

<b>Meeting: Governing Body</b>			
<b>Meeting Date</b>	25 July 2018	<b>Action</b>	Receive
<b>Item No.</b>	10a	<b>Confidential</b>	No
<b>Title</b>	Audit Committee Chair's Report		
<b>Presented By</b>	Chris Wild, Lay Member Audit and Audit Committee Chair		
<b>Author</b>	Emma Kennett, Corporate Affairs and Governance Manager		
<b>Clinical Lead</b>	-		

<b>Executive Summary</b>
<p>This paper is presented to the Governing Body to provide an update of the Audit Committee meeting held on the 6<sup>th</sup> July 2018.</p> <p>This paper provides an outline of the matters discussed and assurances sought and decisions ratified at the last Audit Committee meeting. This report 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.</p>
<b>Recommendations</b>
<p>It is recommended that the Governing Body</p> <ul style="list-style-type: none"> <li>• Receive the update provided; and</li> <li>• Receive the reports provided for assurance.</li> </ul>

<b>Links to CCG Strategic Objectives</b>	
To empower patients so that they want to, and do, take responsibility for their own healthcare. This includes prevention, self-care and navigation of the system.	<input type="checkbox"/>
To deliver system wide transformation in priority areas through innovation	<input type="checkbox"/>
To develop Primary Care to become excellent and high performing commissioners	<input type="checkbox"/>
To work with the Local Authority to establish a single commissioning organisation	<input type="checkbox"/>
To maintain and further develop robust and effective working relationships with all stakeholders and partners to drive integrated commissioning.	<input type="checkbox"/>
To deliver long term financial sustainability in partnership with all stakeholders through innovative investment which will benefit the whole Bury economy.	<input type="checkbox"/>
To develop the Locality Care Organisation to a level of maturity such that it can consistently deliver high quality services in line with Commissioner's intentions.	<input type="checkbox"/>
Supports NHS Bury CCG Governance arrangements	<input checked="" type="checkbox"/>
Does this report seek to address any of the risks included on the Governing Body Assurance Framework? If yes, state which risk below:	No
GBAF – not applicable	

<b>Implications</b>						
Are there any quality, safeguarding or patient experience implications?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Are there any conflicts of interest arising from the proposal or decision being requested?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Are there any financial Implications?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Has an Equality, Privacy or Quality Impact Assessment been completed?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Is an Equality, Privacy or Quality Impact Assessment required?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" 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"/>

<b>Governance and Reporting</b>		
<b>Meeting</b>	<b>Date</b>	<b>Outcome</b>
Audit Committee	06/07/2018	The Committee discussed the items included in the update.

## Audit Committee Report

### 1. Introduction and Background

- 1.1 The Audit Committee Report is presented to the Governing Body to provide assurance on the areas considered by the Audit Committee at its last meeting, held on 6<sup>th</sup> July 2018.
- 1.2 It is also intended to direct the attention of the Governing Body to specific areas of concern, where these are identified through the Audit Committee's review and scrutiny.

### 2. Background

- 2.1 The Audit Committee is comprised of the following voting members:
  - Lay Member for Finance and Audit (Chair);
  - Lay Member for Patient and Public Involvement; and
  - Lay Member for Quality and Performance.
- 2.2 In addition, representatives from External Audit (KPMG) and Internal Audit (MIAA), including Counter Fraud and officers of the CCG are invited as attendees to provide relevant updates on the agenda items.
- 2.3 The meeting was quorate.

### 3. Audit Committee Update

- 3.1 There was a full and detailed discussion on a range of standard agenda items and the following points are brought to the attention of the Governing Body:
  - **Governance**
- 3.2 The Audit Committee received an update on Corporate Registers which included:
  - Declarations of Interests;
  - Gifts and Hospitality;
  - Losses and Special Payments; and
  - Register of Procurements.
- 3.3 The Audit Committee supported the publication of the registers as required in line with national guidance.
  - **Policies**
- 3.4 A proposal was submitted in respect of undertaking an exercise on the 21<sup>st</sup> September 2018 to test out the CCG's Business Continuity Plan. It was reported that on call staff and key colleagues from the CCG such as the CCG's Communications Manager would be invited to attend this session. It was noted that the business continuity training would involve a table top exercise and would include different scenarios to work through as a team and agree any actions.

3.5 It was highlighted that a number of key lessons were identified as a result of the adverse weather experienced between the 28<sup>th</sup> February and 3<sup>rd</sup> March 2018 which would be incorporated into this exercise.

- **Information Governance**

3.6 Members received a verbal update in relation to the latest information governance developments within the CCG.

3.7 In summary, it was reported that: -

- The CCG's IG Toolkit Score was finalised in March 2018 and the CCG achieved 88% which was consistent with the previous year.
- A number of Privacy Impact Assessments were being undertaken as result of the recent relocation of teams from 21 Silver Street.

3.8 Members highlighted that it would be useful to receive an update on the latest GDPR developments at the next meeting and was agreed that Ms Camilla Bhondoo, IG Lead – GMSS would be invited to attend.

- **Governing Body Assurance Framework**

3.9 Members received a report to advise on the current levels of risk and continued actions to enable the delivery of the organisation's strategic objectives.

3.10 It was highlighted that Seven (7) new principal risks had been identified and developed for the 2018/19 GBAF. In summary these were:

- SO2 Urgent Care System - Re-design.
- SO3 Governance arrangements - Single Commissioning Function.
- SO4 Transformation Plan – Delivery.
- SO4 Short term financial targets (e.g. QIPP/PAHT/PCFT) during 2018/19.
- SO4 Credibility/deliverability of the Transformation Fund/Locality Plan during 2018/19.
- SO4 OCO pooling opportunities during 2018/19.
- SO4 Locality Care Alliance (LCA) Development 2018/19.

3.11 It was noted that since last presentation of the GBAF to the Audit Committee a review of all risks has been undertaken and in summary the current risk profile was presented as:

- Risks are articulated against five (5) of the six (6) strategic objectives;
- 10 presenting a significant level of risk (level 15 or above) to delivery of the CCG's strategic objectives; and
- 4 presenting a high level of risk (level 8-12) to delivery of the CCG's strategic objectives.
- No risks are currently recorded against Strategic Objective 6

3.12 The latest GBAF report is included for discussion on today's Governing Body agenda.

- **Corporate Risk Register**

3.13 The latest Corporate Risk Register was presented to the Committee.

- 3.14 It was highlighted that in line with the Risk Management Strategy, the Audit Committee was required to retain oversight of any risks with a net risk score of 15 and above. These risks were classified as significant where they to materialise and therefore the Committee's review of these ensures that these have received independent scrutiny.
- 3.15 It was reported that since the last report, all 5 corporate risks have been re-assessed which has culminated in: -
- 2 risks remaining unchanged;
  - 3 risks reducing; and
  - 3 risks recommended for closure of which 1 risk is awaiting approval from the responsible Committee.
- 3.16 There were currently 2 risks being monitored across the CCG, excluding those reported through the Governing Body Assurance Framework. Of these 2 risks, 1 risk, due to the composition has been recommended for closure by the responsible Committee.
- 3.17 The latest Corporate Risk Register report is included for discussion on today's Governing Body agenda.
- **Risk Closure Report**
- 3.18 The latest Risk Closure Report was presented to the Committee.
- 3.19 It was reported that in line with the CCG's Risk Management Strategy, it was the Audit Committee who were the final decision making body on the closure of risks. This report presented risks which have been supported for closure by their supporting Committee since the last meeting of the Audit Committee.
- 3.20 It was recommended that the Audit Committee approved the closure of the following risks described in the report: -
- OR\_F\_04 Quality Premium - CCG Financial Reward
  - OR\_SD\_12 Non-delivery of performance metrics associated with the Quality Premium (RTT, Cancer 62 day waits, A&E 4 hour wait)
  - WS\_MC\_S\_02 Pennine Acute Maternity Services
  - OR\_S\_08 The Management of deteriorating patients; focus on sepsis
  - WS\_MH\_Q\_01 Pressure on A&E and associated Mental Health Out of Area Placements
  - WS\_PC\_F\_01 Significant unforeseen financial risk in Primary Care Prescribing
- **Internal Audit**
- 3.21 The latest Internal Audit Progress report was presented to the Committee.
- 3.22 It was reported that since the previous meeting of the Audit Committee, a report had been finalised in relation to GP Practices Post Payment Verification Validation for Locally Commissioned Services (LCS) which had received Significant Assurance. The full details of this report were discussed with members.

3.23 Members received copies of Benchmarking reports in relation to Conflicts of Interest and the Assurance Framework which may be of benefit to the CCG in assessing how it had fared as part of these audits compared to other CCGs.

- **Counter Fraud**

3.24 The Anti-Fraud Annual Report for 2017-18 was presented to the Committee.

3.25 The Anti-Fraud Annual Report offered the Audit Committee the opportunity to review in totality the work completed by the CCG's Anti-Fraud Specialist (AFS) during the period April 2017 to March 2018.

3.26 It was noted that the ultimate aim of all anti-fraud, bribery and corruption work was to support improved NHS services and ensure that fraud within the NHS is clearly seen as being unacceptable. Stopping the theft of public money by fraudsters who are committing criminal offences brings with it the bonus of being able to see NHS funds being deployed for the public good, as the taxpayer intended.

3.27 An update on the latest Anti-Fraud issues across the CCG was also provided.

- **External Audit**

3.28 Members received copies of the External Audit Annual Letter for 2017/18.

3.29 It was reported that this Annual Audit Letter summarised the key issues arising from the 2017-18 audit at NHS Bury Clinical Commissioning Group (the CCG). Although this letter was addressed to the Members of the Governing Body, it was also intended to communicate these issues to external stakeholders, such as members of the public.

3.30 It was highlighted that within the letter, areas of good performance were highlighted and also provided observations to help the CCG improve performance where appropriate.

3.31 A copy of this letter is available on the CCG Website at: -  
[http://www.buryccg.nhs.uk/download/document\\_library/your-local-nhs/plans\\_policies\\_and\\_reports/AI-12-Annual-Audit-Letter.pdf](http://www.buryccg.nhs.uk/download/document_library/your-local-nhs/plans_policies_and_reports/AI-12-Annual-Audit-Letter.pdf)

- **Chief Finance Officer Update**

3.32 The Chief Finance Officer presented a report in relation to the Financial Self Assessment.

3.33 It was reported that NHSE has asked that CFOs take a personal lead on completion of the submission and that the questionnaire is signed off by the AO or Audit Chair before submission and that it features as part of a formal governing board meeting. They have also asked that any financial sub-groups oversee its review and amendment.

3.34 The purpose of the template was to provide 'early warning signs' of CCGs in financial distress and to provide assurance that there were adequately-designed and effective financial controls and governance processes in place to manage risk.

3.35 It was highlighted that the self-assessment was designed to consider the overall control environment and covers financial control, planning and governance. The first submission

is mandatory. NHSE will then consider which CCGs require a quarterly refresh and which only need to submit annually.

**Chris Wild**  
**Lay Member Audit and Audit Committee Chair**

**July 2018**