

<b>Meeting: Governing Body (Meeting in Public)</b>			
<b>Meeting Date</b>	24 June 2020	<b>Action</b>	Receive
<b>Item No.</b>	6	<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, Head of Corporate Affairs and Governance		
<b>Clinical Lead</b>			

<b>Executive Summary</b>
<p>This paper is presented to the Governing Body to provide an update of the last Audit Committee meeting held on the 5<sup>th</sup> June 2020.</p> <p>This paper provides an outline of the matters discussed, assurances sought and decisions ratified at the last Audit Committee meetings. 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</li> </ul>

<b>Links to CCG Strategic Objectives</b>	
<p><b>SO1 People and Place</b> To enable the people of Bury to live in a place where they can co-create their own good health and well-being and to provide good quality care when it is needed to help people return to the best possible quality of life</p>	<input checked="" type="checkbox"/>
<p><b>SO2 Inclusive Growth</b> To increase the productivity of Bury's economy by enabling all Bury people to contribute to and benefit from growth by accessing good jobs with good career prospects and through commissioning for social value</p>	<input checked="" type="checkbox"/>
<p><b>SO3 Budget</b> To deliver a balanced budget</p>	<input checked="" type="checkbox"/>
<p><b>SO4 Staff Wellbeing</b> To increase the involvement and wellbeing of all staff in scope of the OCO.</p>	<input checked="" type="checkbox"/>
<p>Does this report seek to address any of the risks included on the Governing Body Assurance Framework? If yes, state which risk below:</p>	

<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"/>

<b>Implications</b>						
Has any engagement (clinical, stakeholder or public/patient) been undertaken in relation to this report?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Have any departments/organisations who will be affected been consulted?	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 including Conflicts of Interest?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" 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	5 June 2020	Reflection of discussion at meeting

## **Audit Committee Chair's Report**

### **1. Introduction and Background**

- 1.1 The Audit Committee Chair's Report is presented to the Governing Body to provide assurance on the areas considered by the Audit Committee at its last meeting held on the 5<sup>th</sup> June 2020.
- 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 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:

### **4.0 Governing Body Assurance Framework 2019/20**

- 4.1 A verbal update on the end of year Governing Body Assurance Framework was provided to the Audit Committee.
- 4.2 It was reported that the Assurance Framework was last presented to the Audit Committee in March 2020 where it was reviewed and recommended to the Governing Body, however due to the Covid-19 pandemic, the Governing Body meeting did not go ahead as scheduled.
- 4.3 It was highlighted that the end-of-year review process would usually see all risks reviewed in April, but as a consequence of Covid-19 these reviews have not been undertaken, however one risk had reduced in score and a new risk, specific to Covid-19 had been included on the Assurance Framework.
- 4.4 It was noted that the current risk profile was as follows: -
- six (6) were reported as significant risks, with an assessed risk score between 13-25;
  - three (3) were reported as high risks, with an assessed risk score between 8 and 12; and

- one (1) risk was reported as moderate at a level 2 and has also reached its target risk level.

4.5 All risks had been managed in year, with significant assurance reported against 60% of the risks. Additionally, the Internal Audit review of the Assurance Framework, its design and function had returned an assessment of significant assurance.

4.6 It was suggested that consideration be given to including the handling of future pandemics as part of the GBAF. It was reported that despite the CCG having emergency planning arrangements in place, the CCG could not have anticipated an emergency response of this scale and nature.

## **5.0 Anti-Fraud Annual Report**

5.1 The Anti-Fraud Annual Report was submitted to the Audit Committee which provided the opportunity to consider the work completed by the CCG's Anti-Fraud Specialist (AFS) during the period April 2019 to March 2020.

5.2 It was noted that during the financial year for 2019/20, the AFS had completed a wide range of work across the main key areas of activity as outlined by the NHS Counter Fraud Authority (CFA) and agreed in the work plan. It was noted that there had been one change made to the original plan towards the end of the financial year that was agreed with the Joint Chief Finance Officer.

5.3 The NHS Counter Fraud Authority required commissioners to ensure that NHS resources are protected from fraud, bribery or corruption. To this end they have developed a range of standards for commissioners to ensure that appropriate measures to tackle fraud, bribery and corruption were put in place. It was the responsibility of the organisation as a whole to ensure it meets the required standards. Details of the RAG rating for each standard and the respective available evidence to support those ratings were detailed within the report. The CCG had scored green across the majority of areas with one amber score in relation to the recovery of NHS funds that have been lost or diverted through fraud, bribery and corruption.

## **6.0 Internal Audit Progress Report**

6.1 The latest Internal Audit Progress Report was presented to the Audit Committee.

6.2 It was reported that since the last meeting of the Audit Committee, the following review has been issued as final: -

- Assurance Framework Opinion – Requirements met;
- Head of Internal Audit Opinion;
- Follow Up.

6.3 In terms of the Assurance Framework opinion, there had been one minor element identified in terms of the use of the Assurance Framework by other Committees other

than the Governing Body which would be addressed accordingly as part of future processes.

## **7. Internal Audit Follow Up Report**

7.1 The latest Internal Audit Follow up report was presented to the Committee. The outstanding recommendations and proposed next steps were discussed.

## **8 Head of Internal Audit Opinion**

8.1 The Head of Internal Audit Opinion for 2019/20 was presented.

8.2 The impact of Covid-19 on the audit work was outlined and it was noted that at this point in the year Internal Audit had completed the majority of the 2019/20 Internal Audit Plan and were able to provide an opinion on that basis. In the main, this work was completed prior to Covid-19 beginning to impact however it was important to acknowledge the staff currently working as part of the Covid-19 response and any support that may be required at this time.

8.3 Details of the overall opinion for 2019/20 were described which was an opinion of Substantial Assurance that demonstrated there was a good system of internal control designed to meet the organisation's objectives, and controls were generally being applied consistently.

## **9 Annual Report including Annual Governance Statement**

9.1 Mr Little, Accountable Officer was in attendance to present the draft Annual Report including the Annual Governance Statement. The key achievements and challenges faced during the 2019/20 year were described.

9.3 Mr Little commented that in moving into 2020/21 there was a need to ensure that the benefits realised as part of the Covid-19 response were embedded as future ways of working. There was also a need to ensure that the health, wellbeing and safety of staff were at the forefront of future developments.

9.4 The Audit Committee recommended the Annual Report to the Governing Body for approval. The Annual Report is included on the Governing Body Agenda for the 24<sup>th</sup> June 2020.

## **10. 2019/20 Accounts**

10.1 The 2019/20 Annual Accounts were presented to the Audit Committee.

10.2 The Audit Committee recommended the 2019/20 Accounts to the Governing Body for approval. The Annual Accounts are included on the Governing Body Agenda for the 24<sup>th</sup> June 2020.

## **11 Draft Letter of Representation**

11.1 The draft letter of Representation was presented to the Audit Committee.

- 11.2 It was noted that KPMG had prepared and agreed with the Joint Chief Finance Officer the management representation letter which would require signature at the same time as the financial statements are signed. It was reported that this letter is usually signed by the Accountable Officer or Joint Chief Finance Officer for and on behalf of the Governing Body.
- 11.3 The letter was included as part of the Annual Accounts agenda item for the Governing Body meeting on the 24<sup>th</sup> June 2020.

## **12 External Audit year End Report 2019/20**

- 12.1 The External Audit Year End Report was presented to the Audit Committee.
- 12.2 It was reported that the audit was substantially complete and there had been changes to the Audit Plan and strategy report based on revised requirements from NHSI and NHS England as communicated in March 2020. It was noted that these changes related to the IFRS 16 being deferred with no disclosure requirement for 2019/20. There had been no other significant changes to the audit plan and strategy. It was highlighted that subject to the approval of the financial statements, External Audit were expecting to be in a position to sign the audit opinion in June 2020 providing that the outstanding matters noted on page 3 of the report were satisfactorily resolved. It was anticipated that an unmodified Auditor's Report on the financial statements, an unqualified except for Value for Money Conclusion and an unqualified regularity opinion would be issued.

## **13. The role of the Audit Committee during Covid-19**

- 13.1 Members received copies of a report in relation to the role of the Audit Committee during Covid-19.
- 13.2 It was reported that the Good Governance Institute (GGI) provided a body of professional governance expertise across a range of sectors, including health. It was one of many professional bodies in respect to Governance, and throughout the Covid-19 pandemic had been providing a series of daily blogs and briefings covering wide ranging issues, including virtual board meetings, ethics at a time of crisis and the changes required to create a new 'normal'. The two brief reflections considered the role and responsibilities of Audit Committees during Covid-19.

## **14 Developing the 2020/21 GBAF**

- 14.1 A verbal update was provided on the development of the 2020/21 GBAF.
- 14.2 It was reported that for 2019/20, the organisation had 4 Strategic Objectives which ordinarily would have been reviewed in April 2020; however the review had been delayed as a result of Covid-19 response. It was noted that a separate review of these objectives was now being undertaken at executive level; however there was still a need to have an assurance framework in place despite this ongoing review and it was therefore proposed that the 2019/20 objectives be rolled forward until such a time that the new objectives are available and can be mapped across.

## **15 Corporate Risk Register**

- 15.1 A verbal update was provided in relation to the Corporate Risk Register.
- 15.2 It was highlighted that since the last report presented to the Audit Committee, formal committee meetings and governance arrangements were temporarily stopped to enable the CCG to respond appropriately to the national guidance and local requirements in respect of Covid-19. Risk Management was assessed as a level 3 priority service and resources redirected to other priority areas.
- 15.3 The Corporate Risk Register being discussed therefore reflected no change or updates to any of the risks reported in the last update. There were currently **6** risks included on the Corporate Risk Register (operational risks) at a level 15 or above, excluding those reported through the Governing Body Assurance Framework (strategic risks) as listed:
- WS\_IC\_O\_PE\_S\_07 Growth in Elective Waits;
  - WS\_WC\_O\_PE\_R\_06 Autistic Spectrum Conditions Assessment - Workforce capacity to deliver assessments;
  - OR\_S\_CE\_PE\_04 Embedding Lessons Learnt in Practice from SI Investigations (PAHT);
  - WS\_ALL\_CE\_O\_R\_04 Datix: Resource requirements to maximise optimisation;
  - WS\_MH\_O\_PE\_R\_09 Failure to achieve 2019-20 IAPT targets B;
  - WS\_MH\_O\_PE\_R\_03 PCFT – Mixed Sex Accommodation (SSA Breaches).
- 15.4 It was reported that all risks are overdue for review. As the CCG supports and enables the recovery phase and a shift to 'living with Covid', risks will be reviewed and will be updated to reflect any impact of Covid-19 accordingly.

## **16 Risk Closure Report**

- 16.1 A verbal update was provided on the Risk Closures commenting that there were no new closures expected at this time until such time the risks had been reviewed in full.

## **17 Corporate Registers**

- 17.1 A verbal update was provided on the Corporate Registers.
- 17.2 It was highlighted that there had been one waiver considered at the Finance, Contracting and Procurement Committee on the 21<sup>st</sup> May 2020 in relation to a 10 month pilot for a Single Point of Access (SPOA) telephone line for an all age non-clinical Mental Health Thrive offer.
- 17.3 It was reported that the recommendations made as part of the 2019/20 Conflicts of Interest Audit would be factored into the corporate registers process for 2020/21.
- 17.4 In terms of Conflict of Interest training, training requirements for Local Authority staff would be reviewed in the context of the OCO partnership arrangements and joint Committees in place such as the Strategic Commissioning Board.

## **18 Information Governance Update**

- 18.1 Mr Woodhead provided a verbal update on the latest Information Governance developments.

## **19 Chief Financial Officer Update**

- 19.1 Members received minutes of the Finance, Contracting and Procurement Committee meeting held on the 16<sup>th</sup> April 2020.

Mr Woodhead provided an update on the current financial position and discussions that had taken place via the Finance, Contracting & Procurement Committee and uncertainties brought about as a result of Covid-19.

## **20 Internal Audit Plan 2020/21 Changes**

- 20.1 It was reported that there was a need to be flexible in relation to the Internal Audit Plan for 2020/21 as a result of Covid-19 and that any proposed changes would be discussed with the Joint Chief Finance Officer in the first instance.
- 20.2 It was reported that MIAA had produced a Briefing note in relation to gifts and hospitality in the context of Covid-19 and would share this with the CCG in due course.

**Chris Wild**

**Lay Member – Finance and Audit**

**June 2020**