

Governing Body Meeting

Date of meeting	24 July 2019
Title of paper	Audit Committee Update
Presented by	Mrs Linda Chivers, Audit Committee Chair
Author	Mrs Linda Chivers, Audit Committee Chair
Clinical lead	N/A
Confidential	No

Purpose of the paper
The paper provides an update from the Audit Committee meeting held on 28 June 2019 and on any work undertaken by committee members outside of the meeting.
Executive summary
<p>The minutes of the meetings held on 3 and 21 May 2019 are attached for information. The key points from the meetings on 3 and 21 May were presented to the Governing Body on 22 May 2019.</p> <p>The report on the meeting held on 28 June 2019 outlines the key decisions made, the assurances sought and any key risks that were identified.</p> <p>The Audit Committee recommends the revised Risk Management Strategy to the Governing Body for approval.</p>
Recommendations
The Governing Body is asked to note the report.

Links to CCG Strategic Objectives		
SO1	Improve quality through more efficient, safer services which deliver a better patient experience	<input type="checkbox"/>
SO2	Commission care so that it is integrated and ensures an appropriate balance between in-hospital and out of hospital provision	<input type="checkbox"/>
SO3	Be an integral part of a financially sustainable health economy	<input type="checkbox"/>
SO4	Ensure patients are at the centre of the planning and management of their own care and their voices are heard	<input type="checkbox"/>
SO5	Be seen as a well-run clinical commissioning group and the system leader	<input checked="" type="checkbox"/>

Governance and reporting (list committees, groups or other bodies that have discussed this paper)		
Meeting	Date	Outcome
N/A		
Were any conflicts of interest identified at previous meetings (mark X in the correct box below)		
Yes	No	
	X	
If conflicts of interest were identified what were these:		
N/A		

Implications			
Quality/patient experience implications?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
(Potential) conflicts of interest?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Equality Impact Assessment?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Privacy Impact Assessment?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Are there any associated risks?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Are the risks on the CCG's risk register?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
If yes, please include risk description and reference number	N/A		

Assurance
This committee is an assurance committee. Additional assurances are provided through Internal Audit reviews, the Head of Internal Audit Opinion and External Audit Report and findings.

1.0 Introduction

- 1.1 The Governing Body papers include the approved minutes of the meetings held on 3 and 21 May 2019. The key points from the meetings on 3 and 21 May 2019 were reported on at the Governing Body meeting on 22 May 2019. This report covers the meeting held on 28 June 2019.

2.0 Decisions

- 2.1 The Committee was made aware of contradictions in reporting on the level of opioid prescribing to the CCG's Governing Body and assurance given. There were potential financial and reputational risks for our CCG and it was agreed to add the risk to the Corporate Risk Register. The Committee requested that the Quality and Performance Committee and the Clinical Effectiveness Committee include the matter in agendas at their next meetings. This matter raised a discussion about the level of clinical oversight that is required of any clinical risks on the GBAF and Corporate Risk Register. The committee seeks assurances around the processes used for reporting to the relevant committees of the CCG Governing Body.
- 2.2 The Committee reviewed the Risk Management Strategy, which has been refreshed to reflect recommendations following a risk management audit in March 2019 carried out by the CCGs' Internal Auditors, KPMG. Although the audit reported "significant assurance" there was one recommendation to include the timescale for when risks should be reviewed. The Audit Committee recommends the revised Risk Management Strategy to the Governing Body for approval.

3.0 Assurances

- 3.1 The Committee received assurance sought at its previous meeting with regard to the Single Tender Waiver process. The process has been strengthened by the use of a trigger system when contracts are due to expire.
- 3.2 The Committee sought assurance that other committees are aware of due dates included in the GBAF which were extended to allow for the continuing progress of the Care Quality Commission action plan for the Lancashire Teaching Hospitals recovery plan.
- 3.3 The Committee was made aware that Blackpool Victoria Hospital Trust has over 40 CQC inspectors currently on site. This is one of the providers of acute services to the populations of our CCG. This information was provided within ICS Board briefings which Mr Cherry receives as he attends the ICS Board meetings. This matter was being raised with the Quality and Performance Committee.
- 3.4 The Committee is seeking assurances around any risks which may result from the NTW review of the urgent mental health pathway and how the CCG can address any gaps identified in the assurances.

- 3.5 The Committee is considering how those providers / leads who have risks attached to the ICP Risk Register are held to account.
- 3.6 A review of the effectiveness of the Audit Committee has taken place as required annually and according to the committee's terms of reference. Assurance was sought following the outcome of a question about whether equal prominence is given by the Audit Committee to both quality and financial assurance. It was agreed that the Audit Committee's terms of reference would be updated when next reviewed to reflect the risk profile of the organisation. This would provide the committee with assurance with regard to equal prominence being given to quality and financial assurances for the CCG.
- 3.7 The Committee received assurances from Grant Thornton, External Auditors with regard to the work of external audit services provided on behalf of the CCG.
- 3.8 The Committee continues to seek and receive assurances from KPMG, Internal Auditors through internal audit reports and recommendations which are followed up for completion.
- 3.9 With regard to the discussion by Audit Committee members around ICP wide matters, the Committee requested that a mechanism is developed for sharing information from health sector updates, which were felt to be useful and provided by Internal and External Audit colleagues

4.0 Information

- 4.1 The Committee will make a decision at its next meeting with regard to the next anti-fraud proactive exercise to be undertaken by Counter Fraud Specialists.
- 4.2 The Audit Committee will receive an update report on the Mental Health Investment Standard at its next meeting on 6 September. There is a requirement to include information from this additional work for the CCG in the Annual Report. As the timeframe will be very short, Audit Chairs will be asked to sign off the final report by 13 September, prior to submitting to Governing Body at its meeting in September.
- 4.3 The Committee received an update following the ICP Shadow Board meeting on work provided by Mersey Internal Audit Agency to support the delivery of a risk programme to members at a development session on 23 May and the development of an ICP Risk Register.
- 4.4 The Committee received a report which highlighted the work that the CSU Information Governance team are undertaking to support the CCG in meeting its statutory requirements in relation to Data Protection and Security. The Committee received an update on a minor amendment to the IG Handbook which has been reviewed and an amendment made to the change in name of the Data Protection Officer.

4.5 The Committee received the Corporate Registers, noting that there have been no new entries on the Hospitality, Sponsorship and Gifts Register, the Tender Waivers Register, the Procurement Decisions Register and the Losses, Write-offs and Special Payments Register.

5.0 Audit Committee Chair Update

5.1 The Audit Committee Chairs reported on their recent activities. Mrs Chivers, Chorley and South Ribble CCG Audit Chair gave feedback on the Chorley and South Ribble CCG Membership Council meeting which she attended. Both CCG Membership Councils had been asked to consider questions about a potential merger of Chorley and South Ribble and Greater Preston CCGs. GPs also shared their views on the GP Quality Contract at the Chorley and South Ribble CCG Membership Council meeting.

5.2 Committee members met informally after the Audit Committee meeting to consider the outcomes and decisions made.

5.3 Subsequent to the meeting the Audit Chair has signed of the quarterly return to NHSE on Conflicts of Interest.

**Mrs Linda Chivers,
Audit Committee Chair Chorley and South Ribble CCG
July 2019**

Chorley and South Ribble CCG Audit Committee Minutes

**Friday, 3 May 2019, Board Room 1 - Chorley House, Lancashire Business Park,
Centurion Way, Leyland PR26 6TT at 9.30 am**

Present Mrs Linda Chivers, Audit Committee Chair
Mr Geoffrey O'Donoghue, Lay Member Patient and Public Involvement
Mr Paul Richardson, Lay Member Governance (representing Greater Preston and Chorley and South Ribble CCGs)

In Attendance Mr Paul Bell, Anti-Fraud Specialist, MIAA
Ms Stephanie Betts, Corporate Affairs and Governance Manager
Mr Ian Cherry, Audit Committee Chair, Greater Preston CCG (Chair)
Mrs Debbie Corcoran, Lay Member Patient and Public Involvement, Greater Preston CCG
Mrs Katherine Disley, Deputy Chief Finance Officer
Ms Harriett Fisher, Manager, KPMG
Mr Matt Gaunt, Director of Finance and Contracting
Mrs Lynne Johnstone, Audit Manager, Grant Thornton
Mr Gareth Kelly, Engagement Lead, Grant Thornton
Mrs Anne Whittle, Corporate Business Manager (minutes)

1	Introduction Mr Cherry welcomed everyone to the meeting.
2	Apologies for Absence Apologies for absence were received from Mrs Sarah Mattocks, Corporate Affairs and Governance Manager.
3	Declarations and Register of Interests The Register of Interests was presented for information. Mr Cherry reminded committee members of their obligation to declare interests they have against the agenda which might produce a conflict. Mr Cherry asked the committee to note that Mr Cutler's declaration was missing from the Register of Interests and although this was not a requirement asked Mr Cutler to submit his declaration voluntarily to the committee even if there were no conflicts to declare. There were no other declarations of interest. Ms Fisher would take this action back for Mr Cutler.
4	Minutes of Previous Meeting Both Audit Committees reviewed the minutes of the Audit Committee meeting held on 1 March 2019. These were accepted as a correct record, subject to the following amendments. <u>Item 6 GBAF 01 Quality, Safe and Effective Services Deep Dive</u> Fourth paragraph last sentence to read: "... Community Hospital was identified

	<p>by a ...”</p> <p>Ninth paragraph first bullet point to read “... know that LTH has a mortality rate which compares well against ...”</p> <p><u>Item 11 External Audit Plan</u> Third sentence a typing correction “address”.</p> <p><u>Item 14 Registers of Interest Update</u> Second paragraph, second sentence should read “... not attended for a significant length of ...”.</p> <p>Resolved That the minutes from the meeting held on 1 March 2019 were accepted as a correct record, subject to the above corrections.</p>
5	<p>Matters Arising Audit Committee members accepted those items which were identified as complete and updates where actions were not complete. The committee accepted the following additional update:</p> <p>The committee noted that with regard to the Chorley and South Ribble CCG Lay member for Governance, who left the CCG on 31 March, the Greater Preston CCG Lay member for Governance has voting rights for both CCGs. It was expected that Mr Richardson would vote same for both CCGs.</p> <p><u>CSRAC190301-13 Anti-Fraud Work Plan for 2019/20</u> Mr Gaunt confirmed that a couple of areas were being considered for the proactive exercise to be undertaken. One of those areas related to Personal Health Budgets (PHB) as there have been several referrals, one of which was referred to the CPS and would give a technical high risk in the June report. Mr Gaunt explained that we have a low uptake of referrals in this area (wheelchairs) and as the CCGs are going to offer PHBs from the start of this year we should expect an increase in numbers of referrals. Mr Bell added that Anti-Fraud services have also undertaken work in areas relating to Quality Outcomes Framework and Recruitment.</p> <p>Resolved That the Committee noted the updates provided and approved the closing of all actions assessed as complete.</p>
6	<p>Governing Body Assurance Framework and Corporate Risk Register Ms Betts asked the committee to note the process undertaken to refresh the Governing Body Assurance Framework (GBAF) for 2019/2020 and to note the process for managing the risks on the Corporate Risk Register (CRR). There was no formal GBAF to present to this meeting as the CCG was in the process of refreshing the GBAF as required on an annual basis.</p> <p><u>GBAF</u> A full review of the GBAF has taken place using workshops and surveys from Governing Body members to help inform the GBAF for 2019/20. In March 2019 the CCG received a final report from Mr Tim Cutler and his team at KPMG following an internal audit review on Risk Management and the GBAF, from which</p>

the CCG received the highest assurance rating of significant assurance. As part of this year's refresh, the CCG does not intend to carry out a full review as the formatting, presentation and reporting of the GBAF will remain the same.

Governing Body members have been invited to draft the content of the GBAF for 2019/2020 at an informal Governing Body development session on 8 May 2019. Areas to consider included to agree areas of risk, define the key strategic threats to each risk, the risk appetite scoring, consideration to the target risk scoring, consider the current risk score, and consider the controls and assurances in place which may not be documented. The feedback from the development session will inform the final draft which will be presented to the Governing Body at its meeting in May 2019. Reporting to the Audit Committee on the GBAF will take place from July 2019.

Corporate Risk Register

Ms Betts provided an update on the Corporate Risk Register.

One risk has closed relating to Springfield Manor Gardens, which is now regulated by the Care Quality Commission. There were two new risks as follows:

- Continuing Health Care (CHC) and CCG control due to domiciliary care being managed by Lancashire County Council
- Personal Health Budgets – the CCG is not in a position to meet NHS England requirements to be able to offer Personal Health Budgets (PHB) to all new Homecare packages from 1/4/19

There was one continuing risk with regard to non delivery of Referral To Treatment Times (RTT).

All changes were highlighted in red throughout the document.

Ms Betts advised that operational risks are captured at the weekly operational plan meeting through discussions with commissioning, finance and contracting leads. The Management Executive Team is made aware of any potential risks that would subsequently be included on to the CRR. The following comments were received and related to the need to populate the CCR with more information.

- With regard to the CHC and domiciliary care, there were potentially patient safety and quality risks to consider as a consequence of the CCGs' restricted control.
- With regard to governance and control there were gaps where no mitigation actions were included.
- In reply to a question about why the CCG might not meet the risk relating to PHBs and demonstrating more grip, Mr Gaunt would take this back to the Director of Quality and Performance.
- With regard to RTT and theatre utilisation, a comment was received relating to Procedures with Low Clinical Value, for example use of operating theatre for administering injections. There was a concern that theatre use should be considered to avoid blocking up of theatre use.

Resolved

That the Committee

- 1) noted the progress with the GBAF for 2019/20; and

2) noted the process used to manage the CRR

7

Draft Annual Accounts and Financial Statements

Mr Gaunt presented the draft Annual Accounts and Financial Statements for 2018/19. Submissions were made to NHS England in accordance with national financial reporting requirements. Copies of the statements and working papers have been provided to Grant Thornton, External Auditors. The financial statements were prepared according to the accounting policies and follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to CCGs, as determined by HM Treasury.

Audit Committee members went through the documents for both CCGs page by page through ModGov papers and provided comments as follows:

- Page 46 - 1.3 Accounting convention relating to the revaluation of property, plant and equipment. This line would be removed as this is not relevant to the CCG.
- Page 53 - 5.2 Average number of people employed – Mrs Disley confirmed that the ‘other number’ of 13 related to the schemes which the CCG hosts, for example cancer alliance.
- Page 55 - 6 Operating expenses – Mrs Disley would check ‘other non-statutory audit expenditure’ relating to internal audit services.
- Page 65 – 17 Related party transactions – Mr Gaunt would check the detail around a payment of £7,000 and respond to Mrs Chivers. A transaction relating to Central Lancashire Age Concern should be included for two months.
- Page 65 – 17 Related party transactions – Mr Gaunt explained that details are included for previous Governing Body member Dr Kelsall who resigned in January 2018. Mr Kelly would check if this information should be kept in the annual accounts as a comparator.
- Page 65 – 17 The majority of the cost associated with most practices are for primary care medical services – it was agreed that there should be consistency across both CCG reports and to include the names of the schemes involved.

Resolved

That the Committee reviewed and provided comments on the draft Annual Accounts and Financial Statements for 2018/19.

8

Annual Report 2018/19 including Annual Governance Statement

Ms Betts presented the draft Annual Report for 2018/19 for review. Chorley and South Ribble CCG and Greater Preston CCG have submitted an un-audited draft Annual Report (including Annual Governance Statement) to NHS England in accordance with national requirements. The Annual Governance Statement included reference to the CCG Delegated Commissioning Committee audit as per NHS England recommendation. This draft report was presented for review by the Audit Committee. Following review, the final report would be presented to the Audit Committee on 21 May 2019. Final submission to NHS England is to be made by 29 May 2019. Copies have been provided to the CCGs’ External Auditors Grant Thornton.

	<p>Both Audit Committees went through the documents page by page and provided comments and amendments.</p> <p>Audit Committee members acknowledged that several sections were highlighted throughout the report, and that these would be completed prior to final submission.</p> <p>Resolved That the Committee reviewed and provided comments on the draft Annual Report including Annual Governance Statement for 2018/19 prior to a final submission to the Audit Committee on 21 May and approval by Governing Body on 22 May 2019.</p>
9	<p>Responses from Management and those charged with Governance Mr Gaunt presented a copy of the responses from management and those charged with governance. The letters to Grant Thornton provided a response to a series of questions from External Auditors to the Chief Finance and Contracting Officer and the Audit Chairs. A correction would be made with regard to the reference to Chorley and South Ribble CCG on the Greater Preston letter.</p> <p>Resolved That the Committee noted the responses provided to external audit from those charged with governance</p>
10	<p>External Audit Reports Ms Johnstone presented a report on progress in delivering external audit responsibilities. The report included a summary of emerging national issues and developments that may be relevant to the CCG, and a number of challenge questions in respect of these emerging issues which the committee may wish to consider.</p> <p>Ms Johnstone explained that there was one small piece of work outstanding for 2018/19 which related to general control of IT. After speaking with the IT Service Manager, MLCSU and follow up by the CCG's Deputy Chief Finance Officer, the CCG was awaiting MLCSU to share information around general control and understanding of IT with Lancashire CCGs. Mr Gaunt would escalate the matter with the Director of Clinical Services, MLCSU at a meeting with service leads. The remainder of the audit was progressing well with good work provided by the Deputy Chief Finance Officer.</p> <p>The draft letter of representation was provided in connection with the audit of the financial statements of the CCG for the year ended 31 March 2019 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with International Financial Reporting Standards and the Department of Health and Social Care Group Accounting Manual 2017/18. The draft letter was for noting and the final letter would be presented to the Audit Committee on 21 May 2019.</p> <p>A request was received for a quick summary response to the challenge questions that a paragraph would be helpful to share with the Governing Body. Mr Gaunt would provide this.</p> <p>Mr Kelly highlighted the Value for Money section of the progress report. Grant</p>

Thornton have completed their initial risk assessment and reported their significant risks to the committee to determine their approach in the Audit Plan for 2019/20. The findings from Grant Thornton's work in the Audit Findings Report and Value for Money conclusion would be submitted by 29 May 2019.

Resolved

That the Committee noted the content of the report and approved the draft letter of representation.

11

Internal Audit Reports

Ms Fisher presented Internal Audit reports. The reports included an update to the committee on progress against the Internal Audit Plan for 2018/19, an updated version of the plan for 2019/20 after comments from the committee at the meeting in March 2019, and an update on developments in the health sector. KPMG have completed the audit plan for the current year. Three final reports were presented with papers. KPMG included the Head of Internal Audit Opinion for 2018/19.

Progress Report

The follow up work in respect of previous internal auditors for 2017/8 has been completed. Following an independent review KPMG have received a response with regard to evidence to address recommendations. Ms Betts gave assurance that a management tool is now in place to address concerns with regard to follow up of recommendations. This was following a concern that the issue was raised early yet the response was late.

In reply to a question about the Follow Up reports and original due date of December 2017 for recommendations against the CHC applications, payments and governance 2017/18 review, Ms Betts confirmed that the CCG has received the evidence. Mr Gaunt added that internal audits are kept live until closed and that the CCG has had a change to internal audit provider since this review. Mr Cherry's concern was that the recommendations against the CHC review relate to areas which the CCG knows has significant risks. Audit Chairs requested a written response to be provided to the next full Audit Committee meeting on 28 June to give the CCGs assurance that the CCGs are doing everything possible to reduce costs for CHC.

Ms Fisher presented the three final internal audit reports for 2018/19. These reports were Risk Management and GBAF, Conflicts of Interest and Financial Systems. The committee was disappointed that the timing of the reports received has not allowed sufficient time in year to make the improvements as described in the recommendations, and did not wish the Head of Internal Audit Opinion to reflect the position in 2019/20. Ms Fisher advised that the Head of Internal Audit Opinion has been based on KPMG's findings of the reviews at the time. Concerns were that had the recommendations been received earlier in year and applied that this could have affected the overall opinion, that the overall opinion might have been weighted towards two minor improvement opportunities, and monitoring of the final reviews' recommendations would need to take place in 2019/20. Audit Chairs requested that KPMG re-evaluate whether they have complied with procedure and to re-evaluate their opinion. Ms Fisher agreed to take this action back to the Head of Internal Audit.

Audit Committee members noted the recommendations in each of the final reports received. A comment was received that there was no space for the date on the

Hospitality, Sponsorship and Gifts declaration template, affecting the validation of any declaration received. This would be checked and amended as appropriate.

With regard to the Financial Systems review Mr Cherry asked how from the sample of 25 invoices used in the review 4 of the invoices received Purchase Order numbers after the invoices were submitted for payment. There was a concern of retrospective approval for invoices. Mr Gaunt would investigate this.

Ms Fisher confirmed that this report would supersede the draft report in the Annual Report.

Internal Audit Plan for 2019/20

Ms Fisher presented an updated version of the Audit Plan following comments received at the committee on 1 March 2019. A correction would be made to remove the Governing Body Effectiveness Review from the plan. In reply to a question about how we can make sure the recommendations are implemented and reporting is completed in year, Ms Fisher confirmed that this gap in the reporting process would be addressed.

Resolved

That the Committee:

- 1) noted the content of the Internal Audit Progress Report;
- 2) requested a re-evaluation of the Head of Internal Audit Opinion;
- 3) approved the Internal Audit Plan for 2019/20; and
- 4) noted the Health Sector Update

12

Anti-Fraud Annual Report

Mr Bell presented the Anti-Fraud Annual Report which detailed the anti-fraud work undertaken throughout 2018/19. The report gave details of the ratings for the CCG against NHS Counter Fraud Authority standards which were submitted on 30 April 2019. All four areas of the anti-fraud work plan have been delivered in full and a summary was provided on key work completed by the Anti-Fraud Specialist. These areas were Strategic Governance, Inform and Involve, Prevent and Deter and Hold to Account.

Mr Bell advised that much of the national activity carried out by the NHS Counter Fraud Authority has taken place in the South East and NHS CFA wanted to assess the national picture. In turn a self-assessment was carried out.

Mr Bell advised that with regard to Standard 1.4 of Strategic Governance', Mersey Internal Audit Agency are liaising with NHS CFA.

Anti-Fraud awareness information relating to areas in primary care such as minor ailments has been shared with practices for good practise. There were several national fraud alerts relating to bank fraud and cybercrime.

Mr Bell confirmed that there have been no referrals for the CCG which required police investigation.

A question was received with regard to invoices submitted prior to purchase orders being available, as discussed under item 11, and whether these instances should be referred as potential fraudulent activity. This would in turn send out a message about using correct procedures when placing orders and that breaching

SFIs leaves the CCG vulnerable to fraudulent activity. It was agreed that these invoices should be escalated to Anti-Fraud services and at the same time Mr Gaunt would carry out a full investigation and liaise with Anti-Fraud as appropriate..

A point was raised about the value of 4 issues identified from a total sample of 25 invoices checked. Mrs Disley provided a possible reason for invoices being submitted prior to the purchase order being raised through the maternity transformation programme in month 9 where invoices were raised before purchase orders were raised.

The committee felt that the CCG could utilise more the Anti-Fraud services and that this was a good opportunity to do so.

Resolved

That the Committee noted the content of the report.

13

Information Governance Annual Report and Toolkit

Ms Betts presented the IG Annual Report and Data Protection & Security Protection Toolkit (DSPT). The DSP Toolkit is centred on evidencing compliance against the 10 Data Security Standards for Health and Social Care as identified through the National Data Guardian Review (2016), as well as complying with UK data protection laws which include GDPR alongside legislation brought in via the Data Protection Bill.

CCGs can only 'pass' by completing all of the mandatory requirements. Chorley and South Ribble and Greater Preston CCGs have achieved 100% compliance of the mandatory fields for 2018/2019. The Toolkit was approved by Audit Chairs and submitted in line with reporting requirements by 30 March 2019.

The MLCSU IG Team are now in receipt of the draft version of the 2019-2020 Toolkit and work is underway to creating a new delivery plan to aid completion of the 2019/2020 DSP Toolkit. This will be presented to the next Audit Committee following a meeting with Audit Chair to agree actions and formatting of the bi-monthly report going forward.

Ms Betts advised that the IG plan for 2019/20 was to be discussed at a meeting with the Chorley and South Ribble CCG Audit Chair, Corporate Affairs and Governance Manager and MLCSU IG Lead directly after the Audit Committee meeting on 3 May.

Resolved

That the Committee noted the IG Annual Report and Data Security and Protection Toolkit submission scores for 2018/19 for information.

14

Managing Conflicts of Interest Update

Ms Betts presented the CCG's Managing Conflicts of Interest Policy which has been reviewed following a recent NHS England Best Practice Update on Managing Conflicts of Interest (February 2019). This document and a report issued from the Anti-Fraud team at MIAA: 'Anti-Fraud Proactive Detection Exercise – Conflicts of Interest' were both appended to the report.

	<p>A summary of the key policy changes was included in the report. An amendment was agreed in respect of a reference to Delegated Commissioning Committee which should read Primary Care Commissioning Committee. Audit Committee members acknowledged that consistency should be used in respect of the codes to be used within the template for Register of Interests.</p> <p>An update on compliance with the registers of interest was included in the report. The CCG had almost 100% compliance across all registers which is a significant increase on previous reported updates.</p> <p>Resolved That the Committee, subject to the above amendment, recommended the Managing Conflicts of Interest Policy to the Governing Body for approval.</p>
15	<p>Hospitality, Sponsorship and Gifts Policy Update Ms Betts presented the CCG's 'Hospitality Sponsorship and Gifts Policy' which has been reviewed and updated in line with the KPMG Internal Audit report into the management of conflicts of interest. The key policy changes were included in the report.</p> <p>A point was clarified with regard to paragraphs 11.3 and 12.3 with regard to the value of gifts acceptable from other sources, and duties in declaring an offer of, acceptance of and refusal of hospitality, sponsorship or gifts. It was Mr Cherry's view that the guidance essentially required that all gifts should be refused to avoid any potential perception of being influenced by a provider, unless for example a lunch provided.</p> <p>Resolved That the Committee recommended the Hospitality, Sponsorship and Gifts Policy to the Governing Body for approval.</p>
16	<p>Incident, Accident and Near Miss Reporting Policy and Procedure Ms Betts presented the Incident, Accident and Near Miss Policy and Procedure which was due for review in 2018 and has been updated following its review. The key policy changes were included in the report. A comment was received that visitors arriving in Reception at Chorley House could not tell who First Aiders are. Ms Betts would liaise with the CCGs' Health and Safety Lead to arrange a copy of the list of First Aiders to be kept in Reception.</p> <p>Resolved That the Committee recommended the Incident, Accident and Near Miss Policy and Procedure to the Governing Body for approval.</p>
17	<p>Corporate Registers Ms Stephanie Betts, Corporate Affairs and Governance Manager presented an update report on each of the CCG Corporate Registers.</p> <ol style="list-style-type: none"> 1 Early Intervention to Support Children and Young People Signed by the Chief Officer, Value £67,500 for 12 months. 2 Big White Wall Service Signed by the Chief Officer, Value £104,377 for 12 months. 3 VCFSE Network Project Manager Post (to support the Integrated Care

- Partnership (ICP) Board) Signed by the Chief Officer, Value £115,943 for 2 years.
- 4 Employment Support Service (Cancer Alliance) Signed by the Chief Officer, Value £108,752 for 6 months.
 - 5 Employment Support Service (Cancer Alliance) AMENDED Signed by the Chief Officer, Value £159,665 for 9 months.

The committee sought assurances that the Single Tender Waiver process has been applied robustly as these waivers related to extensions following the end of 12 month contracts. These contracts related to the N Compass Early Intervention Service and Big White Wall Service which were common to both CCGs. The tender waivers for cancer employment support to Cancer Alliance related to hosted services (Chorley and South Ribble CCG only) and the VCFSE Network Project Manager Post was on behalf of the Integrated Care Partnership.

With regard to those tender waivers relating to the ICP, the committee acknowledged that the spend was discharged through the Collaborative Commissioning Board as it is their money which we use on their behalf.

In reply to questions from the committee about proportion of Employment Support Service for Cancer Alliance for Chorley and South Ribble CCG and why the usual tender procedure was not used, Mr Gaunt confirmed this was a 1-year allocation to CCGs and there was no commitment beyond 1 year. The committee was disappointed that the lack of time in itself did not provide robust assurances that the single tender waiver process was the correct procedure to follow. Audit Committee members were concerned that this issue could become more common as we commission more services across the Integrated Care System. Another concern was the timeliness of the Single Tender Waivers as contracts had come to an end at 31 March 2019, and if this had been raised in January the Audit Committee could have taken a view as to whether the process was appropriate.

Comments were received as follows:

Early Intervention Service – the process could have demonstrated efficacy of current contract to explain the current contract is well placed to continue to deliver the service and more compelling evidence that the CCG should continue to provide the service. Mr Gaunt explained that there is a balance of risk and reward from testing the market and that the CCG has made a judgement. There was a concern that section 4 of the procedure for circumstances for waivers was not met.

The committee sought further evidence to give assurances around governance arrangements that single tender waivers are only used under exceptional circumstances. It was unable to evidence from the papers submitted that the waivers had met the procurement requirements and satisfied the criteria for single tender waiver. It was agreed that further evidence would be brought to the next Audit Committee and the matter would be aired at the forthcoming Governing Body meetings for both CCGs.

A suggestion was received to use a Governing Body informal development session to explore governance and procurement rules including collaborative commissioning.

	<p>Resolved That the Committee:</p> <ol style="list-style-type: none"> 1) noted there have been 0 new entries on the Hospitality, Sponsorship and Gifts Register; 2) noted there have been 5 new entries on the Tender Waivers Register for Chorley and South Ribble CCG; 3) noted there has been 1 new entry on the Procurement Decisions Register in relation to an Assisted Lifting Service that has been procured via a 3 quotation process; and 4) noted there have been 0 new entries on the Losses, Write Offs and Special Payments Register
18	<p>Audit Committee Calendar of Business Mr Betts presented the calendar of business for 2019/20 to ensure that specific items are presented to the committee as per its terms of reference, and to contribute to an effective, efficient, well run meeting.</p> <p>The changes to the calendar of business since last approved were included in the report. The following amendments were made:</p> <ul style="list-style-type: none"> • The annual review of the Effectiveness of External Audit would be brought forward to July or September at the latest. • The Counter Fraud Annual Work Plan would be brought forward to November. • The Internal Audit Charter would be moved to March. <p>Resolved That the Committee approved, subject to the above amendments the Audit Committee Calendar of Business of 2019/20.</p>
19	<p>Chairs Update The Audit Committee Chairs reported on their activities since last reported to the Audit Committee.</p> <ul style="list-style-type: none"> • DSP Toolkit has been signed off by Audit Chairs. • Discussions held at the national NHS Audit Chairs Forum in March were outlined by the Chorley and South Ribble CCG Audit Chair, who attended the meeting in March. • Attendance to Membership Council meeting by the Chorley and South Ribble CCG Audit Chair. • The Chorley and South Ribble CCG Audit Chair advised that she had attended an interesting presentation on collaborative working with local authorities, that whilst she attended from a provider perspective in another role she has, this was also interesting from a commissioning perspective. • Integrated Commissioning System Board attended by the Greater Preston CCG Audit Chair. <p>Resolved That the Committee noted the update provided.</p>
19	<p>Any Other Business There was no further business to discuss.</p>

20	Outcomes from the Meeting After the meeting Audit Committee members met informally to consider the outcomes and the decisions made at the meeting.
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Date of next meeting:
Tuesday 21 May 2019, 10.30am in Board Room 2, Chorley House

Signed as an accurate record Date

Chorley and South Ribble CCG Audit Committee Minutes

**Tuesday, 21 May 2019, Board Room 2 - Chorley House, Lancashire Business Park,
Centurion Way, Leyland PR26 6TT at 9.00 am**

Present Mrs Linda Chivers, Audit Committee Chair (Chair)
Mr Paul Richardson, Lay Member Governance

In Attendance Mrs Katherine Disley, Deputy Chief Finance Officer
Mr Matt Gaunt, Director of Finance and Contracting
Mrs Lynne Johnstone, Audit Manager, Grant Thornton
Mr Gareth Kelly, Engagement Lead, Grant Thornton
Mrs Anne Whittle, Corporate Business Manager (minutes)

1	<p>Welcome and Apologies for Absence Mrs Chivers welcomed everyone to the meeting. Apologies for absence were noted from Mr Geoffrey O'Donoghue.</p>
2	<p>Declarations and Register of Interests The Register of Interests was presented for information. Mrs Chivers reminded committee members of their obligation to declare interests they have against the agenda which might produce a conflict.</p>
3	<p>External Audit Findings Report Mr Kelly presented a report which provided the key findings and other matters arising from the statutory audit of NHS Chorley and South Ribble CCG and the preparation of the CCG's financial statements for the year ended 31 March 2019 for those charged with governance. He explained that external auditors check the CCG's Annual Report including Annual Governance Statement for consistency from their knowledge of the CCG including remuneration of staff and regularity of spend. External Auditors are required to audit Value for Money and make a decision as to whether they need to exercise their additional powers or duties as ascribed to them under the Local Audit and Accountability Act 2014.</p> <p>Mr Kelly was pleased to report that with regard to financial statements there were no matters of which Grant Thornton colleagues were aware that would require modification of the audit opinion or material changes to the financial statements, subject to outstanding matters which were outlined in the report. Grant Thornton have concluded that the financial statements are consistent with their knowledge of the CCG and the financial statements which they have audited, and that income and expenditure included in the financial statements have been applied for the purposes intended by Parliament. The Grant Thornton audit opinion would be unmodified.</p> <p>Mrs Johnstone explained the detail of the report. She went through the key findings from the audit with regard to financial statements and Value for Money</p>

arrangements. She explained the rationale behind those areas which auditors are required to communicate to those charged with governance as required by auditing standards and the National Audit Office Code of Audit Practice. She clarified for Audit committee members that International Financial Reporting Standards (IFRS) 9 was a new standard, a trigger point which was more relevant to commercial organisations.

Mr Kelly drew attention for committee members to note additional audit work required in August and September 2019 relating to a Mental Health Investment Standard (MHIS) compliance statement review. Grant Thornton have been asked to undertake a review in order for the Department of Health to have a better understanding of the financial control environment. This work would be completed at the end of September and reported to the Audit Committee at its November 2019 meeting. The committee noted that although mental health services are not commissioned by our own CCG there was a requirement for the CCG to be involved in the review. This work would become part of the annual auditing process in future. Mr Gaunt confirmed that the CCG is aware of this additional audit work and that the CCG has received an allocation in 2018/19 for the CCG's involvement in this work.

An amendment would be made to the report to reflect that the figure of £38,000 in respect of the Audit work excluded VAT.

With regard to the Going Concern accounting area, as described under Significant Findings – accounting policies, Grant Thornton colleagues confirmed that no issues were anticipated for the next financial year.

No areas of fraud have been identified for the CCG during 2018/19.

With regard to the assessment of IT controls, the committee acknowledged that MLCSU is operating within NHS Digital guidelines and a new process was being established for password change being changed to once per year. Mr Gaunt added that he has discussed an issue raised at a previous Audit Committee meeting with the Director of Client Services MLCSU, and that the CCG needs to understand the risks and escalate those risks if they reach a critical point.

Mr Kelly was pleased to report an unqualified opinion with regard to the Value for Money audit with one recommendation in relation to the importance of a renewed focus on delivering financial balance now that the CCG is committed to a higher QIPP in 2019/20.

Mr Kelly highlighted the audit work around pooled budgets as described in Audit Adjustments under appendix B and was comfortable with the information presented.

Mr Kelly confirmed that Grant Thornton have not exercised any of their additional powers or duties as ascribed to them under the Local Audit and Accountability Act 2014. The financial statements remain unchanged. The Annual Report was ready for Governing Body approval with an unmodified opinion from Grant Thornton. Grant Thornton colleagues do not anticipate any further issues.

Grant Thornton were comfortable with one deputy Chief Officer in attendance to the meeting as the Accountable Officer was on leave as he was getting married.

Mr Kelly confirmed that this was a reasonable approach and for the Management Letter of Representation to signed by the Director of Finance and Contracting and the Director of Quality and Performance / Deputy Chief Officer.

Mr Kelly expressed sincere thanks to Mr Gaunt, Mrs Disley, Mrs McGrath and Mrs Mattocks and their teams for their work in an efficient manner is supporting a smooth process for Grant Thornton colleagues leading up to the year-end reporting process.

Mrs Chivers expressed thanks on behalf of the committee to Grant Thornton and the CCG's internal teams.

Resolved

That the Committee noted the External Audit Findings Report.

4

Annual Accounts 2018/19 and Letter of Representation

The Annual Accounts for 2018/19 were presented by Mr Gaunt for recommendation to the Governing Body for approval at its meeting on 22 May 2019.

Grant Thornton provided statements reflecting the information provided within the Letter of Representation as required as part of the end of year reporting process. Mr Gaunt clarified for the committee that the CCG has agreed with NHS England the process to follow in the absence of the Accountable Officer in respect of signing the Letter of Representation. The letter would be signed by the Director of Quality and Performance / Deputy Chief Officer (on behalf of the Accountable Officer) and the Chief Finance Officer. Mr Gaunt explained the process in terms of deadlines for the submission to NHS England.

Resolved

That the Committee:

- 1) recommended to the Governing Body that they approve the Annual Accounts for 2018/19 and Financial Statements; and
- 2) recommended to the Governing Body that they approve the Letter of Representation.

5

Annual Report 2018/19 including Annual Governance Statement

The draft Annual Report for 2018/19 including Annual Governance Statement was presented for final review and recommendation to the Governing Body for approval at its meeting on 22 May 2019. The Annual Governance Statement included reference to the CCG's Delegated Commissioning Committee audit as per NHS England's recommendation. The Annual Report included amendments agreed at the Audit Committee meeting on 3 May 2019. Final submission would be made to NHS England by 29 May 2019. The committee was asked to note that this version was still subject to further amendments from the auditors. If any further changes were identified these would be subject to approval by the deputy to the Accountable Officer.

The following comments were received and final amendments agreed:

- page 33 of ModGov papers - Mr Gaunt confirmed that the figure of 79 relates to number of patients per million of population.
- page 44 of ModGov papers - Mr Gaunt confirmed that the figure of 6 in the

	<p>table relates to number of Calderdale inpatients.</p> <ul style="list-style-type: none"> • pages 72 and 73 – that names would be included alongside titles in the list of attendees in the table which outlines the membership attendance at Governing Body meetings throughout 2018/19, as agreed at the last Audit Committee meeting. • page 97 of ModGov papers – it was noted that the financial systems audit findings status will need completing. • page 118 – that the number of exit packages needs to be included. • The signature section of the document would be amended to reflect that it is signed on behalf of the Accountable Officer. <p>The committee acknowledged that the Chief Officer would be asked to confirm that he is satisfied with the Annual Report and Annual Governance Statement.</p> <p>Resolved That the Committee recommended the draft Annual Report (including Annual Governance Statement) to the Governing Body for approval, subject to the above recommendation by the Audit Committee.</p>
6	<p>Governing Body Approval 22 May 2019 This item was discussed under items 4 and 5.</p>
7	<p>Any Other Business There was no further business to discuss.</p> <p>Mr Gaunt expressed thanks to External Audit colleagues for their work on end of year reporting processes.</p>
8	<p>Dates and Times of Future Meetings Audit Committee members acknowledged the dates of future meetings throughout 2019/20, noting the changes to three of the dates (28 June, 8 November and 10 January).</p>
9	<p>Meeting in Private between the Audit Committee members and Grant Thornton Audit Committee members met with Grant Thornton colleagues as part of the committee's Calendar of Business for 2019/20.</p>

Date of next meeting:
Friday 28 June 2019, 9.30am in Board Room 1, Chorley House

Signed as an accurate record Date