Business JRu had asked about training for Committee members. It was noted that the HFMA provided training for Audit Committee members. It was agreed to explore this.</p> <p>PM asked if the Governing Body had received counter fraud training. It was agreed to arrange counter fraud training for the Governing Body.</p>	<p>ST</p> <p>JM</p>
17	<p>Committee Effectiveness Members considered the checklist and agreed the meeting had been effective.</p>	

Sarah Carr
Corporate Secretary

