

**Report from Audit and Integrated Governance Committee  
meeting held on 18 September 2014**

**Governing Body meeting**

**Item 13i**

**2 October 2014**

<b>Author(s)</b>	Julia Newton, Director of Finance
<b>Sponsor</b>	John Boyington, Chair of Audit and Integrated Governance Committee
<b>Is your report for Approval / Consideration / Noting</b>	
Noting	
<b>Are there any Resource Implications</b>	
Not applicable	
<b>Audit Requirement</b>	
<b><u>CCG Objectives</u></b>	
4. To ensure there is a sustainable, affordable healthcare system in Sheffield.  Discussions support Principle Risk 5.5 Inadequate adherence to CCG Constitution and other governance arrangements to support Nolan Principles and e.g. protect against conflicts of interests (Domain 4)	
<b><u>Equality impact assessment</u></b>	
<b><i>Have you carried out an Equality Impact Assessment and is it attached?</i></b> NO	
<b><i>If not, why not?</i></b> Not applicable	
<b><u>PPE Activity</u></b>	
<b><i>How does your paper support involving patients, carers and the public?</i></b> Not applicable	
<b>Recommendations</b>	
The Governing Body is asked to:  1. Note the key messages in the Executive Summary 2. Receive the unadopted minutes from 18 September 2014	

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**EXECUTIVE SUMMARY**

**1. External Audit**

- The Committee received and noted the CCG's Annual Audit Letter for 2013/14, which was the final formal document relating to the CCG's accounts, contained a summary of the audit for the year, unqualified audit opinions on the Financial Statements and Use of Resources, and a reminder of the 2013/14 audit fees.
- External Audit's Quarterly Technical Update is a very helpful paper, containing lots of useful information in one place. The Committee agreed that as it was difficult to discern what was helpful to different people, the report would be made available via the intranet and weekly round up to the CCG's Governing Body, OD Steering Group, and staff to make them aware of what was available.

**2. Internal Audit**

- Summaries of the key findings from the final three audits for 2013/14 were presented.
  - The Governance Structure Review received very positive feedback. The Committee was pleased to note that areas of good practice show that there is clearly a documented structure in place that promotes a clinically-led organisation, with clinical input to three Committees, has a locality-based structure that helps promote engagement with member practices, minutes of Governing Body and Committee meetings are well written and informative, and key statutory functions are reflected in the CCG's Constitution. The arrangements put in place in the CCG's first year were an indication of a good organisation and had led to the Significant Assurance being given.
  - The findings from the QIPP Review showed that the CCG has good processes in place, which had led to the Significant Assurance. Although there was an underachievement of the QIPP target in 2013/14, this was not unusual.
  - The audit planning process in 2013/14 had highlighted Collaborative Commissioning – Contract Monitoring as a risk area so it had been included in all CCG audit plans. Findings showed that the CCG has implemented generally effective arrangements for monitoring contract performance, it would be useful to periodically to reflect on the contracts where Sheffield is an associate as opposed to lead commissioner.

### 3. Governance

- Quality Assurance Committee (QAC) reported four key issues:
  - Issues around the performance of the Yorkshire Ambulance Service NHS Trust (YAS), and around patient transport services (PTS).
  - Issues around staff training at Sheffield Health and Social Care NHS Foundation Trust (SHSCFT)
  - Communication issues between the CCG and Sheffield Children's NHS Foundation Trust (SCHFT)
  - A positive position that care home monitoring works well

The committee is assured that processes are in hand to address all of them

- Review of Governing Body Assurance Framework – actions to address gaps in control and assurance against some key risks. AIGC members sought more detail in a couple of places and raised concerns pertaining to the risk on capacity within primary care and the role of NHS England in providing assurance. It was agreed that this would be raised when the Assurance Framework is presented to Governing Body in October.

## Sheffield Clinical Commissioning Group

### Audit and Integrated Governance Committee Unconfirmed minutes of the meeting held on 18 September 2014 Boardroom, 722 Prince of Wales Road

**Present:** John Boyington CBE, Lay Member (Chair)  
Amanda Forrest, Lay Member  
Dr Andrew McGinty, CCG GP  
Dr Leigh Sorsbie, CCG GP

**In Attendance:** Carol Henderson, Committee Administrator, NHSSCCG  
Julia Newton, Director of Finance, NHSSCCG  
Holly Reid, Finance Trainee (shadowing Kevin Watkins)  
Kevin Watkins, Associate Director, 360 Assurance  
Linda Wild, Engagement Manager, KPMG

Minute		ACTION
26/14	<p><b>Apologies for Absence</b></p> <p>Apologies had been received Tim Furness, Director of Business Planning and Partnerships, NHSSCCG, Clare Partridge, Director, KPMG, and Gary Roe, Local Counter Fraud Specialist, 360 Assurance.</p>	
27/14	<p><b>Declarations of Interest</b></p> <p>There were no declarations of interest.</p>	
28/14	<p><b>Minutes and Matters Arising of the meeting held on 5 June 2014</b></p> <p>i) <u>Accuracy</u></p> <p>The minutes of the meeting held on 5 June 2014 were agreed as a correct record.</p> <p>ii) <u>Matters Arising</u></p> <p><b>a) Local Counter Fraud Update 2013/14 (minutes 08/14(i), 16/14(c) refer)</b></p> <p>The Director of Finance agreed to follow up with the Local Counter Fraud Specialist in relation to him submitting a written update on the review of the procedures in place across CCGs regarding recruitment of staff.</p> <p><b>b) Internal Audit: Final Progress Report on 2013/14 Plan (minute 19/14(i) refers)</b></p> <p>The Associate Director, 360 Assurance, agreed to follow up with the Head of Internal Audit about the one medium risk he had raised relating to the Scheme of Delegation and whether it had been approved by Governing Body so that invoices</p>	<p><b>JN/GR</b></p>

over £30k could be approved by members of staff other than the Accountable Officer or Director of Finance in their absence.

***Post Meeting Note: The CCG's operational Scheme of Delegation including authorised spending limits is contained within the CCG's Detailed Financial Policy on Budget Management. Governing Body has delegated responsibility for approval of this policy to AIGC. An updated version of this policy was approved by AIGC at its meeting in March 2014. The summary of authorised limits contains the note: "The Accountable Officer and CFO are able to delegate to staff within the Nominated Deputies category to cover periods of absence. Any such delegation will be fully documented with relevant names and dates."***

The Director of Finance drew the Committee's attention to the explanation included in the table relating to the procedure in place for checking that all invoices were authorised against the CCG's Scheme of Delegation.

#### **c) Update on 2014/16 Internal Audit Plan Annual Fee (minute 19/14(ii) refers)**

Ms Forrest advised the Committee that the Patient and Public Involvement Group had not yet had the discussion around the shaping of the scope of the patient and public engagement internal audit work. The Associate Director, 360 Assurance, reported that he had not yet send out the specification and would include the Lay Members specifically response for Public and Patient engagement when he did.

**KW**

**29/14**

#### **External Audit**

##### **a) External Audit Technical Update**

The Director, KPMG presented this report. The report highlighted the main technical issues that were currently having an impact on the health sector. She also drew members' attention to page 16 and the publication of the new NHS Audit Committee handbook which, she reported, was the one recommended by the HFMA. Although a link to the new edition of the handbook was included in the report, the Committee Administrator was asked to download an electronic version and email it round to members.

**CRH**

Dr Sorsbie drew the Committee's attention to page 3 and The Edward Jenner Programme – Leadership Foundations, designed for newly qualified clinicians but open to all, and commented that it would be useful to make the Deanery aware of this programme which she agreed to do.

**LS**

Dr Sorsbie also drew members' attention to page 5: 'What Works' A dynamic look at health transformation, which stated in section 3 that there was growing evidence that, rather than on-off 'big bang initiatives, really successful change in healthcare tends to be the result of multiple, complimentary changes enacted over a long period of time, usually by a stable leadership team that has a consistent common purpose. She commented that perhaps this ought to be looked at as a Governing Body as there has to be strategic small changes to

achieve wholesale change. The Engagement Manager, KPMG's thoughts were that this evidence had been taken from business organisations, not necessarily the health sector

Ms Forrest commented that it was a really helpful paper and to have all this information in one place. As always, as it was difficult to discern what was helpful to different people, the report would be made available via the intranet and weekly round up to the CCG's Governing Body, OD Steering Group, and staff to make them aware of what was available. This update would be noted in the AIGC update to Governing Body.

The Committee received and noted the report.

b) NHS Sheffield CCG Annual Audit Letter 2013/14

The Engagement Manager, KPMG, presented the CCG's Annual Audit Letter for 2013/14, which, she advised, was the final formal document relating to the CCG's accounts which members had seen at the June 2014 meeting. She reminded members that it was a statutory requirement that External Audit presents it to the CCG, and contained a summary of the audit for the year, unqualified audit opinions on the Financial Statements and Use of Resources, and a reminder of the 2013/14 audit fees, on which the Audit Commission had made a rebate of £10k to the CCG to cover the first year audit costs included within the fee for 2013/14. It was agreed that receipt be noted in the AIGC's report to Governing Body.

The Committee received and noted the CCG's Annual Audit Letter for 2013/14.

c) CCGs: Risk Register Analysis

The Engagement Manager, KPMG, presented this report. She advised members that a desktop based benchmarking review had been carried out over a range of CCGs across the country which are audit clients of KPMG to compare risk registers from 2013/14 and the related review processes. The report was presented for information and to stimulate debate and did not make any recommendations.

She advised members that key findings showed that the bulk of the risks on register were very similar to Sheffield CCG's. The CCG is in a minority of CCGs that use a specific software package to support risk management. The vast majority of CCGs' senior officers review their registers monthly or, as Sheffield does, quarterly. The Director of Finance drew attention to a factual inaccuracy on page 4 of the report in that it stated that Sheffield CCG's Governing Body did not directly review the risk register when, in fact, it reviewed the risk register quarterly through an exceptions report on high level risks.

Dr Sorsbie sought confirmation (which was given) that the role of the Audit and Integrated Governance Committee was to be assured by the Governance Sub

Committee of the procedures and processes it had in place for reviewing risks.

The Committee received and noted the report.

30/14

## **Internal Audit**

### Update on 2014/16 Internal Audit Plan

The Associate Director, 360 Assurance, presented this report. He advised the Committee that summer was traditionally a quieter time of the year, to finalise pieces of work from the previous financial year and to set up the 2014/15 projects. He presented summaries of the key findings from the final three reports for 2013/14.

#### i) Governance Structure Review

This review had been based around the *Framework for Excellence in Clinical Commissioning for CCGs* and had sought to establish the extent to which the CCG was able to demonstrate robust governance structures that would support two aspects of governance set out by the CCG as to whether it was clinically led and properly constituted and it delivered its statutory functions efficiently, effectively and economically. Areas of good practice show that there is clearly a documented structure in place that promotes a clinically-led organisation, with clinical input to three Committees, has a locality-based structure that helps promote engagement with member practices, minutes of Governing Body and Committee meetings are well written and informative, and key statutory functions are reflected in the CCG's Constitution. The arrangements put in place in the CCG's first year were fine and an indication of a good organisation and had led to the Significant Assurance being given.

The Chair commented that this was heartening and should be drawn out in the Committee's summary to Governing Body.

#### ii) QIPP Review

This was now more about transformation rather than QIPP, looking at the way the CCG delivers care and does it in a way to give efficiencies. Findings showed that the CCG has good processes in place, which had led to the Significant Assurance. However, there was an underachievement of the QIPP target in 2013/14, which is not unusual and they had made some observations about how to report scheme assurance.

This had been highlighted as a low risk issue, and Significant Assurance had been given that there was a generally sound system of control designed to meet the system's objectives. The Director of Finance advised members that there were already things in place, including the Directors of Finance of the 20 CCGs across Yorkshire and the Humber meeting to share QIPP plans and thoughts, meetings of the Chief Officers, and the Working Together Programme, one of the

aims of which is to deliver commissioner projects in CCGs.

The Director of Finance advised the Committee that the QIPP report had been presented to the CCG's Planning and Delivery Group, which had overseen the process. That report would be taken into the CCG's new management arrangements (below its formal committees) that were changing shortly, a note on which would be circulated to Governing Body shortly.

iii) Collaborative Commissioning – Contract Monitoring

The audit planning process in 2013/14 had highlighted collaborative commissioning as a risk area so it had been included in all audit plans. A piece of work had been undertaken across all the CCGs, which had drawn some general conclusions that the CCGs have implemented generally effective arrangements for monitoring contract performance. The findings suggested that it might periodically be useful to have a reflection on the contracts that we co-commission in that we are getting the information and the level of risk we are exposed to.

The Director of Finance advised members that although Sheffield is an associate member of a number of contracts, with the exception of Rotherham FT, the amounts are small. However, the CCG does have dedicated contracting and finance staff for all associate contracts and issues on quality are picked up through, for example, the Quality Assurance Committee.

She also advised members that where Sheffield CCG is the lead commissioner, associates are regularly sent briefings and invited to meetings, with the formal testing mechanism of the system done through the South Yorkshire Commissioners (SYCOM).

Dr Sorsbie advised the Committee that following a visit to a GP practice, she had discussed with the CCG's Chief Operating Officer an issue that had been raised by a practice about one provider and this was followed through. She commented that this feedback from our member practices was very important, especially from an engagement point of view.

The Associate Director, 360 Assurance reported that he was not raising any concerns for Sheffield.

iv) Work in Progress

The Associate Director, 360 Assurance advised members that he had been liaising with the Director of Finance regarding our partnership working with the Local Authority on the Better Care Fund (BCF). Internal Audit will be a member of the finance and governance workstream group and were liaising with the LA internal audit team to prevent duplication of work. Internal Audit are conducting reviews of governance arrangements in relation to the BCF across their entire CCG client base as a means of sharing CCG's experience and best practice.

He also advised the Committee that he had met with the CCG's Chief Nurse to discuss the allocations in the plan that he wanted to have a quality focus and to agree the subject matter. He had also recently met with the Director of Finance and the COBIC Project Lead to discuss auditing the overall project management arrangements for the COBIC programme.

v) Other Developments

He also advised the Committee that their Quality Assurance Forum for Commissioners had taken place on 10 July, and reported on the work undertaken in a number of CCGs about how they respond to national quality arrangements.

He also drew the Committee's attention to the Internal Audit Charter, that was a requirement, included at Appendix C, and to the publications update at Appendix D, which it was agreed should be made available to the CCG Governing Body and staff members via the intranet and weekly round up.

**CRH**

**31/14 Follow up Report on Audit Recommendations – High and Medium Risks**

The Director of Finance presented this report. She advised the Committee that the seven outstanding agreed actions from internal audit reports issued to Sheffield CCG where the action had carried forward from June 2014 relating to the governance review of the Musculoskeletal (MSK) COBIC project were now complete. The two actions relating to QIPP and collaborative commissioning – contract monitoring were rated Amber as these reports were very recent and there had not yet been time to complete the actions. An update would be provided to the next meeting of Committee.

The Committee:

- Noted the progress against all the outstanding high and medium risk actions.
- Agreed that all the 'Green' completed actions could be excluded from any further updates to the Committee.

**32/14 Counter Fraud**

Local Counter Fraud 2014/15 Update

On behalf of the Local Counter Fraud Specialist (LCFS), the Director of Finance presented this brief update report. In response to a query by the Chair, she explained that she had agreed that the LCFS would normally attend Committee only once a year to present the annual workplan and to other meetings by exception. This reflected the approved number of days for counter fraud and the limited plans adopted by most CCGs as commissioning organisations.

The Chair commented that for assurance he would welcome an update at the December AIGC of common themes in counter fraud for CCGs and where Sheffield is placed.

**GR**

The Committee received and noted the report.

33/14

## **Governance – Key Issues for Audit and Integrated Governance Committee**

### (i) Update on Assurance Framework (AF) and Risk Register

On behalf of the Director of Business Planning and Partnerships, the Director of Finance presented this report which outlined the good progress that continued to be made with regard to management of strategic risks facing delivery of the organisation's key objectives and reported the position at the end of Quarter 1 2014/15 and up to 31 August 2014 for Quarter 2. She drew members' attention to Appendix 1 and the additional information that the committee had requested at the last meeting that explained why gaps in control and assurance existed and why some could not be closed.

The Chair advised the Committee that principal risk 2.1 relating to quality of care had shown an absence of control for three consecutive quarters and the proposed action to remove this gap is the development of a Commissioning for Quality Strategy and hence he would like clarification on the timing for this. The Director of Finance agreed to discuss this with the Director of Business Planning and Partnerships to revise the document before it was presented to Governing Body in October.

JN

The Chair also drew members' attention to principal risk 4.6 "contractual restraints facing member practices resulting in an inability of practices to deliver and expand service provision". He asked if NHS England Board also considered this a risk and where NHS England was being held to account. He requested that we seek a formal response from the Area Team.

The Director of Finance reported that the issue of capacity within primary care to respond to the likely required transformational service changes was discussed at the CCG's formal quarterly assurance meeting with NHS England the previous week. She noted that this is clearly an area for further work within the primary care co-commissioning framework once further details are available on how this will be progressed from next April.

It was agreed to highlight these concerns in the AIGC report to Governing Body and that the Chair would raise specifically at the October meeting.

JB

The Committee:

- Confirmed it was looking for more explanation in relation to the proposed actions identified to close the gaps in control /assurance (as per the concerns raised, above).
- Noted the actions of the Governance Sub Committee.

### (ii) Quality Assurance Committee Report

Ms Forrest, Chair of the Quality Assurance Committee, advised that she wanted

to bring four key issues to Governing Body's attention from the meeting held on 12 September 2014 which it was agreed she would raise in the private section of the next Governing Body meeting.

- Issues around the performance of the Yorkshire Ambulance Service NHS Trust (YAS), and around patient transport services (PTS) that are delivered by Arriva Transport Services Ltd (ATSL), City Taxis and YAS.
- Issues around the lack of assurance about staff training at Sheffield Health and Social Care NHS Foundation Trust (SHSCFT) and their board's response to date
- Communication issues between the CCG and Sheffield Children's NHS Foundation Trust (SCHFT)
- The positive position in that the Committee now has confidence in the system in place to raise issues about Care Homes with the Local Authority.

iii) Governance Sub Committee Report including unadopted minutes of the meeting held on 13 August 2014

The Director of Finance presented the report and minutes on behalf of the Director of Business Planning and Partnerships. She had no particular issues to draw to the Committee's attention. She commented that the report could also be used to give more assurance to the AIGC about the process for managing risks.

The Committee received and noted the report.

iv) Governance Sub Committee Revised Terms of Reference

The Director of Finance presented the revised Terms of Reference which, she advised, had been updated to reflect the departure of the Company Secretary.

The Chair commented that there could possibly be an issue of quoracy in that the meeting needs three out of seven core members to be in attendance at the meeting for it to be quorate, and that it could sometimes end up being a meeting of three people, all of whom could be nominated deputies. He asked that this was drawn to the attention of the Director of Planning and Partnerships as the new Chair of the sub Committee for future monitoring and consideration.

The Committee approved the revised Terms of Reference.

34/14

**Other Reports**

(i) Progress Report on Better Payment Policy and Aged Debtors and Payables Report at 31 July 2014

The Director of Finance presented this report.

CRH

a) Payables

She drew the Committee's attention to the improvement against compliance with the Better Payment Practice Code in that between April to July 2014 over 98% of invoices had been paid within 30 days.

b) Receivables

As at 30 April 2014 there was £172k of unpaid receivables outstanding, £138k of which was overdue for more than 30 days.

The Committee received and noted the report.

(ii) Losses and Special Payments 2014/15

The Director of Finance presented this report. She advised the Committee that one small special payment had been approved, that had been reported orally to the Committee in June, for an ex gratia payment of £100 to a complaint due to the circumstances pertaining to a particular continuing health care / social care issue.

The Committee received and noted the report.

(iv) Competitive Tender Waiver Approvals 2014/15

The Director of Finance presented this report. The Committee noted that no tender waivers had been approved so far this year.

The Committee received and noted the report.

**35/14 Any Other Business**

There was no further business to discuss this month.

**36/14 AIGC Members' Professional Development Discussion**

Members had provided feedback since the last meeting about KPMG delivering an Audit Committee event for which all CCG audit committee members could attend. The Engagement Manager, KPMG, advised the Committee that this proposal had been rolled out to other CCGs in Yorkshire and the Humber for their views, and she would now be seeking a suitable venue, central to the patch, for an event to be held some time in the new year.

**LW**

**37/14 Date and Time of Next Meeting**

Thursday 11 December 2014, 2.00 pm – 4.00 pm, Boardroom, 722 Prince of Wales Road.

The Committee Administrator was asked to confirm dates in diaries for 2015/16 now these had been agreed.

**CRH**