

Governing Body

28 September 2016

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| Details | Part 1 | x | Part 2 | | Agenda Item No. | 14 |
| Title of Paper: | Audit Committee Chairs Report | | | | | |
| Board Member: | Chris Wild, Lay Member and Audit Committee Chair | | | | | |
| Author: | Chris Wild, Lay Member and Audit Committee Chair | | | | | |
| Presenter: | Chris Wild, Lay Member and Audit Committee Chair | | | | | |
| Please indicate: | For Decision | | For Information | x | For Discussion | |

Executive Summary

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| Summary | The paper provides an outline of the matters discussed, assurances sought and decisions ratified at the Audit Committee held on 9 September 2016. The paper aims to provide information and assurance to the Governing Body that a robust, effective governance system is in place and that the Committee is discharging its responsibilities | | | | | |
| Risk | High | | Medium | x | Low | |
| | Failure by the Board to understand governance risks could result in a material failure of the organisation to achieve its strategic objectives alongside failure to discharge statutory responsibilities resulting in substantial sanctions and legal challenges. | | | | | |
| Recommendations | The Board is asked to: Receive the paper and raise any questions regarding the content either at a meeting of the General Board or via direct access to the Author | | | | | |

Strategic themes

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| To deliver improved outcomes and reduce health inequalities for patients through better preventative strategies | |
| To deliver service re-design in priority areas through innovation | x |
| To develop primary care to become excellent and high performing commissioners | |
| To develop the CCG leadership to work with the Local Authority to be excellent integrated commissioners | |
| To develop robust and effective working relationships with all stakeholders and partners to drive integrated commissioning | |
| To deliver long term financial sustainability through effective commissioning and innovative investment across the wider system | x |
| To develop and influence the provider landscape through development of a Locality Care Organisation (LCO) | |
| Equality Analysis Assessed? | Supports NHS Bury CCG Governance arrangements x |

Audit Committee Report

1 Introduction and background

- 1.1 Meeting of the Audit Committee was held and found to be quorate with the following items summarising the key issues raised and discussed.

2 Chief Finance Officer Update

- 2.1 Rachel Coaker gave a verbal update on the current month 5 financial position (appendix 13a) The CCG is on plan to meet the 1% surplus target for the year with QIPP delivery being the main risk to the plan. Mitigations are being finalised to ensure cover for the end of the year is achieved.
- 2.2 Mike Woodhead is currently meeting with Pennine Acute Hospitals Trust (PAHT) regularly to discuss de-risking for the current year by way of a block contract alongside other North East Sector CCGs. Any agreement would include non-financial conditions such as waiting times and key work on ambulatory care. PAHT have recently forecast Bury CCG's contract outturn as £89m compared to the CCG's own forecast of £85.5m. Finance Committee gave Mike Woodhead support in the negotiations and it was agreed to review any proposals at Finance Committee and then reported to Governing Body for final sign off.
- 2.3 QIPP was discussed and the likely shortfall in the year. It was highlighted that in future, the timing of schemes and their delivery would need to be considered more closely with the commissioning intentions.

3 Governing Body Assurance Framework

- 3.1 The Committee received a paper outlining the direction of travel for the development of the Governing Body Assurance Framework (GBAF) for 2016-17 and progress made to date. (appendix 14a)

Lisa Featherstone presented the strategic objectives produced by Governing Body and the processes currently being used to sign off. The Committee were happy that the principal risks in general are being captured albeit, now including risks around PAHT. It was accepted by Committee that the GBAF remains work in progress and KPMG and MIAA both acknowledged the progress made to date. An updated GBAF will be presented to Governing Body in September. Whilst the framework is behind schedule it is progressing through working with CCG Directors.

4 Corporate Risk Register (CRR) (appendix14b)

- 4.1 A key part of the organisation's internal control system is its risk management function which ensures that the CCG has a process for identifying and assessing risks both external and internal in order to select the most appropriate controls to manage these risks and therefore ensure delivery of key business objectives. The CRR remains a work in progress where Committee has tasked Lisa Featherstone with progressing it as a priority to support the Audit Committee in scrutinising the risks and holding the CCG to account. This will be reviewed at the next Audit Committee.
- 4.2 The Committee retains oversight of any risks with a net risk score of 15 and above which are classified as significant were they to materialise and therefore the Committee's review of these ensures that these have received independent scrutiny.
- 4.3 There are currently 22 risks being monitored across the CCG, excluding those reported through the Governing Body Assurance Framework. Five of the risks have a score over 15 or above as follows:
- Cancer 62 day waits - Consultant decision to upgrade their priority status
 - A&E waiting time (PAHT)- Total Time in the A&E Department (4hrs) -Type 1-3
 - Pennine Acute Maternity Services
 - 12 Hour A&E Trolley Waits
 - Failure to Complete Timely Serious Incident Investigations leading to the inability to corroborate the Number or Level of Harm to patients at PAHT (New)
- 4.4 Information has recently been received by the CCG regarding trolley waits within PAHT. This issue was referenced at the Quality and Risk Committee and added to the CRR. The risk is now being reported to Audit Committee as the risk score has increased to more than 15. An action plan is to be provided at the next Committee meeting.

5 Corporate Governance Strategies and Policies

5.1 Whistleblowing

Lisa Featherstone gave a verbal update. The Whistleblowing policy has been written by HR colleagues and reviewed by Roger Causer, Senior Anti-Fraud Manager. It was felt it is not suitable at the moment and will be reviewed when new guidance has been received. No whistleblowing cases have been reported to date.

5.2 Conflicts of Interest guidance update

The paper presented outlining the specific requirements within the revised guidance Managing Conflicts of Interest: Revised Statutory Guidance for CCG's issued by NHS England in June 2016. Overall, significant progress has been made during the last 9 months to strengthen the arrangements for managing conflicts of interest generally across the CCG, with the collating of registers for each committee and sub-committee of the Governing Body and the refresh of the Policy. Overall the CCG arrangements are considered robust and satisfy many of the new arrangements outlined within the revised guidance. There is still some work to be undertaken to embed conflicts of interest and ensure that where declarations have been made the arrangements for managing these are clearly communicated and actioned.

5.3 Anti-Fraud, Bribery and Corruption Policy

Each CCG is required by NHS Protect in their national standards for commissioners to have in place an Anti-Fraud, Bribery and Corruption policy. The CCG has had a policy in place since 2013 but that policy is now at its review date. The policy document is based on the NHS Protect template document which was revised in July 2015. A number of changes have been made to the policy to bring the document up to date with national requirements, current titles and updated contact points. It should be noted the policy is due for revision again in June 2017 following the proposed changes to NHS Protect staffing structures from 1st April 2017 which will have an impact on this policy.

6 External Audit Update

- 6.1 KPMG presented the annual audit letter from the 2016 year end. No additional items were referenced other than those highlighted in the ISA 260.

7 Internal Audit Update

- 7.1 Small Contracts Review. During 2015/2016 the CCG requested support on a review of small contracts. Mersey Internal Audit Agency (MIAA) has undertaken a follow up exercise to review the responses to points raised at the initial review. Of the 14 points raised, 6 have been fully implemented with 8 outstanding. The reason given for the slow implementation was lack of resource. Committee was assured that resource has now been located and full implementation will be achieved by November 2016.
- 7.2 Work in Progress includes a review into QIPP and Primary Care Incentive Payment Schemes. MIAA did indicate that the QIPP review would likely receive a Limited Assurance review. This will be reviewed at the next Audit Committee.

Chris Wild

Lay Member, Audit Committee Chair

